OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

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

NEWS RELEASE

Contact: Marlys Gaston
515/281-5834

FOR RELEASE June 26, 2020

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled $20,295,590 for the year ended June 30, 2019, a 19.3% increase over the prior year. Expenses for County operations for the year ended June 30, 2019 totaled $17,872,912, a 9.2% increase over the prior year. The significant increase in revenues is primarily due to increased property tax revenues.

AUDIT FINDINGS:

Sand reported ten findings relating to the receipt and expenditure of taxpayer funds. They are found on pages 84 through 93 of this report. The findings address issues such as a lack of segregation of duties, adjustments needed to properly record receivables payables and capital asset additions and disposals in the County's financial statements, lack of timely bank reconciliations by the County Treasurer and lack of resolving variances timely, lack of current and delinquent property tax reconciliations, disbursements exceeding the budgeted amounts, and noncompliance with Chapter 403 of the Code of Iowa pertaining to the proper use of tax increment financing revenues. Sand provided the County with recommendations to address each of these findings.

Nine of the 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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MILLS COUNTY

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

JUNE 30, 2019

1910-0065-B00F

Mills County

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STATE OF IOWA

Rob Sand
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Des Moines, Iowa 50319-0006

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

June 18, 2020

Officials of Mills County
Glenwood, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Mills County for the year ended June 30, 2019. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Sincerely,

Rob Sand
Auditor of State

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(Continued)

Mills County

Officials

(Before January 2019)

Name	Title	Term Expires
Richard Crouch	Board of Supervisors	Jan 2019
Lonnie Mayberry	Board of Supervisors	Jan 2021
Carol Vinton	Board of Supervisors	Jan 2021
Carol Robertson	County Auditor	Jan 2021
Jill Ford (Appointed)	County Treasurer	Nov 2018
Lisa Tallman	County Recorder	Jan 2019
Eugene Goos	County Sheriff	Jan 2021
Naeda Elliot	County Attorney	Jan 2019
Christina Govig	County Assessor	Jan 2022

(After January 2019)

Name	Title	Term Expires
Lonnie Mayberry	Board of Supervisors	Jan 2021
Carol Vinton	Board of Supervisors	Jan 2021
Richard Crouch	Board of Supervisors	Jan 2023
Carol Robertson	County Auditor	Jan 2021
Jill Ford	County Treasurer	Jan 2023
Lisa Tallman	County Recorder	Jan 2023
Eugene Goos	County Sheriff	Jan 2021
Naeda Elliott	County Attorney	Jan 2023
Christina Govig	County Assessor	Jan 2022

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Rob Sand
Auditor of State

Independent Auditor's Report

To the Officials of Mills 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 Mills 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 Mills 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 56 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mills 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 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), 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 18, 2020 on our consideration of Mills County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Mills County's internal control over financial reporting and compliance.

Marlys Gaston

Marlys K. Gaston, CPA
Deputy Auditor of State

June 18, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mills 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 19.3%, or approximately $3,282,000, from fiscal year 2018 to fiscal year 2019. Property tax increased approximately $1,565,000, operating grants, contributions and restricted interest increased approximately $805,000 and capital grants, contributions and restricted interest increased approximately $679,000 from fiscal year 2018 to fiscal year 2019.

- Program expenses of the County's governmental activities increased 9.2%, or approximately $1,512,000, in fiscal year 2019 compared to fiscal year 2018. Roads and transportation increased approximately $1,310,000, or 24.7%, primarily due to increased expenses relating to flooding and county environment and education expenses increased approximately $346,000.

- The County's net position increased 11.1%, or approximately $2,423,000, from June 30, 2018 to June 30, 2019.

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 Mills 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 Mills 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 Mills 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. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

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 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 fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Mills County's net position at the end of fiscal year 2019 totaled approximately $24.3 million. The analysis that follows focuses on the changes in the net position of governmental activities before restatement.

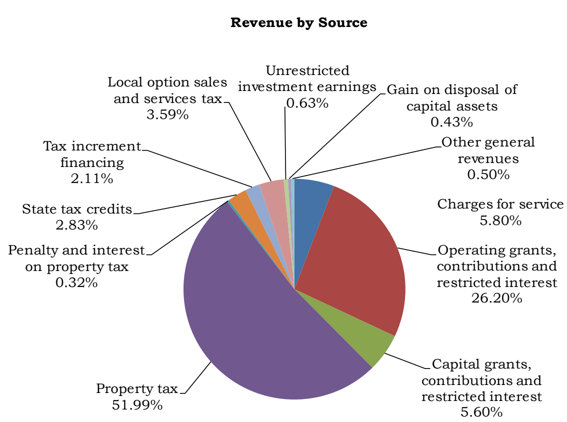
Net Position of Governmental Activities

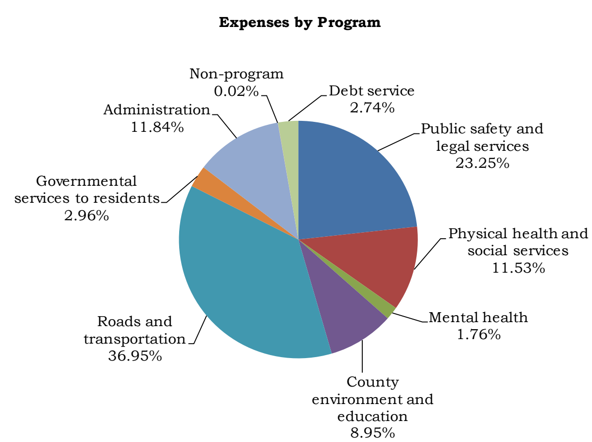
	June 30, 2019	2018
Current and other assets	$ 28,830,066	27,144,859
Capital assets	28,130,222	25,411,376
Total assets	56,960,288	52,556,235
Deferred outflows of resources	1,384,781	1,560,204
Long-term liabilities	21,632,172	20,572,345
Other liabilities	1,510,226	513,871
Total liabilities	23,142,398	21,086,216
Deferred inflows of resources	10,939,914	11,190,144
Net position:		
Invested in capital assets	20,371,339	20,475,176
Restricted	8,333,444	7,634,399
Unrestricted	(4,442,026)	(6,269,496)
Total net position	$ 24,262,757	21,840,079

Net position of Mills County's governmental activities increased 11.1% (approximately $24.3 million compared to approximately $21.8 million). The largest portion of the County's net position is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased from a deficit balance of approximately $6,269,000 at June 30, 2018 to a deficit of approximately $4,442,000 at the end of this year. The deficit is attributed to the County reporting the net pension liability and total OPEB liability and for issuing debt for communication equipment not capitalized.

Changes in Net Position of Governmental Activities

	Year ended June 30, 2019	2018
Revenues:		
Program revenues:		
Charges for service	$ 1,177,460	1,399,432
Operating grants, contributions and restricted interest	5,316,985	4,512,239
Capital grants, contributions and restricted interest	1,136,184	457,368
General revenues:		
Property tax	10,553,616	8,988,858
Penalty and interest on property tax	64,249	63,452
State tax credits	574,034	476,358
Tax increment financing	428,068	372,936
Local option sales and services tax	728,308	601,806
Unrestricted investment earnings	128,864	21,397
Gain on disposal of capital assets	87,299	85,895
Other general revenues	100,523	34,162
Total revenues	20,295,590	17,013,903
Program expenses:		
Public safety and legal services	4,155,958	4,273,945
Physical health and social services	2,060,152	2,155,916
Mental health	314,513	448,359
County environment and education	1,599,554	1,253,446
Roads and transportation	6,604,236	5,294,435
Governmental services to residents	529,755	537,065
Administration	2,115,673	1,938,928
Non-program	2,875	-
Debt service	490,196	458,452
Total expenses	17,872,912	16,360,546
Change in net position	2,422,678	653,357
Net position beginning of year	21,840,079	21,186,722
Net position end of year	$ 24,262,757	21,840,079





Mills County increased the rural services property tax levy rate by $0.49239 per $1,000 taxable valuation for fiscal year 2019 and increased the county-wide property tax levy rate $1.76129 per $1,000 of taxable valuation for the fiscal year 2019. The general supplemental levy rate increased $0.18534 per $1,000 of taxable valuation from fiscal year 2018 to fiscal year 2019. The mental health levy rate decreased $0.13684 per $1,000 of taxable valuation. The county-wide assessed property taxable valuation increased approximately $6,404,000 from fiscal year 2018 to fiscal year 2019, the rural assessed property taxable valuation increased approximately $1,270,000 from fiscal year 2018 to fiscal year 2019. The debt service levy rate increased $0.86835 per $1,000 of taxable valuation. The general basic levy in fiscal year 2019 increased $0.32408 per $1,000 of taxable valuation from fiscal year 2018 to 2019.

