



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

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

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NEWS RELEASE

FOR RELEASE

June 25, 2020

Contact: Marlys Gaston
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$12,770,885 for the year ended June 30, 2019, a 3.9% increase over the prior year. Expenses for County operations for the year ended June 30, 2019 totaled \$12,804,022, a 6.2% decrease from the prior year. The decrease in expenditures is due primarily due to a decrease in road projects.

AUDIT FINDINGS:

Sand reported three findings related to the receipt and expenditure of taxpayer funds. They are found on pages 78 through 82 of this report. The findings address a lack of segregation of duties, material amounts of accounts receivable not properly recorded in the County's financial statements and a deficit fund balance. Sand provided the County with recommendations to address each of these findings.

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

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

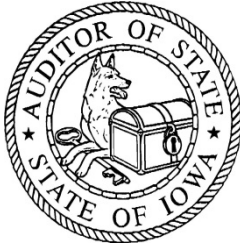
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MONONA COUNTY

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

JUNE 30, 2019

Monona County



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

June 23, 2020

Officials of Monona County
Onawa, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Monona County, Iowa, 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 Monona 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".

Rob Sand
Auditor of State

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-7
Management’s Discussion and Analysis		8-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20-21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	26
Proprietary Fund Financial Statements:		
Statement of Net Position	G	27
Statement of Revenues, Expenses and Changes in Fund Net Position	H	28
Statement of Cash Flows	I	29
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	31
Notes to Financial Statements		32-51
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		54-55
Budget to GAAP Reconciliation		57
Notes to Required Supplementary Information – Budgetary Reporting		58
Schedule of the County’s Proportionate Share of the Net Pension Liability		59
Schedule of County Contributions		60-61
Notes to Required Supplementary Information – Pension Liability		62
Schedule of Changes in the County’s Total OPEB Liability, Related Ratios and Notes		63
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	66-67
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	68-69
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	70-71
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	72-73
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	74-75
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		76-77
Schedule of Findings		78-82
Staff		83

Monona County

Officials

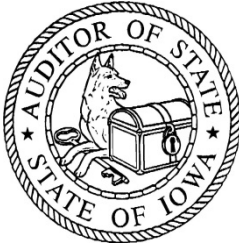
(Before January 2019)

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

(After January 2019)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tammy Bramley	Board of Supervisors	Jan 2021
Tom Brouillette	Board of Supervisors	Jan 2023
Michael Collison	Board of Supervisors	Jan 2023
Peggy A. Rolph	County Auditor	Jan 2021
Laura Oliver	County Treasurer	Jan 2023
Kelly Seward	County Recorder	Jan 2023
Jeffrey R. Pratt	County Sheriff	Jan 2021
Ian McConeghey	County Attorney	Jan 2023
Tim Peters	County Assessor	Jan 2022

Monona County



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Independent Auditor's Report

To the Officials of Monona County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona County, Iowa, as of and for the year ended June 30, 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, each major fund and the aggregate remaining fund information of Monona 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 54 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

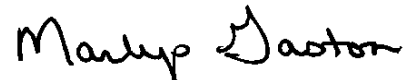
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monona County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2020 on our consideration of Monona County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Monona County's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA
Deputy Auditor of State

June 23, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Monona County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 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 3.9%, or approximately \$482,000, from fiscal year 2018 to fiscal year 2019. Operating grants and contributions increased approximately \$349,000, capital grants and contributions increased approximately \$72,000 and charges for services increased approximately \$71,000.
- Expenses of the County's governmental activities decreased approximately \$847,000 from fiscal year 2018 to fiscal year 2019. Roads and transportation expenses decreased approximately \$743,000 due to fewer road projects and equipment purchases.
- The County's net position decreased 0.1%, or approximately \$34,000, from 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 Monona County as a whole and present an overall view of the County's finances.

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2019	2018
Current and other assets	\$ 14,818	15,927
Capital assets	30,303	29,198
Total assets	45,121	45,125
Deferred outflows of resources	996	1,138
Long-term liabilities	3,278	3,560
Other liabilities	255	486
Total liabilities	3,533	4,046
Deferred inflows of resources	6,425	6,024
Net position:		
Net investment in capital assets	30,303	29,198
Restricted	6,812	6,826
Unrestricted	(956)	169
Total net position	\$ 36,159	36,193

Net position of Monona County’s governmental activities decreased 0.1% (approximately \$36.1 million compared to approximately \$36.2 million). The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$1,105,000 primarily due a new heating and cooling system for the County courthouse.

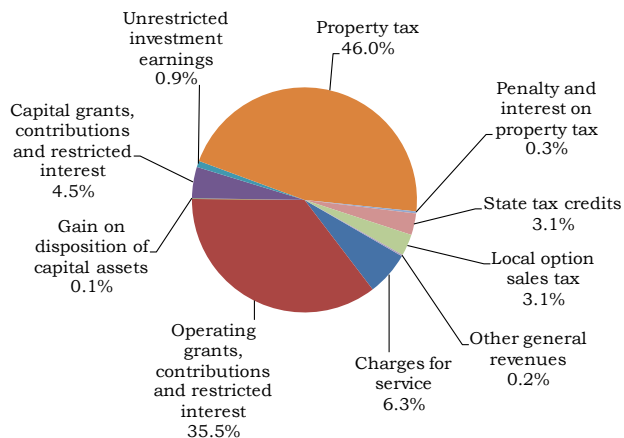
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net position decreased approximately \$14,000 from the prior year, or 0.2%.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$169,000 at June 30, 2018 to a deficit of approximately \$(956,000) at the end of this year. The decrease in unrestricted net position is due to a \$1,300,000 transfer from the General Fund to the Capital Projects Fund to pay for a new heating and cooling system for the County courthouse. The unrestricted governmental activities net position deficit is due to reporting the net pension liability and the total OPEB liability.