The cost of all governmental activities this year was approximately $17.9 million compared to approximately $16.4 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately $10.2 million because some of the cost was paid by those who directly benefited from the programs (approximately $1,177,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $6,453,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2019 from approximately $6,369,000 to approximately $7,631,000, primarily due to increased federal funds.

INDIVIDUAL MAJOR FUND ANALYSIS

As Mills County completed the year, its governmental funds reported a combined fund balance of approximately $16.0 million, an increase of approximately $372,000 over last year's total of approximately $15.6 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

The General Fund, the operating fund for Mills County, ended fiscal year 2019 with a balance of $3,507,632. This is an increase of $187,472 over the fiscal year 2018 ending balance. Revenues increased approximately $674,000 over fiscal year 2018, primarily due to an increase in property and other county tax. Expenditures increased approximately $908,000 over fiscal year 2018, primarily due to an increase in public safety and legal service and county environment and education costs, both related to increased expenditures as a result of flooding in Spring 2019.

Special Revenue, Mental Health Fund revenues totaled $317,835, a decrease of 28.7% from the prior year. Expenditures totaled $313,895, a decrease of approximately $128,000, or 29%, from the prior year. The decrease in revenues and expenditures is due to an overall decrease in the amount of property tax collected and disbursed to the mental health region during the fiscal year. The Mental Health Fund balance increased by $3,940 over the prior year end to $116,813 at June 30, 2019.

The Special Revenue, Rural Services Fund ended fiscal year 2019 with a fund balance of $939,790 compared to the fiscal year 2018 ending fund balance of $717,640. Revenues increased $380,381 over fiscal year 2018, with property and other county tax increasing approximately $349,000 as a result of the increased levy. Expenditures increased $289,659 over fiscal year 2018. The increase in expenditures is primarily due to payments made to the Mills County Economic Development Foundation.

The Special Revenue, Secondary Roads Fund ended fiscal year 2019 with a fund balance of $5,388,505 compared to the fiscal year 2018 ending fund balance of $5,017,788. Secondary Roads Fund revenues increased $676,795 over the fiscal year 2018 amounts. Expenditures increased $1,295,971 over fiscal year 2018, primarily due to an increase in road repairs resulting from Spring flooding.

At year end, the Debt Service fund balance was $4,699,080 compared to the prior year ending fund balance of $4,215,092, an increase of $483,988. This increase was due to property and other county tax revenues increasing approximately $828,000 as a result of the increased levy. At June 30, 2019, the County is reporting $4,445,420 in U.S. Treasury securities on deposit with escrow agent until the crossover date of June 1, 2020, when the old debt will be called.

During the year ended June 30, 2019, the County issued $2,250,000 of general obligation urban renewal bonds for constructing and improving County roads. The County continues to use prior year bond proceeds for the purchase of public safety and emergency services communication equipment. The Capital Projects Fund ended the year with a fund balance of $669,757.

BUDGETARY HIGHLIGHTS

Over the course of the year, Mills County amended its budget two times. The first amendment was made on October 23, 2018 and resulted in an increase in budgeted other financing sources for bond proceeds received for the 190th Street project and budgeted disbursements for various items not previously budgeted, and the 190th Street project. The second amendment was made on May 28, 2019, to increase intergovernmental and miscellaneous receipts to cover increased disbursements in the public safety and legal services, physical health and social services, county environment and education, roads and transportation and administration functions as a result of flooding in the County.

The County's actual receipts were $513,793 less than the amended budget, a variance of 2.6%. The County received $1,040,770 less than budgeted for intergovernmental primarily related to not receiving as much in receipts for the community development block grant program related to disaster recovery. Disbursements were not as much as budgeted, so the receipts were less.

Total actual disbursements were $5,444,996 less than the amended budget, a variance of 21.3%. Actual disbursements for the capital projects and administration functions were under the amended budget by $2,404,814 and $1,209,846, respectively. This was primarily due to capital and disaster recovery projects not progressing as anticipated. However, the debt service function was over budget by $536,910. This was due to the County not amending the budget for bond payments as they came due.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, Mills County had approximately $28.1 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 $2,718,846, or 10.7%, over last year.

Capital Assets of Governmental Activities at Year End			
	June 30,		
		2019	2018
Land	$	1,310,290	1,310,290
Intangibles, road network		933,140	933,140
Construction in progress		3,312,085	-
Buildings		8,618,571	8,835,353
Improvements other than buildings		123,457	130,928
Equipment and vehicles		2,707,133	2,743,595
Infrastructure, other		11,125,546	11,458,070
Total	$	28,130,222	25,411,376
This year's major additions included:			
County Sheriff, Secondary Roads, IT and Conservation vehicles and equipment	$	585,915	
Capital assets contributed by other entities		135,436	
Emergency Management equipment upgrade		1,018,283	
190th Street Project		2,293,802	
Total	$	4,033,436	

The County had depreciation expense of $1,302,230 in fiscal year 2019 and total accumulated depreciation of $11,088,378 at June 30, 2019.

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

Long-Term Debt

At June 30, 2019, Mills County had $16,435,600 of long-term debt outstanding compared to $15,006,200 of outstanding long-term debt at June 30, 2018.

Outstanding Debt of Governmental Activities at Year End			
	June 30,		
		2019	2018
Capital lease purchase agreement	$	10,600	21,200
General obligation bonds		14,140,000	14,685,000
General obligation urban renewal revenue bonds		2,285,000	300,000
Total	$	16,435,600	15,006,200

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Mills County's constitutional debt limit is approximately $83.2 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

During fiscal year 2019, the County issued $2,250,000 of general obligation county road improvement urban renewal bonds to pay a portion of the costs related to improvements to Highway 34/I-29.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Mills 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. One of those factors is the economy. Unemployment in the County stands at 2.2% at June 30, 2019 versus 2.0% a year ago. This compares with the State's unemployment rate of 2.6% and the national rate of 3.7% at June 30, 2019.

These indicators were taken into account when adopting the budget for fiscal year 2020. Revenues in the operating budget are $20,274,211, an increase of 1.8% over the final fiscal year 2019 budget. Property tax decreased due to a decrease in both property tax rates and property valuations for fiscal year 2020. Intergovernmental receipts increased as a result of the County's various grant programs. Mills County will use these receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to decrease approximately $3,484,000 from the final fiscal year budget, primarily due to an anticipated decrease in capital projects and county environment and education disbursements. The County has added no major new programs or initiatives to the fiscal year 2020 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease 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 Mills 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 Carol Robertson by email at crobertson@millscoia.us, by mail at the Mills County Auditor's Office, 418 Sharp Street, Glenwood, Iowa 51534 or by telephone at (712) 527-3146.

Mills County

Basic Financial Statements

Mills County

Statement of Net Position

June 30, 2019

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 12,208,067
U.S. Treasury securities on deposit with escrow agent	4,445,420
Receivables:	
Property tax:	
Delinquent	29,707
Succeeding year	9,851,000
Succeeding year tax increment financing	519,000
Interest and penalty on property tax	129,136
Accounts	74,024
Accrued Interest	9,125
Due from other governments	1,261,196
Inventories	303,391
Capital assets, not being depreciated	5,555,515
Capital assets, net of accumulated depreciated	22,574,707
Total assets	56,960,288
Deferred Outflows of Resources	
Pension related deferred outflows	1,371,101
OPEB related deferred outflows	13,680
Total deferred outflows of resources	1,384,781
Liabilities	
Accounts payable	1,305,605
Accrued interest payable	40,676
Salaries and benefits payable	131,994
Due to other governments	31,951
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	10,600
General obligation bonds	4,935,000
General obligation urban renewal bonds	295,000
Compensated absences	409,024
Portion due or payable after one year:	
General obligation bonds	9,205,000
General obligation urban renewal bonds	1,990,000
Compensated absences	258,781
Net pension liability	4,026,571
Total OPEB liability	502,196
Total liabilities	23,142,398
Deferred Inflows of Resources	
Unavailable property tax revenue	9,851,000
Unavailable tax increment financing revenues	519,000
Pension related deferred inflows	521,723
OPEB related deferred inflows	48,191
Total deferred inflows of resources	10,939,914
Net Position	
Net investment in capital assets	20,371,339
Restricted for:	
Supplemental levy purposes	1,287,897
Mental health purposes	111,591
Rural services purposes	908,020
Secondary roads purposes	5,304,684
Debt service	110,832
Other purposes	610,420
Unrestricted	(4,442,026)
Total net position	$ 24,262,757

See notes to financial statements.