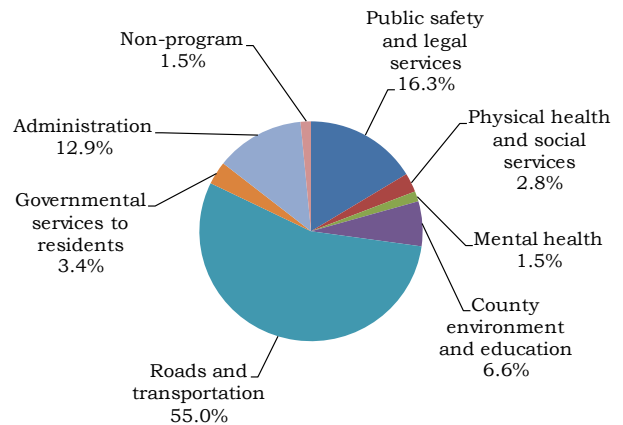
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2019	2018
Revenues:		
Program revenues:		
Charges for service	\$ 805	734
Operating grants, contributions and restricted interest	4,528	4,179
Capital grants, contributions and restricted interest	572	500
General revenues:		
Property tax	5,882	5,787
Penalty and interest on property tax	33	32
State tax credits	395	401
Local option sales tax	398	344
Unrestricted investment earnings	117	92
Gain on disposition of capital assets	12	192
Other general revenues	28	27
Total revenues	12,770	12,288
Program expenses:		
Public safety and legal services	2,087	2,169
Physical health and social services	364	406
Mental health	187	207
County environment and education	848	788
Roads and transportation	7,041	7,784
Governmental services to residents	440	456
Administration	1,646	1,666
Non-program	189	171
Interest on long-term debt	2	4
Total expenses	12,804	13,651
Change in net position	(34)	(1,363)
Net position beginning of year	36,193	37,556
Net position end of year	\$ 36,159	36,193

Revenues by Source



Expenses by Function



Monona County's governmental activities net position decreased approximately \$34,000 during the year. Revenues for governmental activities increased approximately \$482,000 compared to the prior year, with operating grants and contributions increasing approximately \$349,000 and capital grants and contributions increasing approximately \$72,000. The increase in operating grants and contributions is primarily due to an increase in road use tax receipts.

Overall property tax rates decreased 0.4% for fiscal year 2019. Taxable valuation increased 2.2%. This resulted in an increase in the County's property tax revenue of approximately \$95,000 in fiscal year 2019.

The cost of all governmental activities this year was approximately \$12.8 million compared to approximately \$13.7 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was \$6,898,587 because some of the cost was paid by those who directly benefited from the programs (\$805,162 this year compared to \$734,117 last year) or by other governments and organizations which subsidized certain programs with grants and contributions (\$5,100,273 this year compared to \$4,678,852 last year). The County paid for the remaining "public benefit" portion of governmental activities with property tax and other revenues, such as local option sales tax and interest.

INDIVIDUAL MAJOR FUND ANALYSIS

As Monona County completed the year, its governmental funds reported a combined fund balance of approximately \$8.0 million, a decrease of approximately \$1,000,000 from last year's total of approximately \$9.0 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

The General Fund ending fund balance decreased approximately \$1,069,000, or 35.1%, from the prior year. Overall revenues increased approximately \$176,000 or 3.6%, while expenditures decreased approximately \$56,000, or 1.1%. Revenues increased primarily due to an increase in the property tax valuation. The County transferred \$1,300,000 to the Capital Projects Fund to pay for a new heating and cooling system for the County courthouse, which resulted in an overall decrease in ending fund balance.

The Special Revenue, Mental Health Fund balance increased approximately \$2,000 over the prior year to approximately \$66,000. Mental health revenues decreased \$19,850, or 9.5%, while expenditures decreased \$19,659 due to less payments to the regional fiscal agent.

The Special Revenue, Rural Services Fund balance increased approximately \$66,000, or 7.0%, over the prior year. Rural services fund revenues increased approximately \$28,000, or 1.4% over the prior year, primarily due to an increase in property tax revenues. Rural services fund expenditures decreased approximately \$20,000, or 5.5%.

The Special Revenue, Secondary Roads Fund balance decreased approximately \$80,000, or 1.7%, from the prior year. Revenues decreased approximately \$211,000, or 4.3%, from the prior year due to fewer federal grant reimbursements for road projects. Expenditures decreased approximately \$1,075,000, or 14.3%, from the prior year, due primarily to fewer road projects.

BUDGETARY HIGHLIGHTS

Over the course of the year, Monona County amended its budget two times. The first amendment was approved on November 8, 2018 and resulted in an increase of \$1,300,000 in budgeted expenditures for capital projects for a new heating and cooling system for the County courthouse. The second amendment was approved on May 28, 2019 and resulted in an increase of \$5,581 in budgeted disbursements for the governmental services to residents for additional employee wages in the Recorder's office due to retirement.

The County's overall receipts were approximately \$258,000 more than budgeted while disbursements were approximately \$2,210,000 less than the amended budget. Intergovernmental receipts were approximately \$333,000 more than budgeted. This variance is primarily due to the County receiving reimbursed grant funds during July and August 2018 for prior year disbursements. Capital projects function disbursements were approximately \$1,320,402 less than budgeted due to lower than expected disbursements for the new heating and cooling system within the County courthouse.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, Monona County had approximately \$30.3 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1,105,000, or 3.8%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2019	2018
Land	\$ 275	275
Construction in progress, road network	862	-
Buildings and improvements	3,100	1,998
Equipment and vehicles	4,823	4,794
Infrastructure	21,243	22,131
Total	<u>\$ 30,303</u>	<u>29,198</u>

The County had depreciation expense of \$1,660,910 in fiscal year 2019 and total accumulated depreciation of \$16,739,258 at June 30, 2019.

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

Long-Term Debt

At June 30, 2019, Monona County had approximately \$164,000 of debt outstanding, compared to approximately \$156,000 at June 30, 2018, as follows:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2019	2018
Drainage warrants	\$ 95	74
Capital lease purchase agreements	69	82
Total	\$ 164	156

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

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Monona County’s elected and appointed officials and citizens considered many factors when setting the fiscal year 2020 budget, tax rates and fees charged for various County activities. These factors were considerations for the fiscal year 2020 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars).