Mills County

Statement of Activities

Year ended June 30, 2019

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 4,155,958	183,241	309,079	-	(3,663,638)
Physical health and social services	2,060,152	345,109	993,281	-	(721,762)
Mental health	314,513	-	-	-	(314,513)
County environment and education	1,599,554	208,667	234,050	23,779	(1,133,058)
Roads and transportation	6,604,236	85,277	3,210,176	1,112,405	(2,196,378)
Governmental services to residents	529,755	315,789	-	-	(213,966)
Administration	2,115,673	28,984	529,590	-	(1,557,099)
Non-program	2,875	10,393	-	-	7,518
Debt service	490,196	-	40,809	-	(449,387)
Total	$ 17,872,912	1,177,460	5,316,985	1,136,184	(10,242,283)
General Revenues:					
Property and other county tax levied for:					
General purposes					9,205,641
Debt service					1,347,975
Penalty and interest on property tax					64,249
Tax increment financing					428,068
State tax credits					574,034
Local option sales and services tax					728,308
Unrestricted investment earnings					128,864
Gain on sale of capital assets					87,299
Miscellaneous					100,523
Total general revenues					12,664,961
Change in net position					2,422,678
Net position beginning of year					21,840,079
Net position end of year					$ 24,262,757

See notes to financial statements.

Mills County

Balance Sheet
Governmental Funds

June 30, 2019

		General	Special Revenue Mental Health	Rural Services	Secondary Roads
Assets					
Cash, cash equivalents and pooled investments	$	3,496,784	118,606	941,824	4,876,788
U.S. Treasury securities on deposit with escrow agent		-	-	-	-
Receivables:					
Property tax:					
Delinquent		20,785	1,031	3,402	-
Succeeding year		5,949,000	262,000	2,926,000	-
Succeeding year tax increment financing		-	-	-	-
Interest and penalty on property tax		129,136	-	-	-
Accounts		-	-	-	71,717
Accrued interest		9,125	-	-	-
Advance to other funds		-	-	-	-
Due from other governments		713,823	-	12,076	480,863
Inventories		-	-	-	303,391
Total assets	$	10,318,653	381,637	3,883,302	5,732,759
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$	226,856	-	3,082	78,747
Salaries and benefits payable		82,948	1,793	9,998	37,255
Due to other governments		30,667	-	1,030	254
Advance from other funds		-	-	-	-
Total liabilities		340,471	1,793	14,110	116,256
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax		5,949,000	262,000	2,926,000	-
Succeeding year tax increment financing		-	-	-	-
Other		521,550	1,031	3,402	227,998
Total deferred inflows of resources		6,470,550	263,031	2,929,402	227,998
Fund balances:					
Nonspendable:					
Inventories		-	-	-	303,391
Restricted for:		-			
Supplemental levy purposes		1,332,565	-	-	-
Mental health purposes		-	116,813	-	-
Rural services purposes		-	-	939,790	-
Secondary roads purposes		-	-	-	5,085,114
Drainage warrants/drainage improvement certificates		-	-	-	-
Conservation land acquisition/capital improvements		145,480	-	-	-
Debt service		-	-	-	-
Capital projects		-	-	-	-
Other purposes		-	-	-	-
Unassigned		2,029,587	-	-	-
Total fund balances		3,507,632	116,813	939,790	5,388,505
Total liabilities, deferred inflows of resources and fund balances	$	10,318,653	381,637	3,883,302	5,732,759

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
347,141	1,557,623	651,031	11,989,797
4,445,420	-	-	4,445,420
4,489	-	-	29,707
714,000	-	-	9,851,000
-	-	519,000	519,000
-	-	-	129,136
-	-	-	71,717
-	-	-	9,125
-	93,481	-	93,481
-	-	54,434	1,261,196
-	-	-	303,391
5,511,050	1,651,104	1,224,465	28,702,970
-	981,347	7,586	1,297,618
-	-	-	131,994
-	-	-	31,951
93,481	-	-	93,481
93,481	981,347	7,586	1,555,044
714,000	-	-	9,851,000
-	-	519,000	519,000
4,489	-	-	758,470
718,489	-	519,000	11,128,470
-	-	-	303,391
-	-	-	1,332,565
-	-	-	116,813
-	-	-	939,790
-	-	-	5,085,114
-	-	8,168	8,168
-	-	-	145,480
4,699,080	-	232,939	4,932,019
-	669,757	-	669,757
-	-	456,772	456,772
-	-	-	2,029,587
4,699,080	669,757	697,879	16,019,456
5,511,050	1,651,104	1,224,465	28,702,970

Mills County

Mills County

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

June 30, 2019

Total governmental fund balances (page 21)		$ 16,019,456
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 $39,218,600 and the accumulated depreciation is $11,088,378.		28,130,222
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.		758,470
The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		212,590
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 1,384,781	
Deferred inflows of resources	(569,914)	814,867
Long-term liabilities, including capital lease purchase agreement payable, general obligation bonds payable, general obligation urban renewal bonds payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(21,672,848)
Net position of governmental activities (page 18)		$ 24,262,757

See notes to financial statements.

Mills County

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

Year ended June 30, 2019

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	$ 6,067,726	301,034	2,845,747	-
Local option sales and services tax	-	-	-	-
Tax increment financing	-	-	-	-
Interest and penalty on property tax	57,062	-	-	-
Intergovernmental	1,925,886	16,801	204,754	3,445,718
Licenses and permits	129,046	-	29,550	26,767
Charges for service	476,498	-	-	21,939
Use of money and property	131,364	-	-	-
Miscellaneous	434,058	-	241	634,785
Total revenues	9,221,640	317,835	3,080,292	4,129,209
Expenditures:				
Operating:				
Public safety and legal services	3,488,573	-	579,451	-
Physical health and social services	2,011,573	-	79,350	-
Mental health	-	313,895	-	-
County environment and education	879,767	-	180,913	-
Roads and transportation	-	-	-	6,018,775
Governmental services to residents	536,481	-	980	-
Administration	2,011,619	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	130,454
Total expenditures	8,928,013	313,895	840,694	6,149,229
Excess (deficiency) of revenues over (under) expenditures	293,627	3,940	2,239,598	(2,020,020)
Other financing sources (uses):				
Sale of capital assets	4,815	-	-	-
General obligation urban renewal bonds issued	-	-	-	-
Discount on general obligation urban renewal bonds issued	-	-	-	-
Transfers in	-	-	-	2,390,737
Transfers out	(110,970)	-	(2,017,448)	-
Total other financing sources (uses)	(106,155)	-	(2,017,448)	2,390,737
Change in fund balances	187,472	3,940	222,150	370,717
Fund balances beginning of year	3,320,160	112,873	717,640	5,017,788
Fund balances end of year	$ 3,507,632	116,813	939,790	5,388,505

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,345,634	-	-	10,560,141
-	-	728,308	728,308
-	-	428,068	428,068
-	-	-	57,062
74,643	-	93,119	5,760,921
-	-	-	185,363
-	-	2,616	501,053
40,809	-	-	172,173
-	-	-	1,069,084
1,461,086	-	1,252,111	19,462,173
-	-	-	4,068,024
-	-	-	2,090,923
-	-	-	313,895
-	-	678,740	1,739,420
-	-	-	6,018,775
-	-	1,256	538,717
-	-	-	2,011,619
977,098	-	319,001	1,296,099
-	3,118,583	-	3,249,037
977,098	3,118,583	998,997	21,326,509
483,988	(3,118,583)	253,114	(1,864,336)
-	-	-	4,815
-	2,250,000	-	2,250,000
-	(18,709)	-	(18,709)
-	-	-	2,390,737
-	-	(262,319)	(2,390,737)
-	2,231,291	(262,319)	2,236,106
483,988	(887,292)	(9,205)	371,770
4,215,092	1,557,049	707,084	15,647,686
4,699,080	669,757	697,879	16,019,456

Mills County

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

Year ended June 30, 2019

Change in fund balances - Total governmental funds (page 25)		$ 371,770
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 deprecation expense in the current year, as follows:		
Expenditures for capital assets	$ 3,803,156	
Capital assets contributed by the Iowa Department of Transportation	109,113	
Capital assets contributed by the City of Council Bluffs	26,323	
Depreciation expense	(1,302,230)	2,636,362
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.		82,484
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	(6,525)	
Other	606,814	600,289
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments, as follows		
Issued	(2,250,000)	
Repaid	820,600	(1,429,400)
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.		588,177
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	(29,002)	
OPEB expense	(54,612)	
Pension expense	(552,183)	
Interest on long term debt	(3,797)	(639,594)
The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's employee health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.		212,590
Change in net position of governmental activities (page 19)		$ 2,422,678

See notes to financial statements.