	2020 Dollars Certified	2019 Dollars Certified	Percentage Change
General basic levy	\$ 2,532,509	2,468,704	2.58%
General supplemental levy	1,449,536	1,413,016	2.58%
Mental health levy	215,654	184,398	16.95%
Rural services basic levy	2,146,118	2,078,072	3.27%
Total	\$ 6,343,817	\$ 6,144,190	3.25%

Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for fiscal year 2020 and fiscal year 2019 are as follows:

	2020	2019	Percentage Change
General basic levy	\$ 3.50000	\$ 3.50000	0.00%
General supplemental levy	2.00330	2.00330	0.00%
Mental health levy	0.29804	0.26143	14.00%
Rural services basic levy	3.76486	3.76486	0.00%
Total	\$ 9.56620	\$ 9.52959	0.38%

Budgeted disbursements in the fiscal year 2020 budget are \$16,553,397, a 6.0% increase over the fiscal year 2019 final amended budgeted disbursements. The countywide taxable valuation increased approximately \$18.4 million. Monona County has not added any major programs to the fiscal year 2020 budget.

If these estimates are realized, the County’s budgetary operating balance is expected to decrease approximately \$1,449,000 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 Monona County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Monona County Auditor's Office, 620 Iowa Avenue, Onawa, Iowa 51040-1695 or by contacting the Monona County Auditor's Office at mocoaud1@mononacounty.org.

Monona County

Basic Financial Statements

Monona County
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 7,235,620
Health Plan Trustee	231,538
Receivables:	
Property tax:	
Delinquent	3,062
Succeeding year	6,089,000
Interest and penalty on property tax	930
Accounts	10,978
Accrued interest	19,461
Drainage assessments	112,013
Loan	46,022
Due from other governments	435,750
Inventories	417,367
Prepaid expense	215,777
Capital assets, net of accumulated depreciation	30,303,384
Total assets	45,120,902
Deferred Outflows of Resources	
Pension related deferred outflows	977,593
OPEB related deferred outflows	18,596
Total deferred outflows of resources	996,189
Liabilities	
Accounts payable	215,055
Due to other governments	39,733
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	182,112
Portion due or payable after one year:	
Drainage warrants	94,620
Capital lease purchase agreements	69,266
Compensated absences	39,588
Net pension liability	2,759,041
Total OPEB liability	132,902
Total liabilities	3,532,317
Deferred Inflows of Resources	
Unavailable property tax revenue	6,089,000
OPEB related deferred inflows	5,640
Pension related deferred inflows	330,659
Total deferred inflows of resources	6,425,299
Net Position	
Net investment in capital assets	30,303,384
Restricted for:	
Supplemental levy purposes	889,257
Mental health purposes	66,183
Rural services purposes	1,010,855
Secondary roads purposes	4,506,234
Drainage purposes	138,461
Debt service	1,447
Other purposes	199,824
Unrestricted	(956,170)
Total net position	\$ 36,159,475

See notes to financial statements.

Monona County
Statement of Activities
Year ended June 30, 2019

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,086,896	178,488	26,592	-	(1,881,816)
Physical health and social services	363,790	7,350	279,014	-	(77,426)
Mental health	186,858	-	-	-	(186,858)
County environment and education	847,891	54,818	13,532	-	(779,541)
Roads and transportation	7,040,971	36,737	4,198,628	572,368	(2,233,238)
Governmental services to residents	440,340	179,543	-	-	(260,797)
Administration	1,646,037	103,329	10,139	-	(1,532,569)
Non-program	189,234	244,897	-	-	55,663
Interest on long-term debt	2,005	-	-	-	(2,005)
Total	\$ 12,804,022	805,162	4,527,905	572,368	(6,898,587)
General Revenues:					
Property and other county tax levied for:					
General purposes					5,881,817
Penalty and interest on property tax					32,955
State tax credits					394,618
Local option sales tax					398,118
Unrestricted investment earnings					117,670
Gain on disposition of capital assets					12,016
Miscellaneous					28,256
Total general revenues					6,865,450
Change in net position					(33,137)
Net position beginning of year					36,192,612
Net position end of year					\$ 36,159,475

See notes to financial statements.

Monona County
Balance Sheet
Governmental Funds

June 30, 2019

	General	Mental Health	Special Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 1,831,808	66,079	1,011,097
Receivables:			
Property tax:			
Delinquent	2,197	104	761
Succeeding year	3,804,000	206,000	2,079,000
Interest and penalty on property tax	930	-	-
Accounts	10,978	-	-
Accrued interest	10,795	-	-
Loan	-	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other funds	1,167	-	-
Due from other governments	54,897	-	-
Inventories	-	-	-
Prepaid expenditures	153,981	-	1,629
Total assets	\$ 5,870,753	272,183	3,092,487
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 35,315	-	2,632
Due to other funds	2,011	-	-
Due to other governments	38,732	-	-
Total liabilities	76,058	-	2,632
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	3,804,000	206,000	2,079,000
Other	14,105	104	761
Total deferred inflows of resources	3,818,105	206,104	2,079,761
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	153,981	-	1,629
Loan receivable	-	-	-
Restricted for:			
Supplemental levy purposes	827,836	-	-
Mental health purposes	-	66,079	-
Rural services purposes	-	-	1,008,465
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	43,502	-	-
Debt service	-	-	-
Other purposes	5,345	-	-
Assigned for:			
Jail/correction services	107,193	-	-
Drug enforcement related purposes	65,610	-	-
Soil and water conservation purposes	59,090	-	-
Unassigned	714,033	-	-
Total fund balances	1,976,590	66,079	1,010,094
Total liabilities, deferred inflows of resources and fund balances	\$ 5,870,753	272,183	3,092,487

See notes to financial statements.