Mills County

Statement of Net Position
Proprietary Fund

June 30, 2019

	Internal Service - Employee Group Health
Assets	
Cash and cash equivalents	$ 218,270
Accounts receivable	2,307
Total assets	220,577
Liabilities	
Accounts payable	7,987
Net Position	
Unrestricted	$ 212,590

See notes to financial statements.

Mills County

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

Year ended June 30, 2019

		Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	$	291,554
Reimbursements from insurance		2,307
Total operating revenues		293,861
Operating expenses:		
Medical claims		81,271
Operating income		212,590
Net position beginning of year		-
Net position end of year	$	212,590

See notes to financial statements.

Mills County

Statement of Cash Flows
Proprietary Fund

June 30, 2019

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 291,554
Cash paid to suppliers for services	(73,284)
Cash and cash equivalents end of year	$ 218,270
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 212,590
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts receivable	(2,307)
Increase in accounts payable	7,987
Net cash provided by operating activities	$ 218,270

See notes to financial statements.

Mills County

Mills County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

Assets	
Cash and pooled investments:	
County Treasurer	$ 3,365,284
Other County officials	47,818
Receivables:	
Property tax:	
Delinquent	83,396
Succeeding year	19,371,000
Special assessments	30,614
Drainage assessments	1,651
Due from other governments	24,305
Total assets	22,924,068
Liabilities	
Stamped warrants payable	43,182
Salaries and benefits payable	12,860
Due to other governments	22,794,628
Trusts payable	37,791
Compensated absences	35,607
Total liabilities	22,924,068
Net position	$ -

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Mills 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, Mills 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 Mills County (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationships with the County.

Blended Component Unit – The following component unit is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, the same as the County. It is reported as part of the County and blended into the Special Revenue Funds.

One drainage district has 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 this district is legally separate from the County, it is controlled, managed and supervised by the Mills County Board of Supervisors. The drainage district is reported as a Special Revenue Fund. Financial information of the drainage district can be obtained from the Mills 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: Mills County Assessor's Conference Board, Mills County Emergency Management Commission, Mills County Joint 911 Service Board and Rolling Prairie Case Management Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations: Missouri River Authority, Hungry Canyons, Juvenile Detention Center, Adult Correctional Facility, Resource Conservation and Development (Golden Hills), Metropolitan Area Planning Agency, Southwest Iowa Planning Council, West Central Development and Southwest Iowa Drug Task Force.

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 unit. 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.

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. <u>Measurement Focus and Basis of Accounting</u>

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 Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1.5% 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. Drainage assessments receivable represent assessments which are due and payable but have not been collected and remaining assessments which are payable but not yet due.

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

Advance to and Advance from Other Funds – During the year ended June 30, 2018, the Debt Service Fund borrowed funds from the Capital Projects Fund and a balance was still owed at June 30, 2019. Therefore, the balances of the interfund activity have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Improvements	20 - 50
Infrastructure	30 - 50
Equipment	2 - 20
Vehicles	3 - 10
Intangibles	5 - 20

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, sick leave 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 and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2019. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

(2) Cash 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.

At June 30, 2019, an escrow agent held U.S. Treasury notes for the County with a carrying amount and fair value of $4,445,420, which mature through June 1, 2020.

In addition, the County had investments in the Iowa public Agency Investment Trust (IPAIT) which are valued at an amoitized cost of $2,047,714. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investments in IPAIT is unrated.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	$ 110,970
	Special Revenue:	
	Rural Services	2,017,448
	Local Option Sales and Services Tax	262,319
Total		$ 2,390,737

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

(4) Advance to and Advance from Other Funds

Receivable Fund	Payable Fund	Amount
Capital Projects	Debt Service	$ 93,481

During the year ended June 30, 2018, the Debt Service Fund borrowed $277,295 from the Capital Projects Fund to make the necessary debt service payments on the County's general obligation debt.

(5) 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	$ 1,310,290	-	-	1,310,290
Intangibles, road network	933,140	-	-	933,140
Construction in progress	-	3,421,198	109,113	3,312,085
Total capital assets not being depreciated	2,243,430	3,421,198	109,113	5,555,515
Capital assets being depreciated:				
Buildings	10,589,273	-	-	10,589,273
Improvements other than buildings	228,225	-	-	228,225
Equipment and vehicles	8,091,195	612,238	346,663	8,356,770
Infrastructure	14,379,704	109,113	-	14,488,817
Total capital assets being depreciated	33,288,397	721,351	346,663	33,663,085
Less accumulated depreciation for:				
Buildings	1,753,920	216,782	-	1,970,702
Improvements other than buildings	97,297	7,471	-	104,768
Equipment and vehicles	5,347,600	636,340	334,303	5,649,637
Infrastructure	2,921,634	441,637	-	3,363,271
Total accumulated depreciation	10,120,451	1,302,230	334,303	11,088,378
Total capital assets being depreciated, net	23,167,946	(580,879)	12,360	22,574,707
Governmental activities capital assets, net	$ 25,411,376	2,840,319	121,473	28,130,222

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 191,767
Physical health and social services	1,882
County environment and education	92,703
Roads and transportation	889,696
Governmental services to residents	14,398
Administration	111,784
Total depreciation expense - governmental activities	$ 1,302,230

(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	$	30,667
Special Revenue:			
Rural Services	Services		1,030
Secondary Roads	Services		254
Total for governmental funds		$	31,951
Agency:			
County Assessor	Collections	$	1,096,775
Schools			13,769,964
Community Colleges			1,292,919
Corporations			3,500,493
Auto License and Use Tax			419,208
Drainage Districts			1,514,321
All other			1,200,948
Total for agency funds		$	22,794,628

(7) Long-Term Liabilities

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

		Storage Appliances Capital Lease Purchase Agreement	General Obligation Bonds	General Obligation Urban Renewal Bonds	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	$	21,200	14,685,000	300,000	638,803	4,498,251	429,091	20,572,345
Increases		-	-	2,250,000	381,368	-	73,105	2,704,473
Decreases		10,600	545,000	265,000	352,366	471,680	-	1,644,646
Balance end of year	$	10,600	14,140,000	2,285,000	667,805	4,026,571	502,196	21,632,172
Due within one year	$	10,600	4,935,000	295,000	409,024	-	-	5,649,624

Capital Lease Purchase Agreement

During fiscal year 2016, the County entered into an interest free capital lease purchase agreement to purchase information technology storage appliances with a historical cost of $53,000. The following is a schedule of the future minimum lease payments under the agreement in effect at June 30, 2019:

Year ending June 30,		Amount
2020	$	10,600

General Obligation Bonds

On September 1, 2013, the County issued $6,200,000 of general obligation bonds with interest rates ranging from 2.00% to 4.15% per annum for the purpose of constructing, furnishing and equipping a Public Safety Center.

On October 26, 2016, the County issued $4,580,000 of general obligation county refunding bonds, with interest rates ranging from 2.05% to 3.00% per annum, for a crossover refunding of $4,380,000 of general obligation bonds dated September 1, 2013. The bonds will be called on June 1, 2020.

For the crossover refunding, the County entered into an escrow agreement whereby the proceeds from the general obligation county refunding bonds were converted into U.S. government securities. These securities were placed with an escrow agent to pay the principal and interest on the general obligation county refunding bonds (new debt) until the crossover refunding date. On the crossover date of June 1, 2020, the refunded general obligation bonds (old debt) will be paid using the amounts held by the escrow agent. From that point forward, the Debt Service Fund revenues will be used to pay the general obligation county refunding bonds (new debt). The transactions and balances of the escrow account are recorded by the County since the refunded debt is not considered extinguished.

On December 29, 2016, the County issued $5,390,000 of general obligation county communication equipment bonds, with interest rates ranging from 3.00% to 3.40% per annum, for the purpose of purchasing public safety and emergency services communication equipment for the County and other governmental entities in Mills County.