Revenue		
Secondary Roads	Nonmajor	Total
3,867,512	299,632	7,076,128
-	-	3,062
-	-	6,089,000
-	-	930
-	-	10,978
-	8,666	19,461
46,022	-	46,022
-	41,529	41,529
-	70,484	70,484
206	1,805	3,178
378,921	-	433,818
417,367	-	417,367
60,167	-	215,777
4,770,195	422,116	14,427,734
140,497	36,611	215,055
-	1,167	3,178
1,001	-	39,733
141,498	37,778	257,966
-	-	6,089,000
3,491	112,013	130,474
3,491	112,013	6,219,474
417,367	-	417,367
60,167	-	215,777
46,022	-	46,022
-	-	827,836
-	-	66,079
-	-	1,008,465
4,101,650	-	4,101,650
-	121,068	121,068
-	-	43,502
-	1,447	1,447
-	150,977	156,322
-	-	107,193
-	-	65,610
-	-	59,090
-	(1,167)	712,866
4,625,206	272,325	7,950,294
4,770,195	422,116	14,427,734

Monona County

Monona County

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

June 30, 2019

Total governmental fund balances (page 21) \$ 7,950,294

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 \$47,042,642 and the accumulated depreciation is \$16,739,258. 30,303,384

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. 130,474

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 392,962

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	\$ 996,189	
Deferred inflows of resources	<u>(336,299)</u>	659,890

Long-term liabilities, including drainage warrants payable, capital lease purchase agreement payable, net pension liability, total OPEB liability and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (3,277,529)

Net position of governmental activities (page 18) \$ 36,159,475

See notes to financial statements.

Monona County

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

Year ended June 30, 2019

	General	Mental Health	Special Rural Services
Revenues:			
Property and other county tax	\$ 3,694,755	175,516	2,012,850
Local option sales tax	-	-	-
Interest and penalty on property tax	33,599	-	-
Intergovernmental	761,615	13,275	101,882
Licenses and permits	8,111	-	-
Charges for service	283,883	-	-
Use of money and property	137,599	-	-
Miscellaneous	163,318	-	-
Total revenues	<u>5,082,880</u>	<u>188,791</u>	<u>2,114,732</u>
Expenditures:			
Operating:			
Public safety and legal services	1,932,039	-	120,737
Physical health and social services	370,772	-	-
Mental health	-	186,858	-
County environment and education	561,946	-	226,614
Roads and transportation	-	-	-
Governmental services to residents	430,816	-	3,413
Administration	1,564,632	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	7,887	-	-
Total expenditures	<u>4,868,092</u>	<u>186,858</u>	<u>350,764</u>
Excess (deficiency) of revenues over (under) expenditures	<u>214,788</u>	<u>1,933</u>	<u>1,763,968</u>
Other financing sources (uses):			
Transfers in	15,659	-	-
Transfers out	(1,300,000)	-	(1,697,769)
Drainage warrant proceeds	-	-	-
Total other financing sources (uses)	<u>(1,284,341)</u>	<u>-</u>	<u>(1,697,769)</u>
Change in fund balances	(1,069,553)	1,933	66,199
Fund balances beginning of year	<u>3,046,143</u>	<u>64,146</u>	<u>943,895</u>
Fund balances end of year	<u>\$ 1,976,590</u>	<u>66,079</u>	<u>1,010,094</u>

See notes to financial statements.

Revenue		
Secondary Roads	Nonmajor	Total
-	-	5,883,121
398,118	-	398,118
-	-	33,599
4,108,004	7,946	4,992,722
3,190	-	11,301
-	1,648	285,531
17,864	548	156,011
168,924	146,138	478,380
4,696,100	156,280	12,238,783
-	-	2,052,776
-	-	370,772
-	-	186,858
-	27,994	816,554
6,448,088	-	6,448,088
-	4,129	438,358
-	-	1,564,632
-	144,452	144,452
-	90,456	90,456
9,945	1,237,358	1,255,190
6,458,033	1,504,389	13,368,136
(1,761,933)	(1,348,109)	(1,129,353)
1,682,110	1,300,000	2,997,769
-	-	(2,997,769)
-	109,149	109,149
1,682,110	1,409,149	109,149
(79,823)	61,040	(1,020,204)
4,705,029	211,285	8,970,498
4,625,206	272,325	7,950,294

Monona County

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

Year ended June 30, 2019

Net change in fund balances - Total governmental funds (page 25) \$ (1,020,204)

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

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

Expenditures for capital assets	\$ 2,221,462	
Capital assets contributed by the Iowa Department of Transportation	533,278	
Depreciation expense	<u>(1,660,910)</u>	1,093,830

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. 12,016

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

Property tax	(1,304)	
Other	<u>(62,533)</u>	(63,837)

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

Issued	(109,149)	
Repaid	<u>100,787</u>	(8,362)

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 405,374

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	(10,009)	
OPEB expense	(23,194)	
Pension expense	<u>(422,466)</u>	(455,669)

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 3,715

Change in net position of governmental activities (page 19) \$ (33,137)

See notes to financial statements.

Monona County
 Statement of Net Position
 Proprietary Fund

June 30, 2019

	Internal Service - Employee Group Health
Assets	
Cash and cash equivalents:	
County Treasurer	\$ 159,492
Health Plan Trustee	231,538
Due from other governments	1,932
Total assets	392,962
Liabilities	
None	-
Net Position	
Unrestricted	\$ 392,962

See notes to financial statements.

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

Year ended June 30, 2019

	<u>Internal Service - Employee Group</u>
Operating revenues:	
Reimbursements from operating funds	\$ 1,218,364
Reimbursements from employees and others	<u>205,149</u>
Total operating revenues	1,423,513
Operating expenses:	
Insurance premiums	<u>1,425,730</u>
Operating loss	(2,217)
Non-operating revenues:	
Interest income	<u>5,932</u>
Net income	3,715
Net position beginning of year	<u>389,247</u>
Net position end of year	<u>\$ 392,962</u>

See notes to financial statements.

Monona County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2019

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds	\$ 1,218,364
Cash received from employees and others	205,165
Cash paid to suppliers for services	(1,426,276)
Net cash used by operating activities	(2,747)
Cash flows from investing activities:	
Interest on investments	4,530
Net increase in cash and cash equivalents	1,783
Cash and cash equivalents beginning of year	389,247
Cash and cash equivalents end of year	\$ 391,030
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (2,217)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Increase in due from other governments	(530)
Net cash used by operating activities	\$ (2,747)

See notes to financial statements.

Monona County

Monona County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

Assets

Cash and pooled investments:	
County Treasurer	\$ 3,918,609
Other County officials	19,150
Receivables:	
Property tax:	
Delinquent	9,437
Succeeding year	12,679,000
Special assessments	9,195
Drainage assessments:	
Current	42,366
Future	26,663
Due from other governments	93,861
Prepaid expenses	4,926
Total assets	16,803,207

Liabilities

Accounts payable	39,119
Due to other governments	16,730,750
Trusts payable	9,179
Compensated absences	24,159
Total liabilities	16,803,207

Net position	\$ -
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See notes to financial statements.

Monona County

Notes to Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the programs. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 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, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2019. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

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

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

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

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

(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 no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Due From and Due to Other Funds

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

Receivable Fund	Payable Fund	Amount
General	Special Revenue: County Recorder's Electronic Transaction Fee	\$ 1,167
Special Revenue: Secondary Roads	General	206
Resource Enhancement and Protection	General	196
County Recorder's Records Management	General	352
Drainage Districts	General	1,257
		<u>2,011</u>
Total		<u>\$ 3,178</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. In addition, the balance results from the reclassification of a deficit cash balance in the Special Revenue, County Recorder's Electronic Transaction Fee Fund to the General Fund for reporting purposes.

(4) Capital Assets

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	\$ 274,684	-	-	274,684
Construction in progress, road network	-	861,926	-	861,926
Total capital assets not being depreciated	274,684	861,926	-	1,136,610
Capital assets being depreciated:				
Buildings	3,317,633	-	-	3,317,633
Improvements other than buildings	664,769	1,243,754	-	1,908,523
Equipment and vehicles	11,926,084	706,257	(821,158)	11,811,183
Infrastructure, road network	28,868,693	-	-	28,868,693
Total capital assets being depreciated	44,777,179	1,950,011	(821,158)	45,906,032
Less accumulated depreciation for:				
Buildings	1,457,955	122,755	-	1,580,710
Improvements other than buildings	526,466	19,002	-	545,468
Equipment and vehicles	7,132,019	631,804	(775,977)	6,987,846
Infrastructure, road network	6,737,885	887,349	-	7,625,234
Total accumulated depreciation	15,854,325	1,660,910	(775,977)	16,739,258
Total capital assets being depreciated, net	28,922,854	289,101	(45,181)	29,166,774
Governmental activities capital assets, net	\$ 29,197,538	1,151,027	(45,181)	30,303,384

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 75,951
County environment and education	17,412
Roads and transportation	1,482,101
Governmental services to residents	7,448
Administration	<u>77,998</u>
Total depreciation expense - governmental activities	<u>\$ 1,660,910</u>

(5) Loan Receivable

The County entered into a 28E agreement with the City of Blencoe to pave a County highway within Blencoe City limits. The County will assess the City for all costs to be reimbursed to the County’s Secondary Road Fund. The City reimbursed 20% of the City’s share of costs for the project to the County’s Secondary Road Fund prior to July 15, 2017. The City is required to reimburse the County’s Secondary Road Fund for the remaining 80% of the City’s share of costs over a period of four years, with equal payments of 20% of the total cost of the project due on or before July 15th of 2018, 2019, 2020 and 2021. As of June 30, 2019, \$30,682 has been received and the outstanding loan receivable is \$46,022.

(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	\$ 38,732
Special Revenue:		
Secondary Roads	Services	<u>1,001</u>
Total for governmental funds		<u>\$ 39,733</u>
Agency:		
County Offices	Collections	\$ 9,971
Agricultural Extension Education		191,641
County Assessor		725,627
Schools		9,048,761
Community Colleges		638,121
Corporations		2,334,182
Townships		272,217
Special Assessments		12,981
Auto License and Use Tax		280,206
Drainage Districts		2,395,139
Other		<u>821,904</u>
Total for agency funds		<u>\$ 16,730,750</u>

(7) 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>
General	Special Revenue: Rural Services	\$ 15,659
Special Revenue: Secondary Roads	Special Revenue: Rural Services	1,682,110
Capital Projects	General	1,300,000
Total		<u>\$ 2,997,769</u>

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

(8) Changes in Long-Term Liabilities

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

	<u>Drainage Warrants</u>	<u>Capital Lease Purchase Agreement</u>	<u>Compensated Absences</u>	<u>Net Pension Liability</u>	<u>Other Post-employment Benefits</u>	<u>Total</u>
Balance beginning of year	\$ 73,922	81,602	211,691	3,073,572	118,789	3,559,576
Increases	109,149	-	205,828	-	14,113	329,090
Decreases	88,451	12,336	195,819	314,531	-	611,137
Balance end of year	<u>\$ 94,620</u>	<u>69,266</u>	<u>221,700</u>	<u>2,759,041</u>	<u>132,902</u>	<u>3,277,529</u>
Due within one year	<u>\$ -</u>	<u>-</u>	<u>182,112</u>	<u>-</u>	<u>-</u>	<u>182,112</u>

Drainage Warrants

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

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

Capital Lease Purchase Agreement

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

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

Year Ending June 30,	Police Radios
2020	\$ -
2021	15,511
2022	15,511
2023	15,511
2024	15,511
2025	15,511
Total minimum lease payments	\$ 77,555
Less amount representing interest	<u>(8,289)</u>
Present value of net minimum lease payments	<u>\$ 69,266</u>

During the year ended June 30, 2019, the County paid principal and interest of \$12,336 and \$3,174, respectively, on the agreement.

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 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 \$255,638.

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 Pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$200,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 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 were \$405,374.

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 \$2,759,041 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 0.043599%, which was a decrease of 0.002542% from its collective proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$422,466. 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	\$ 24,726	83,044
Changes of assumptions	503,416	94,966
Net difference between projected and actual earnings on IPERS' investments	-	105,348
Changes in proportion and differences between County contributions and its proportionate share of contributions	44,077	47,301
County contributions subsequent to the measurement date	405,374	-
Total	<u>\$ 977,593</u>	<u>330,659</u>

\$405,374 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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	\$ 214,988
2021	112,187
2022	(49,869)
2023	(26,222)
2024	(9,524)
Total	<u>\$ 241,560</u>

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% infaltion 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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	\$ 5,283,909	2,759,041	641,578

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2019.