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

Year Ending June 30,	Public Safety Center Issued Sept 1, 2013 Interest Rates	Principal	Interest	Refunding Issued Oct 26, 2016 Interest Rates	Principal	Interest
2020	2.00%	$ 4,650,000	159,777	3.00%	$ -	105,715
2021		-	-	3.00	305,000	105,715
2022		-	-	3.00	315,000	96,565
2023		-	-	3.00	325,000	87,115
2024		-	-	2.00	330,000	77,365
2025-2029		-	-	2.00-2.05	1,760,000	284,545
2030-2033		-	-	2.05-2.45	1,545,000	91,482
Total		$ 4,650,000	159,777		$ 4,580,000	848,502

Year Ending June 30,	Communication Equipment Issued Dec 29, 2016 Interest Rates	Principal	Interest	Total Principal	Interest	Total
2020	3.00%	$ 285,000	151,405	4,935,000	416,897	5,351,897
2021	3.00	295,000	142,855	600,000	248,570	848,570
2022	3.00	305,000	134,005	620,000	230,570	850,570
2023	3.00	315,000	124,855	640,000	211,970	851,970
2024	3.00	325,000	115,405	655,000	192,770	847,770
2025-2029	3.00	1,770,000	425,225	3,530,000	709,770	4,239,770
2030-2033	3.00-3.40	1,615,000	135,605	3,160,000	227,087	3,387,087
Total		$ 4,910,000	1,229,355	14,140,000	2,237,634	16,377,634

During the year ended June 30, 2019, $545,000 of general obligation bonds were retired.

General Obligation Urban Renewal Bonds

On October 4, 2007, the County issued $1,115,000 of general obligation urban renewal bonds for the purpose of planning, undertaking and carrying out an urban renewal project within the Highway 34/I-29 urban renewal area, consisting of the construction of water and sanitary sewer improvements, with interest rates ranging from 3.50% to 4.00% per annum.

On October 23, 2018, the County issued $2,250,000 of general obligation county road improvement urban renewal bonds for the purpose of paying a portion of costs on an urban renewal project within the Highway 34/I-29 urban renewal area, consisting of the construction and improving county roads, with interest rates from 3.00% to 3.05% per annum.

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

Year Ending June 30,	Issued Oct 4, 2007 Interest Rates	Principal	Interest	Issued Oct 23, 2018 Interest Rates	Principal	Interest
2020	4.00%	$ 100,000	8,200	3.00%	$ 195,000	63,018
2021	4.00	105,000	4,200	3.00	195,000	57,167
2022		-	-	3.00	225,000	51,318
2023		-	-	3.00	230,000	44,567
2024		-	-	3.05	235,000	37,668
2025-2028		-	-	3.05	1,000,000	77,317
Total		$ 205,000	12,400		$ 2,080,000	331,055

Year Ending	Total Principal	Interest	Total
2020	$ 295,000	71,218	366,218
2021	300,000	61,367	361,367
2022	225,000	51,318	276,318
2023	230,000	44,567	274,567
2024	235,000	37,668	272,668
2025-2028	1,000,000	77,317	1,077,317
Total	$ 2,285,000	343,455	2,628,455

During the year ended June 30, 2019, $265,000 of general obligation urban renewal bonds were retired.

(8) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues 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 years of service greater than 22 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 5.95% of covered payroll and the County contributed 8.93% of covered payroll, for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.38% of covered payroll, for a total rate of 18.76%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll, for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2019 were $588,177.

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 $4,026,571 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, 2019, the County's proportion was 0.063629%, which was a decrease of 0.0039% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the County recognized pension expense of $552,183. 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	$ 35,208	119,035
Changes of assumptions	717,173	131,867
Net difference between projected and actual earnings on IPERS' investments	-	148,765
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	30,543	122,056
County contributions subsequent to the measurement date	588,177	-
Total	$ 1,371,101	521,723

$588,177 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	$ 267,263
2021	121,346
2022	(77,310)
2023	(36,017)
2024	(14,081)
Total	$ 261,201

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 as follows:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	100.0%	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	$ 7,610,477	4,026,572	1,020,851

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.

(9) Other Postemployment Benefits (OPEB)

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	117
Total	117

Total OPEB Liability – The County's total OPEB liability of $502,196 was measured as of June 30, 2019, and it 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, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	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-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	$ 429,091
Changes for the year:	
Service cost	53,399
Interest	18,484
Changes in assumptions	11,039
Benefit payments	(9,817)
Net changes	73,105
Total OPEB liability end of year	$ 502,196

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	$ 533,907	502,196	472,048

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be it were calculated using healthcare cost trend rates that are 1% lower (7.5%) or 1% higher (9.5%) than the current healthcare cost trend rates.

	1% Decrease (7.50%)	Healthcare Cost Trend Rate (8.50%)	1% Increase (9.5%)
Total OPEB liability	$ 447,195	502,196	566,634

OPEB Expense and 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 $54,612. 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	$ -	48,191
Changes in assumptions	13,680	-
Total	$ 13,680	48,191

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	$ (7,454)
2021	(7,454)
2022	(7,454)
2023	(7,454)
2024	(7,454)
Thereafter	2,759
	$ (34,511)

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 778 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2019 were $147,489.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2019, no liability has been recorded in the County's financial statements. As of June 30, 2019, settled claims have not exceeded the 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 $100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Development Agreement

The County entered into a development agreement to assist in an urban renewal project under Chapter 403 of the Code of Iowa. The County agreed to rebate 100% of the incremental property tax paid by the developer in exchange for construction of infrastructure by the developer. The incremental property tax received by the County from the developer will be rebated for a period of 11 years or until the total principal and interest have been paid, whichever occurs first. The total amount to be rebated is not to exceed $545,000, plus interest. During the year ended June 30, 2019, $85,134 was applied to principal, leaving an outstanding principal balance at June 30, 2019 of $224,493.

(12) Employee Group Health Fund

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by County contributions and is administered through a service agreement with Secure Benefits Systems. The agreement is renewable on an annual basis. The deductible for single and family coverage for a calendar year was $500 and $1,000, respectively. After the deductible is met, the County will pay directly or reimburse any eligible employee for 60% (80% of any in-network physician) of any additional claims for services covered by the contract, but subject to the deductible or co-insurance provisions of the contract. An employee's maximum payment during any calendar year for deductibles and co-insurance was $1,000 for single coverage and $2,000 for family coverage. After an employee has reached the maximum deductible and co-insurance, the County will pay directly or reimburse the employee for 100% of any additional claims for services covered by the contract, but subject to deductible or co-insurance provisions of the contract, up to $5,350 for single coverage and $10,700 for family coverage.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative service agreement, monthly payments of service fees and claims processed are paid to Secure Benefits Systems from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2019 was $291,554.

The amounts payable from the Employee Group Health Fund at June 30, 2019 for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County has not obtained an actuarial opinion. These amounts are not expected to be material to the financial statements.

(13) Tax Abatements

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

County Tax Abatements

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

For the year ended June 30, 2019, the County abated $38,635 of property tax under the urban renewal and economic development projects.

Tax Abatements of Other Entities

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Glenwood	Urban renewal and economic development projects	$ 45,288
	Other tax abatement program	182

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

Southwest Iowa MHDS Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E and Chapter 331.390 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		$ 301,034
Intergovernmental revenues:		
State tax credits		16,801
Total revenues		317,835
Expenditures:		
General administration:		
Direct administration	$ 105,147	
Distribution to regional fiscal agent	208,748	313,895
Excess of expenditures over revenues		3,940
Fund balance beginning of year		112,873
Fund balance end of year		$ 116,813

(15) 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 Mills 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.

Required Supplementary Information

Mills 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	Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 11,712,312	-	11,712,312
Interest and penalty on property tax	57,088	-	57,088
Intergovernmental	5,733,247	-	5,733,247
Licenses and permits	187,653	-	187,653
Charges for service	513,446	-	513,446
Use of money and property	186,878	-	186,878
Miscellaneous	1,018,154	-	1,018,154
Total receipts	19,408,778	-	19,408,778
Disbursements:			
Public safety and legal services	4,070,202	-	4,070,202
Physical health and social services	2,087,597	-	2,087,597
Mental health	313,828	-	313,828
County environment and education	1,735,621	-	1,735,621
Roads and transportation	5,972,466	-	5,972,466
Governmental services to residents	538,889	-	538,889
Administration	1,997,357	-	1,997,357
Debt service	1,190,385	-	1,190,385
Capital projects	2,267,689	-	2,267,689
Total disbursements	20,174,034	-	20,174,034
Excess (deficiency) of receipts over (under) disbursements	(765,256)	-	(765,256)
Other financing sources, net	2,236,106	-	2,236,106
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,470,850	-	1,470,850
Balance beginning of year	10,518,947	8,168	10,510,779
Balance end of year	$ 11,989,797	8,168	11,981,629

See accompanying independent auditor's report.