(11) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

Active employees 89

Total OPEB Liability – The County's total OPEB liability of \$132,902 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 the SOA RPH-2018 total dataset mortality table fully generational using Scale MP-2018. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 118,789
Changes for the year:	
Service cost	16,665
Interest	5,176
Differences between expected and actual experiences	(6,768)
Changes in assumptions	2,482
Benefit payments	<u>(3,442)</u>
Net changes	<u>14,113</u>
Total OPEB liability end of year	<u>\$ 132,902</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	\$ 139,856	132,902	126,056

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	\$ 116,241	132,902	152,931

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 \$23,194. 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	\$ 11,466	5,640
Changes in assumptions	7,130	-
Total	<u>\$ 18,596</u>	<u>5,640</u>

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

Year ending June 30,	Amount
2020	\$ 4,795
2021	4,795
2022	4,796
2023	(714)
2024	(716)
Thereafter	-
	<u>\$ 12,956</u>

(12) Employee Health Insurance Plan

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

The cash balance of the Monona County Health Care Plan was \$231,538 at June 30, 2019.

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

Southwest Iowa MHDS Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Cass County, Fremont County, Harrison County, Mills County, Monona County, Montgomery County, Page County, Pottawattamie County and Shelby County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Southwest Iowa MHDS Region for the year ended June 30, 2019, as follows:

Revenues:	
Property and other county tax	\$ 175,516
Intergovernmental revenues:	
State tax credits	<u>13,275</u>
Total revenues	<u>188,791</u>
Expenditures:	
Distribution to regional fiscal agent	<u>186,858</u>
Excess of revenues over expenditures	1,933
Fund balance beginning of the year	<u>64,146</u>
Fund balance end of the year	<u>\$ 66,079</u>

(14) Tax Abatements

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

Tax Abatements of Other Entities

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

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Onawa	Urban renewal and economic development projects	\$ 27,754

(15) Deficit Balance

The Special Revenue, County Recorder’s Electronic Transaction Fee Fund had a deficit balance of \$1,167 at June 30, 2019. The County is investigating alternatives to return the fund to a sound financial position.

(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 Event

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 Monona 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.

Monona County

Required Supplementary Information

Monona County

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

Required Supplementary Information

Year ended June 30, 2019

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 6,249,105	-	6,249,105
Interest and penalty on property tax	33,599	-	33,599
Intergovernmental	5,574,073	-	5,574,073
Licenses and permits	11,301	-	11,301
Charges for service	285,557		285,557
Use of money and property	160,348		160,348
Miscellaneous	477,703	132,358	345,345
Total receipts	12,791,686	132,358	12,659,328
Disbursements:			
Public safety and legal services	2,055,381	-	2,055,381
Physical health and social services	366,742	-	366,742
Mental health	186,858	-	186,858
County environment and education	817,413	-	817,413
Roads and transportation	6,700,859	-	6,700,859
Governmental services to residents	435,562	-	435,562
Administration	1,582,087	-	1,582,087
Non-program	109,880	109,880	-
Debt service	90,456	90,456	-
Capital projects	1,255,190	-	1,255,190
Total disbursements	13,600,428	200,336	13,400,092
Excess (deficiency) of receipts over (under) disbursements	(808,742)	(67,978)	(740,764)
Other financing sources, net	109,149	109,149	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(699,593)	41,171	(740,764)
Balance beginning of year	7,775,721	106,180	7,669,541
Balance end of year	\$ 7,076,128	147,351	6,928,777

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
6,369,818	6,369,818	(120,713)
16,120	16,120	17,479
5,241,269	5,241,269	332,804
7,100	7,100	4,201
253,275	253,275	32,282
178,194	178,194	(17,846)
335,118	335,118	10,227
<u>12,400,894</u>	<u>12,400,894</u>	<u>258,434</u>
2,153,756	2,153,756	98,375
511,774	511,774	145,032
186,858	186,858	-
922,975	922,975	105,562
6,787,445	6,787,445	86,586
539,840	545,421	109,859
1,926,729	1,926,729	344,642
-	-	-
-	-	-
<u>1,275,592</u>	<u>2,575,592</u>	<u>1,320,402</u>
<u>14,304,969</u>	<u>15,610,550</u>	<u>2,210,458</u>
(1,904,075)	(3,209,656)	2,468,892
155,000	155,000	(155,000)
(1,749,075)	(3,054,656)	2,313,892
<u>7,175,853</u>	<u>7,175,853</u>	<u>493,688</u>
<u>5,426,778</u>	<u>4,121,197</u>	<u>2,807,580</u>

Monona County

Monona 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	\$ 12,791,686	(552,903)	12,238,783
Expenditures	13,600,428	(232,292)	13,368,136
Net	(808,742)	(320,611)	(1,129,353)
Other financing sources, net	109,149	-	109,149
Beginning fund balances	7,775,721	1,194,777	8,970,498
Ending fund balances	<u>\$ 7,076,128</u>	<u>874,166</u>	<u>7,950,294</u>

See accompanying independent auditor's report.

Monona County

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,305,581. 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 did not exceed the amounts budgeted.

Monona 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	0.043599%	0.046141%	0.046122%	0.042430%	0.042330%
County's proportionate share of the net pension liability	\$ 2,759	3,074	2,903	2,096	1,679
County's covered payroll	\$ 3,943	3,829	3,693	3,558	3,524
County's proportionate share of the net pension liability as a percentage of its covered payroll	69.97%	80.28%	78.61%	47.64%	47.64%
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.

Monona 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	\$ 405	375	365	371
Contributions in relation to the statutorily required contribution	<u>(405)</u>	<u>(375)</u>	<u>(365)</u>	<u>(371)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 4,044	3,943	3,829	3,693
Contributions as a percentage of covered payroll	10.01%	9.51%	9.53%	10.05%

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
341	337	316	303	272	257
(341)	(337)	(316)	(303)	(272)	(257)
-	-	-	-	-	-
3,558	3,524	3,378	3,441	3,511	3,536
9.58%	9.56%	9.35%	8.81%	7.75%	7.27%

Monona County

Notes to Required Supplementary 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.

Monona 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	\$ 16,665	8,922
Interest cost	5,176	3,299
Difference between expected and actual experiences	(6,768)	19,110
Changes in assumptions	2,482	8,436
Benefit payments	<u>(3,442)</u>	<u>(8,341)</u>
Net change in total OPEB liability	<u>14,113</u>	<u>31,426</u>
Total OPEB liability beginning of year	<u>118,789</u>	<u>87,363</u>
Total OPEB liability end of year	<u>\$ 132,902</u>	<u>118,789</u>
Covered-employee payroll	\$ 4,307,608	3,846,007
Total OPEB liability as a percentage of covered-employee payroll	3.1%	3.1%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

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

Monona County

Supplementary Information

Monona County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2019

	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Special
Assets				
Cash, cash equivalents and pooled investments	\$ 15,428	36,239		-
Receivables:		-		
Accrued interest	-	-		-
Drainage assessments:	-	-		
Current	-	-		-
Future	-	-		-
Due from other funds	196	352		-
Total assets	\$ 15,624	36,591		-
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-		-
Due to other funds	-	-		1,167
Total liabilities	-	-		1,167
Deferred inflows of resources:				
Unavailable revenues:				
Other	-	-		-
Fund balances:				
Restricted for:				
Drainage purposes	-	-		-
Debt service	-	-		-
Other purposes	15,624	36,591		-
Unassigned	-	-		(1,167)
Total fund balances	15,624	36,591		(1,167)
Total liabilities, deferred inflows of resources and fund balances	\$ 15,624	36,591		-

See accompanying independent auditor's report.

<u>Revenue</u>						
Conservation Trust	Drainage Districts	Archer Trust	Capital Projects	Debt Service		Total
36,415	147,351	110	62,642	1,447		299,632
-	8,666	-	-	-		8,666
-	41,529	-	-	-		41,529
-	70,484	-	-	-		70,484
-	1,257	-	-	-		1,805
<u>36,415</u>	<u>269,287</u>	<u>110</u>	<u>62,642</u>	<u>1,447</u>		<u>422,116</u>
405	36,206	-	-	-		36,611
-	-	-	-	-		1,167
<u>405</u>	<u>36,206</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>37,778</u>
-	112,013	-	-	-		112,013
-	121,068	-	-	-		121,068
-	-	-	-	1,447		1,447
36,010	-	110	62,642	-		150,977
-	-	-	-	-		(1,167)
<u>36,010</u>	<u>121,068</u>	<u>110</u>	<u>62,642</u>	<u>1,447</u>		<u>272,325</u>
<u>36,415</u>	<u>269,287</u>	<u>110</u>	<u>62,642</u>	<u>1,447</u>		<u>422,116</u>

Monona 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 Record Management	Special County Recorder's Electronic Transaction Fee
Revenues:			
Intergovernmental	\$ 7,946	-	-
Charges for service	-	1,648	-
Use of money and property	196	352	-
Miscellaneous	-	-	-
Total revenues	8,142	2,000	-
Expenditures:			
Operating:			
County environment and education	11,493	-	-
Government services to residents	-	2,650	1,479
Non-program	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	11,493	2,650	1,479
Excess (deficiency) of revenues over (under) expenditures	(3,351)	(650)	(1,479)
Other financing sources:			
Transfers in	-	-	-
Drainage warrant proceeds	-	-	-
Total other financing sources	-	-	-
Change in fund balances	(3,351)	(650)	(1,479)
Fund balances beginning of year	18,975	37,241	312
Fund balances end of year	\$ 15,624	36,591	(1,167)

See accompanying independent auditor's report.

Revenue						
Conservation Trust	Drainage Districts	Archer Trust	Capital Projects	Debt Service		Total
-	-	-	-	-	-	7,946
-	-	-	-	-	-	1,648
-	-	-	-	-	-	548
15,152	130,986	-	-	-	-	146,138
15,152	130,986	-	-	-	-	156,280
16,501	-	-	-	-	-	27,994
-	-	-	-	-	-	4,129
-	144,452	-	-	-	-	144,452
-	90,456	-	-	-	-	90,456
-	-	-	1,237,358	-	-	1,237,358
16,501	234,908	-	1,237,358	-	-	1,504,389
(1,349)	(103,922)	-	(1,237,358)	-	-	(1,348,109)
-	-	-	1,300,000	-	-	1,300,000
-	109,149	-	-	-	-	109,149
-	109,149	-	1,300,000	-	-	1,409,149
(1,349)	5,227	-	62,642	-	-	61,040
37,359	115,841	110	-	1,447	-	211,285
36,010	121,068	110	62,642	1,447	-	272,325

Monona County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,529	373,756	118,358	8,737
Other County officials	19,150	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	112	238	5,403	384
Succeeding year	-	189,000	368,000	8,925,000	629,000
Special assessments	-	-	-	-	-
Drainage assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenditures	-	-	3,958	-	-
Total assets	\$ 19,150	191,641	745,952	9,048,761	638,121
Liabilities					
Accounts payable	\$ -	-	1,075	-	-
Due to other governments	9,971	191,641	725,627	9,048,761	638,121
Trusts payable	9,179	-	-	-	-
Compensated absences	-	-	19,250	-	-
Total liabilities	\$ 19,150	191,641	745,952	9,048,761	638,121

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
34,654	3,140	3,786	280,206	2,334,365	759,078	3,918,609
-	-	-	-	-	-	19,150
2,528	77	-	-	694	1	9,437
2,297,000	269,000	-	-	-	2,000	12,679,000
-	-	9,195	-	-	-	9,195
-	-	-	-	42,366	-	42,366
-	-	-	-	26,663	-	26,663
-	-	-	-	28,762	65,099	93,861
-	-	-	-	-	968	4,926
2,334,182	272,217	12,981	280,206	2,432,850	827,146	16,803,207
-	-	-	-	37,711	333	39,119
2,334,182	272,217	12,981	280,206	2,395,139	821,904	16,730,750
-	-	-	-	-	-	9,179
-	-	-	-	-	4,909	24,159
2,334,182	272,217	12,981	280,206	2,432,850	827,146	16,803,207