Budgeted Amounts		Final to Actual
Original	Final	Variance
11,892,203	11,892,203	(179,891)
55,848	55,848	1,240
6,521,140	6,774,017	(1,040,770)
222,800	222,800	(35,147)
470,341	470,341	43,105
82,499	82,499	104,379
192,846	424,863	593,291
19,437,677	19,922,571	(513,793)
4,326,579	4,421,367	351,165
2,242,199	2,278,348	190,751
314,412	314,412	584
2,185,413	2,415,759	680,138
6,796,951	7,046,951	1,074,485
609,012	609,012	70,123
3,135,861	3,207,203	1,209,846
653,475	653,475	(536,910)
2,441,211	4,672,503	2,404,814
22,705,113	25,619,030	5,444,996
(3,267,436)	(5,696,459)	4,931,203
-	2,231,292	4,814
(3,267,436)	(3,465,167)	4,936,017
7,693,553	7,693,553	2,817,226
4,426,117	4,228,386	7,753,243

Mills 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	$ 19,408,778	53,395	19,462,173
Expenditures	20,174,034	1,152,475	21,326,509
Net	(765,256)	(1,099,080)	(1,864,336)
Other financing sources, net	2,236,106	-	2,236,106
Beginning fund balances	10,518,947	5,128,739	15,647,686
Ending fund balances	$ 11,989,797	4,029,659	16,019,456

See accompanying independent auditor's report.

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by $2,913,917. 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 in the debt service function exceeded the amount budgeted.

Mills County

Mills 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	0.063629%	0.067529%	0.66446%	0.66662%	0.67327%
County's proportionate share of the net pension liability	$ 4,027	4,498	4,182	3,293	2,670
County's covered payroll	$ 5,876	5,828	5,519	5,450	5,290
County's proportionate share of the net pension liability as a percentage of its covered payroll	68.53%	77.18%	75.77%	60.42%	50.47%
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.

Mills County

Schedule of County Contributions

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

Required Supplementary Information

	2019	2018	2017	2016
Statutorily required contribution	$ 588	532	530	502
Contributions in relation to the statutorily required contribution	(588)	(532)	(530)	(502)
Contribution deficiency (excess)	$ -	-	-	-
County's covered payroll	$ 6,167	5,876	5,828	5,519
Contributions as a percentage of covered payroll	9.53%	9.05%	9.09%	9.10%

* County's covered payroll information was not readily available.
Therefore, contributions as a percentage of payroll could not be calculated.

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
500	478	460	419	359	331
(500)	(478)	(460)	(419)	(359)	(331)
-	-	-	-	-	-
5,450	5,290	5,189	5,021	*	4,837
9.17%	9.04%	8.86%	8.34%	*	6.84%

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.

Mills County

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

For the Last Two Years
Required Supplementary Information

		2019	2018
Service cost	$	53,399	43,805
Interest cost		18,484	17,358
Difference between expected and actual experiences		-	(67,467)
Changes in assumptions		11,039	5,629
Benefit payments		(9,817)	(22,396)
Net change in total OPEB liability		73,105	(23,071)
Total OPEB liability beginning of year		429,091	452,162
Total OPEB liability end of year	$	502,196	429,091
Covered-employee payroll	$	5,663,498	5,485,228
Total OPEB liability as a percentage of covered-employee payroll		8.9%	7.8%

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%

Mills County

Supplementary Information

Mills County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2019

	Local Option Sales and Services Tax	Resource Enhancement and Protection	Special County Recorder's Records Management
Assets			
Cash, cash equivalents and pooled investments	$ 171,751	22,166	2,358
Receivables:			
Succeeding year tax increment financing	-	-	-
Due from other governments	54,434	-	-
Total assets	$ 226,185	22,166	2,358
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts Payable	$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year tax increment financing	-	-	-
Fund balances:			
Restricted for:			
Drainage warrants/drainage improvement certificates	-	-	-
Debt service	-	-	-
Other purposes	226,185	22,166	2,358
Total fund balances	226,185	22,166	2,358
Total liabilities, deferred inflows of resources and fund balances	$ 226,185	22,166	2,358

See accompanying independent auditor’s report.

Revenue			
Urban Renewal Revenue	County Conservation	Drainage District	Total
232,939	213,649	8,168	651,031
519,000	-	-	519,000
-	-	-	54,434
751,939	213,649	8,168	1,224,465
-	7,586	-	7,586
519,000	-	-	519,000
-	-	8,168	8,168
232,939	-	-	232,939
-	206,063	-	456,772
232,939	206,063	8,168	697,879
751,939	213,649	8,168	1,224,465

Mills County

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

Year ended June 30, 2019

	Special		
	Local Option Sales and Services Tax	Resource Enhancement and Protection	County Recorder's Records Management
Revenues:			
Local option sales and services tax	$ 728,308	-	-
Tax increment financing	-	-	-
Intergovernmental	-	9,092	-
Charges for service	-	-	2,616
Total revenues	728,308	9,092	2,616
Expenditures:			
Operating:			
County environment and education	341,570	300	-
Governmental services to residents	-	-	1,256
Debt service	-	-	-
Total expenditures	341,570	300	1,256
Excess (deficiency) of revenues over (under) expenditures	386,738	8,792	1,360
Other financing sources (uses):			
Transfers out	(262,319)	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	124,419	8,792	1,360
Fund balances beginning of year	101,766	13,374	998
Fund balances end of year	$ 226,185	22,166	2,358

See accompanying independent auditor's report.

Revenue			
Urban Renewal Revenue	County Conservation	Drainage District	Total
-	-	-	728,308
428,068	-	-	428,068
20,452	63,575	-	93,119
-	-	-	2,616
448,520	63,575	-	1,252,111
278,936	57,934	-	678,740
-	-	-	1,256
319,001	-	-	319,001
597,937	57,934	-	998,997
(149,417)	5,641	-	253,114
-	-	-	(262,319)
(149,417)	5,641	-	(9,205)
382,356	200,422	8,168	707,084
232,939	206,063	8,168	697,879

Mills 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	$ -	1,509	757,405	81,825	7,824
Other County officials	47,818	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	797	1,148	44,139	4,095
Succeeding year	-	241,000	356,000	13,644,000	1,281,000
Special assessments	-	-	-	-	-
Drainage assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	$ 47,818	243,306	1,114,553	13,769,964	1,292,919
Liabilities					
Stamped warrants payable	$ -	-	-	-	-
Salaries and benefits payable	-	-	4,502	-	-
Due to other governments	10,027	243,306	1,096,775	13,769,964	1,292,919
Trusts payable	37,791	-	-	-	-
Compensated absences	-	-	13,276	-	-
Total liabilities	$ 47,818	243,306	1,114,553	13,769,964	1,292,919

See accompanying independent auditor’s report.

Corporations	Townships	Auto License and Use Tax	Drainage Districts	City Special Assessments	Other	Total
54,694	1,650	419,208	1,555,852	3,086	482,231	3,365,284
-	-	-	-	-	-	47,818
32,799	409	-	-	-	9	83,396
3,413,000	433,000	-	-	-	3,000	19,371,000
-	-	-	-	30,614	-	30,614
-	-	-	1,651	-	-	1,651
-	-	-	-	-	24,305	24,305
3,500,493	435,059	419,208	1,557,503	33,700	509,545	22,924,068
-	-	-	43,182	-	-	43,182
-	-	-	-	-	8,358	12,860
3,500,493	435,059	419,208	1,514,321	33,700	478,856	22,794,628
-	-	-	-	-	-	37,791
-	-	-	-	-	22,331	35,607
3,500,493	435,059	419,208	1,557,503	33,700	509,545	22,924,068

Mills 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	$ 23,187	233,437	1,242,526	12,288,342	1,214,421
Additions:					
Property and other county tax	-	242,485	358,425	13,721,677	1,290,487
911 surcharges	-	-	-	-	-
State tax credits	-	12,985	18,871	699,102	67,445
Office fees and collections	411,973	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	705,017	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	1,116,990	255,470	377,296	14,420,779	1,357,932
Deductions:					
Agency remittances:					
To other funds	251,036	-	-	-	-
To other governments	171,065	245,601	505,269	12,939,157	1,279,434
Trusts paid out	670,258	-	-	-	-
Total deductions	1,092,359	245,601	505,269	12,939,157	1,279,434
Balances end of year	$ 47,818	243,306	1,114,553	13,769,964	1,292,919

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Drainage Districts	City Special Assessments	Other	Total
3,449,385	395,148	455,604	1,326,302	46,702	499,143	21,174,197
3,318,745	439,867	-	-	-	100,603	19,472,289
-	-	-	-	-	235,202	235,202
311,543	17,946	-	-	-	148	1,128,040
-	-	-	-	-	2,616	414,589
-	-	6,051,601	-	-	-	6,051,601
-	-	-	648,478	9,722	171,125	829,325
-	-	-	-	-	-	705,017
-	-	-	2,299	-	700,436	702,735
3,630,288	457,813	6,051,601	650,777	9,722	1,210,130	29,538,798
-	-	221,670	-	-	-	472,706
3,579,180	417,902	5,866,327	376,394	22,724	1,199,683	26,602,736
-	-	-	-		45	670,303
3,579,180	417,902	6,087,997	376,394	22,724	1,199,728	27,745,745
3,500,493	435,059	419,208	1,600,685	33,700	509,545	22,967,250

Mills 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	$ 10,560,141	8,980,757	7,671,724	7,722,247
Local option sales and services tax	728,308	601,806	643,362	584,360
Tax increment financing	428,068	372,942	364,305	161,342
Interest and penalty on property tax	57,062	48,683	64,784	54,095
Intergovernmental	5,760,921	5,473,533	5,084,348	5,597,956
Licenses and permits	185,363	316,849	327,843	214,365
Charges for service	501,053	496,126	516,350	434,180
Use of money and property	172,173	132,354	120,254	99,667
Miscellaneous	1,069,084	382,297	251,967	242,923
Total	$ 19,462,173	16,805,347	15,044,937	15,111,135
Expenditures:				
Operating:				
Public safety and legal services	$ 4,068,024	3,448,741	3,298,526	3,167,497
Physical health and social services	2,090,923	2,118,573	1,592,938	1,723,112
Mental health	313,895	441,846	397,124	491,072
County environment and education	1,739,420	1,363,054	1,213,925	1,350,658
Roads and transportation	6,018,775	4,853,258	5,658,872	5,075,898
Governmental services to residents	538,717	535,830	491,575	534,660
Administration	2,011,619	1,820,808	1,504,490	1,401,177
Non-program	-	-	-	-
Debt service	1,296,099	1,079,267	634,356	538,533
Capital projects	3,249,037	710,543	3,055,015	1,233,204
Total	$ 21,326,509	16,371,920	17,846,821	15,515,811

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
7,624,136	7,177,383	7,111,905	5,785,015	5,829,630	5,533,676
619,091	681,917	582,008	516,513	406,971	418,679
268,005	331,333	327,346	236,249	98,324	197,039
60,206	55,716	57,438	58,135	62,022	64,921
4,987,426	4,768,950	4,023,918	5,051,206	6,035,709	5,269,080
269,393	145,625	152,074	108,979	132,157	126,243
454,886	440,482	586,775	524,479	440,925	387,235
107,617	99,148	97,548	108,233	127,336	76,719
271,703	196,523	283,602	163,646	154,347	137,050
14,662,463	13,897,077	13,222,614	12,552,455	13,287,421	12,210,642
2,921,757	2,605,007	2,743,769	3,018,797	2,473,453	2,181,402
1,643,560	1,573,212	1,464,118	1,536,182	1,481,869	1,542,707
2,064,325	190,359	220,272	1,587,707	1,401,997	1,263,742
814,524	1,658,505	758,330	768,899	629,451	681,949
4,555,966	4,647,326	4,873,610	4,335,990	5,353,500	4,849,650
519,112	478,780	609,265	451,536	423,851	448,367
1,336,065	1,169,434	1,419,687	1,354,660	1,076,516	1,240,416
-	-	-	-	-	8,070
535,436	522,265	106,170	103,690	100,980	-
1,775,918	4,415,035	1,757,272	4,994	542,808	5,141
16,166,663	17,259,923	13,952,493	13,162,455	13,484,425	12,221,444

Mills County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2019

Grantor/Program	CFDA Number	Pass-through Entity Identifying Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplement Nutrition Assistance Program	10.561		$ 10,029
U.S Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
National Disaster Resilience Competition	14.272	13-NDRI-008	470,230
U.S. Department of Justice:			
Iowa Economic Development Authority:			
Juvenile Mentoring Program	16.726	2018OJJDP5	4,354
U.S. Department of Transportation:			
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	PAP 18-402-M0OP, Task 31-40-00	914
State and Community Highway Safety	20.600	PAP 19-402-M0OP, Task 30-80-00	4,134
			5,048
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5889BT07	451,519
Immunization Cooperative Agreements	93.268	5889I461	6,438
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566		40
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,537
Foster Care - Title IV-E	93.658		3,553
Adoption Assistance	93.659		1,204
Social Services Block Grant	93.667		2,975
Children's Health Insurance Program	93.767		70
Medicaid Cluster:			
Medical Assistance Program	93.778		16,214
Total			$ 974,211

Mills County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2019

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Mills County under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Mills County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Mills County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Mills County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor’s report.

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006

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

Rob Sand
Auditor of State

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 Mills 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 Mills 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 18, 2020.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-19 through II-C-19 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-D-19 to be a significant deficiency.

Compliance and Other Matters

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

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.

Mills County's Responses to the Findings

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

Marlys Gaston

Marlys K. Gaston, CPA
Deputy Auditor of State

June 18, 2020

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006

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

Rob Sand
Auditor of State

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Officials of Mills County:

Report on Compliance for Each Major Federal Program

We have audited Mills County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2019. Mills County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Mills County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mills County's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Mills County's compliance.

Opinion on the Major Federal Program

In our opinion, Mills County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

The management of Mills County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mills County's internal control over compliance with the types of requirements that could have a direct and material effect on each of the major federal programs to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mills County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marlys Gaston

Marlys K. Gaston, CPA
Deputy Auditor of State

June 18, 2020

Mills County

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

Part I: Summary of the Independent Auditor's Results:

(a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.

(b) A significant deficiency and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No material weaknesses in internal control over the major program were noted.

(e) An unmodified opinion was issued on compliance with requirements applicable to the major program.

(f) The audit disclosed no instances of non-compliance which were required to be reported in accordance with the Uniform Guidance, Section 200.516.

(g) The major program was CFDA Number 14.272 – National Disaster Resilience Competition.

(h) The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

(i) Mills County did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-19 Segregation of Duties

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

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

		Applicable Offices
(1)	Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Treasurer and Recorder
(2)	Bank accounts are not reconciled at the end of each month by an individual who does not sign checks, handle or record cash. Bank reconciliations for the Ag Extension are not reviewed by an independent person.	Treasurer and Ag Extension
(3)	Checks are not signed by an individual who does not otherwise participate in the preparation of the checks and other cash receipt and disbursement functions. The checks and the supporting documentation are not reviewed for propriety prior to signing.	Recorder
(4)	Collection, deposit preparation and reconciliation functions are not segregated from the recording and accounting for cash receipts.	Conservation
(5)	Depositing, reconciling and recording of receipts is done by the change fund custodian. Additionally, the change fund is not the responsibility of one individual.	Treasurer

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

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

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

Responses –

Treasurer – We are a small office with three people signing checks. We try to have someone else reconcile the day when another person signs the checks. Our office is not cross trained (something we are working on at this time) so it is extremely difficult to have someone else balance the day. We do try to segregate the duties, so we have a checks and balance system in place.

Recorder – With a small staff of two full time and one part-time employees, it is very difficult to completely segregate duties, especially when one full time person is absent. We have utilized another office to review our monthly reconciliation. We have a good checks and balance system in place with our limited resources and employees.

Ag Extension – The Extension Council Treasurer will sign off on the reconciliation report that is approved by the Council at monthly meetings.

Conservation – Due to limited staffing, our options are limited. However, we will review office procedures and attempt to maximize the best internal control, and whenever possible, use other personnel, including elected officials to add control measures. We are currently trying the use of Employee A to empty the camp post, Employee B to record the camping money and Employee C to deposit the money. This may not work in all situations due to limited staffing on weekends but will try our best in most situations.

Conclusion – Responses acknowledged. Each office should continue to review and monitor control activities to obtain the maximum internal control possible.

II-B-19 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, payables, capital asset additions and capital asset disposals were not properly recorded in the County's financial statements. Additionally, material errors in the accrual classification of receivables were identified. Adjustments were subsequently made by the County to properly include and classify these amounts in the financial statements.