Monona County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2019

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 11,204	189,320	857,817	8,750,911	654,955
Additions:					
Property and other county tax	-	188,832	367,743	8,905,725	628,164
911 surcharges	-	-	-	-	-
State tax credits	-	14,210	30,316	674,504	49,028
Electronic transaction fees	-	-	-	-	-
Office fees and collections	356,871	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	126,132	-	-	-	-
Miscellaneous	-	-	1,645	-	-
Total additions	483,003	203,042	399,704	9,580,229	677,192
Deductions:					
Agency remittances:					
To other funds	213,770	-	-	-	-
To other governments	130,116	200,721	511,569	9,282,379	694,026
Trusts paid out	131,171	-	-	-	-
Total deductions	475,057	200,721	511,569	9,282,379	694,026
Balances end of year	\$ 19,150	191,641	745,952	9,048,761	638,121

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
2,167,133	262,170	25,329	239,613	2,174,901	712,253	16,045,606
2,263,945	268,972	-	-	693	1,947	12,626,021
-	-	-	-	-	146,046	146,046
369,081	12,813	-	-	-	148	1,150,100
-	-	-	-	-	1,501	1,501
-	-	-	-	-	-	356,871
-	-	-	3,203,154	-	-	3,203,154
-	-	511	-	877,835	-	878,346
-	-	-	-	-	-	126,132
-	-	-	-	208,858	299,843	510,346
2,633,026	281,785	511	3,203,154	1,087,386	449,485	18,998,517
-	-	-	96,848	-	-	310,618
2,465,977	271,738	12,859	3,065,713	829,437	334,592	17,799,127
-	-	-	-	-	-	131,171
2,465,977	271,738	12,859	3,162,561	829,437	334,592	18,240,916
2,334,182	272,217	12,981	280,206	2,432,850	827,146	16,803,207

Monona 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	\$ 5,883,121	5,784,845	5,669,357	5,561,731
Local option sales tax	398,118	343,814	384,646	360,583
Interest and penalty on property tax	33,599	34,592	36,185	32,488
Intergovernmental	4,992,722	5,389,623	5,999,655	4,742,310
Licenses and permits	11,301	10,463	11,024	12,254
Charges for service	285,531	274,946	278,320	249,213
Use of money and property	156,011	131,803	123,213	156,896
Miscellaneous	478,380	279,485	539,418	234,162
Total	\$ 12,238,783	12,249,571	13,041,818	11,349,637
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,052,776	2,121,314	1,926,703	1,765,858
Physical health and social services	370,772	403,155	448,973	461,785
Mental health	186,858	206,517	206,908	300,992
County environment and education	816,554	781,138	799,980	663,613
Roads and transportation	6,448,088	7,116,238	5,204,001	5,253,867
Governmental services to residents	438,358	442,618	425,622	397,656
Administration	1,564,632	1,569,471	1,383,992	1,420,508
Non-program	144,452	104,590	357,527	166,778
Debt service	90,456	158,995	329,521	217,098
Capital projects	1,255,190	420,323	1,040,159	859,377
Total	\$ 13,368,136	13,324,359	12,123,386	11,507,532

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
5,456,613	4,937,622	5,334,059	4,912,903	4,791,180	4,441,028
365,015	371,369	374,454	354,148	384,895	298,021
34,393	35,923	40,975	41,335	48,625	47,540
4,312,456	4,625,041	4,961,929	5,483,342	4,995,389	5,205,958
14,035	13,410	18,055	17,914	23,441	19,089
247,887	274,063	266,849	261,523	268,682	270,522
130,365	246,385	180,563	180,974	151,351	133,476
258,957	345,411	432,936	323,106	977,271	168,300
10,819,721	10,849,224	11,609,820	11,575,245	11,640,834	10,583,934
1,719,465	1,689,183	1,542,167	1,659,465	1,539,312	1,502,227
427,775	499,065	484,879	588,532	702,058	680,218
598,354	238,336	166,997	1,119,019	943,848	950,776
642,075	706,882	556,117	691,232	579,980	510,339
5,201,317	4,497,158	6,243,940	5,166,391	4,671,066	4,961,380
430,172	445,357	396,074	384,938	349,701	357,417
1,373,921	1,359,072	1,359,773	1,335,272	1,230,200	1,237,514
97,424	88,853	171,333	261,784	289,628	526,954
190,008	319,740	426,856	354,955	499,822	231,557
464,107	229,373	581,694	665,214	460,146	951,371
11,144,618	10,073,019	11,929,830	12,226,802	11,265,761	11,909,753



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

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

To the Officials of Monona County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona County, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 23, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

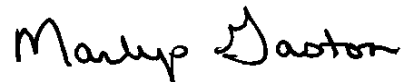
Monona County's Responses to Findings

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

Purpose of this Report

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

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



Marlys K. Gaston, CPA
Deputy Auditor of State

June 23, 2020

Monona County

Schedule of Findings

Year ended June 30, 2019

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

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

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

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

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

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

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

Monona County

Schedule of Findings

Year ended June 30, 2019

Responses –

Treasurer – Departments will rotate daily deposit procedures.

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

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

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

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

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

Conclusion – Responses acknowledged. Each official should continue to review controls to obtain the maximum internal control possible, including utilizing current personnel, including other officials and employees, to provide additional control for their accounts.

(B) Financial Reporting

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

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

Monona County

Schedule of Findings

Year ended June 30, 2019

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

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

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

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

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Monona County

Schedule of Findings

Year ended June 30, 2019

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2019 did not exceed the amounts budgeted.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are as follows:

Name, Title and Business Connection	Transaction Description	Amount
Doug Kuhlmann, Conservation Director, Owner of Kuhlmann Home Improvements	Equipment rental and restroom remodel, per bid	\$ 15,171

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

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

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

Monona County

Schedule of Findings

Year ended June 30, 2019

- (10) Financial Condition – The Special Revenue, County Recorder’s Electronic Transaction Fee Fund had a deficit fund balance of \$1,167 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.

Response – We will return the account to a positive balance or zero it out.

Conclusion – Response accepted.

Monona County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy
Jennifer L. Wall, CPA, Manager
Preston R. Grygiel, Senior Auditor
Ronica H. Drury, Staff Auditor
Alyson J. Logel, Assistant Auditor
Craig S. Miller, Assistant Auditor
Brandon G. Sommers, Assistant Auditor