Cause – County policies do not require, and procedures have not been established to require independent review of year-end cut-off and capital asset transactions or accrual classifications 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, payables and capital asset additions and disposals are identified and properly reported in the County's financial statements and should ensure all accrual classifications are proper.

Response – The County will make sure the receivables, payables and capital asset additions and disposals are identified, coded and properly reported in the County's financial statements.

Conclusion – Response accepted.

II-C-19 Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by reconciling bank and book balances.

Condition – Reconciliations of the Treasurer's general ledger to the bank were not performed monthly, which resulted in a variance of $35,112 at June 30, 2019. These variances have been unresolved since June 30, 2014. The resulting variances were not properly investigated and resolved in a timely manner.

Cause – Procedures have not been implemented to ensure all accounts are reconciled and the amounts recorded in the books and bank accounts are complete and accurate to ensure proper accounting for all funds.

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

Recommendation – The County Treasurer should work with the County's software personnel to resolve the variance between the bank and book balances. Moving forward, monthly bank reconciliations should be performed and variances between book and bank balances should be investigated and resolved in a timely manner to improve financial accountability and control. In addition, the reconciliations should be reviewed by an independent person and should be documented by the signature or initials of the independent reviewer and the date of review.

Response – The County Auditor's Office checks our bank statements at the end of each month when we reconcile our monthly statements. We have struggled with investments as interest had not been added to the accounts for several years. I am in the process of trying to combine several CDs, so we do not have the magnitude when trying to reconcile each month. I am also implementing having the interest on CDs roll into the CD instead of receiving a physical check. We still have a balancing account that we had to use years ago to try to get us into balance. I need to talk to Solutions (our software company) to see what we can do with the account.

We are trying to get on top of several things banking and investment wise which have been sorely neglected. It is a work in progress. As I stated above, we are trying to combine CDs in an attempt streamline our investments.

Conclusion – Response accepted.

II-D-19 Current and Delinquent Property Tax Reconciliations

Criteria – An effective internal control system provides for internal controls related to reconciling current and delinquent property tax collections to tax billings and amounts becoming or remaining delinquent to ensure the accuracy of current and delinquent property tax collections and receivables.

Condition – The County did not have procedures in place to ensure current and delinquent tax reconciliations by tax district were prepared timely.

Cause – Policies have not been established and procedures have not been implemented to timely reconcile current and delinquent property tax to ensure the accuracy of property tax collections and receivables.

Effect – Since current and delinquent property tax reconciliations were not performed timely, misstatements of current and delinquent property tax collections and/or receivables may not have been prevented or detected and corrected on a timely basis in the normal course of operations.

Recommendation – Current and delinquent property tax reconciliations should be prepared timely.

Response – I have been in contact with other County Treasurers on the delinquent report. I am trying to come up with an efficient way to track our delinquent taxes. As a new County Treasurer, there were several things that I was not aware that we needed to do.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major program were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-19 Certified Budget – Disbursements during the year ended June 30, 2019 exceeded the amount budgeted in the debt service function.

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

Response – The County will make sure an amendment is done before disbursements exceed the budget.

Conclusion – Response accepted.

IV-B-19 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.

IV-C-19 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees exceeded set reimbursement rate.

IV-D-19 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Carol Vinton, Board of Supervisors, father-in-law is owner of Vinton Fertilizer & Equipment, Inc.	Chemicals/herbicide/ pathway	$ 6,036
Holly Jackson, Building and Zoning Technician	CPR training to Sheriff's office	1,610
Julie Lynes, Public Health Supervisor, husband is an independent contractor	Family centered services facilitator	1,045
Karen O'Dell, sister of Public Health Director, Independent contractor	Training instruction	946
John Ingoldsby, husband of Election Assistant	Election worker	194
Lacey Jackson, granddaughter of County Auditor	Election worker	185

The transactions with Vinton Fertilizer & Equipment, Inc. and Holly Jackson may represent a conflict of interest since the total transactions were greater than $1,500 during the fiscal year, as defined by Chapter 331.342(2)(j) of the Code of Iowa.

The remainder of the transactions do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa, since the total transactions with each individual were less than $1,500 during the fiscal year.

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

Response – The Secondary Roads Department will obtain competitive written bids for the purchase of chemicals/herbicides from all local entities which would sell these products, since Supervisor Vinton is the Daughter-in-law of the owner of Vinton Equipment. The County has used this business for many years prior to Supervisor Vinton being elected. The County will show due diligence in obtaining competitive bids before purchasing these items.

Conclusion – Response accepted.

IV-E-19 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.

IV-F-19 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-19 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.

IV-H-19 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).

IV-I-19 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 in Exhibits A or B.

Several 4-H Clubs maintain bank accounts separate from the County Extension Council accounting records. While 4-H Clubs are subject to oversight by Iowa State University and the County Extension Office, the transactions and resulting balances of the Clubs were not reflected in the Extension Council's accounting system and have not been included in the annual budget, monthly financial reports or annual financial reports as required by the County Extension Office. At June 30, 2019, two of twelve Clubs had not been turned over to the County Extension Office.

Recommendation – To strengthen internal control and increase operating efficiencies, the financial transactions of the 4-H Club separate accounts should be integrated with the County Extension's accounting record under the Extension District's EIN. The financial activity should be included in the County Extension's accounting records, monthly financial reports and the annual financial report.

Response – The remaining Clubs are in the process of being transferred and have been kept in constant communication. These should be completed by January 31, 2020.

Conclusion – Response accepted.

IV-J-19 Tax Increment Financing (TIF) – For the year ended June 30, 2019, the County Auditor did not prepare a reconciliation for each urban renewal area within each City which reconciles TIF receipts with total outstanding TIF debt.

Recommendation – In accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa, the County Auditor is, "to provide for the division of taxes in each subsequent year without further certification until the amount of the loans, advances, indebtedness, or bonds is paid to the special fund." To assist in meeting this requirement, the County Auditor should prepare a reconciliation of each urban renewal area's TIF receipts and TIF debt certified.

Response – The County Auditor will have a completed authorized form for reconciliation of the TIF receipts and TIF debt of the urban renewal outstanding debt.

Conclusion – Response accepted.

IV-K-19 Tax Increment Financing – LMI Set Aside – The County's development agreement provides for a 37.2% set aside for low and moderate income (LMI) housing assistance. As of June 30, 2019, the County has not set aside any funds for LMI housing assistance.

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

Response – This project did not originally get set up for LMI set aside and it was determined by legal counsel that the County would not be able to catch up the amount because the debt will not make maximum payoff before the debt is paid off. The time will end. There wasn't enough value to properly pay off the rebate.

Conclusion – Response acknowledged. Chapter 403.22(3) of the Code of Iowa provides other potential sources of funds to meet the low and moderate income family housing assistance requirement. The County should investigate alternatives to comply with this code section.

IV-L-19 Tax Increment Financing – Chapter 403.19(10)(b) of the Code of Iowa provides moneys in the Special Revenue, Tax Increment Financing (TIF) Fund shall not be used for any purpose except for the payment of loans, advances, indebtedness or bonds which qualify for payment from the TIF Fund. During the years ended June 30, 2018 and June 30, 2019, the County paid $165,329 and $193,802, respectively, of project costs from the TIF Fund. These costs do not represent TIF obligations and, accordingly, are not an allowable use of tax increment financing receipts.

Recommendation – The County should reimburse the TIF Fund from an allowable fund, such as the General Fund, for the project costs. If disbursements are for a qualified TIF project, the County may approve an advance (interfund loan) from the General Fund to the TIF Fund and certify the advance as a TIF obligation for future collection of TIF receipts and reimbursement to the General Fund to repay the advance. The County should review TIF debt certifications and ensure all qualified amounts are certified.

Response – The County will make sure that proper understanding of the TIF laws under Chapter 403.19(10(b) of the Code of Iowa will be followed in the future.

Conclusion – Response acknowledged. The County should resolve the prior year and current year unallowable payments from the TIF Fund by identifying, to the voucher level, expenses paid for allowable TIF projects. This amount should be approved as an advance from the General Fund and the advance should be certified as a TIF obligation.

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy
Pamela J. Bormann, CPA, Manager
Sarah J. Swisher, Senior Auditor II
Ronica H. Drury, Staff Auditor
Nicholas J. Gassman, Staff Auditor
Molly N. Kalkwarf, Staff Auditor
Sammantha J. Coster, Assistant Auditor
Craig S. Miller, Assistant Auditor
Michael S. Team, Assistant Auditor