

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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

Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE

June 23, 2021

Contact: Marlys Gaston
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$25,972,514 for the year ended June 30, 2020, a 11% increase over the prior year. Expenses for County operations for the year ended June 30, 2020 totaled \$22,308,178, a 5.7% increase over the prior year. The increase in revenues is due primarily to the increase in capital contributions from the Iowa Department of Transportation. The increase in expenses is due primarily to the increase in funding provided to the mental health region and an increase in expenses for bridge projects.

AUDIT FINDINGS:

Sand reported three findings related to the receipt and expenditure of taxpayer funds. They are found on pages 88 through 92 of this report. The findings address issues such as lack of segregation of duties, lack of a complete County Treasurer bank reconciliation and disbursements exceeding appropriated amounts. Sand provided the County with recommendations to address each of these findings.

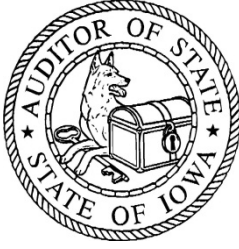
The findings discussed above are repeated from the prior year. The County Board of Supervisors and other County officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a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

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

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BOONE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2020

Boone County



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

June 17, 2021

Officials of Boone County
Boone, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Boone County for the year ended June 30, 2020. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Sincerely,

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

Rob Sand
Auditor of State

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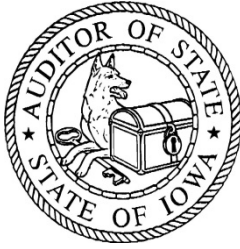
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Boone County

Officials

<u>Name</u>	<u>Term Title</u>	<u>Expires</u>
Chad Behn	Board of Supervisors	Jan 2021
Bill Zinnel	Board of Supervisors	Jan 2021
Steve Duffy	Board of Supervisors	Jan 2023
Philippe Meier	County Auditor	Jan 2021
Lauren Novak	County Treasurer	Jan 2023
Chris Duncan	County Recorder	Jan 2023
Greg Elsberry	County Sheriff	Jan 2021
Daniel Kolacia	County Attorney	Jan 2023
Paul Overton	County Assessor	Jan 2022

Boone County



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Independent Auditor's Report

To the Officials of Boone County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone County as of June 30, 2020 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

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 21 and 64 through 73 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.

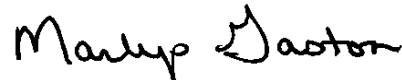
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boone County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 17, 2021 on our consideration of Boone 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 Boone County's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA
Deputy Auditor of State

June 17, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Boone 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 (FY) ended June 30, 2020. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

FISCAL YEAR 2020 FINANCIAL HIGHLIGHTS

- Boone County's governmental activities expenses increased \$1,178,152 or 6.3%, compared to fiscal year 2019. This increase is primarily related to an increase of approximately \$506,000 in roads and transportation expenses and an approximately \$329,000 increase in mental health expenses.
- Boone County's total net position increased \$3,664,336 or 6.1%, over the fiscal year 2019 balance.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Boone 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 Boone 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 Boone County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

- 2) Proprietary Funds account for the County's Enterprise Funds. Boone County's Enterprise, Landfill Operations and Ground Water Tax Funds account for the financial activity of the Boone County Landfill.

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

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

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

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

BOONE COUNTY FINANCIAL ANALYSIS AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of financial position. Boone County's combined net position increased 6.1% over a year ago, increasing from approximately \$59.7 million to approximately \$63.3 million. The analysis that follows focuses on the net position of governmental and business type activities.

Net Position of Boone County Activities						
	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 19,300,587	18,628,425	14,858,242	12,853,204	34,158,829	31,481,629
Capital assets	47,450,441	46,283,232	5,204,488	5,015,208	52,654,929	51,298,440
Total assets	66,751,028	64,911,657	20,062,730	17,868,412	86,813,758	82,780,069
Deferred outflows of resources	1,381,412	1,597,160	56,845	76,617	1,438,257	1,673,777
Long-term liabilities	10,686,621	11,219,122	4,137,909	3,973,396	14,824,530	15,192,518
Other liabilities	568,765	646,610	99,021	166,780	667,786	813,390
Total liabilities	11,255,386	11,865,732	4,236,930	4,140,176	15,492,316	16,005,908
Deferred inflows of resources	9,340,742	8,726,308	85,977	52,984	9,426,719	8,779,292
Net position:						
Net investment in capital assets	44,366,945	42,849,419	5,204,488	5,015,208	49,571,433	47,864,627
Restricted	6,660,638	6,536,603	4,280,703	4,314,787	10,941,341	7,393,622
Unrestricted	(3,491,271)	(3,469,245)	6,311,477	4,421,874	2,820,206	4,410,397
Total net position	\$ 47,536,312	45,916,777	15,796,668	13,751,869	63,332,980	59,668,646

Net position of Boone County's governmental activities increased 3.4% (approximately \$47.5 million compared to approximately \$45.9 million).

The largest portion of the County's net position is net investment 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 may be used.

Unrestricted governmental activities net position, the part of net position that can be used to finance day to day operations without constraints established by debt covenants, legislation or other legal requirements, increased 2.4% with a deficit of approximately \$3,469,000 at June 30, 2019 and a deficit of approximately \$3,552,000 at June 30, 2020. The deficit is a result of the County's outstanding debt related to the Central Iowa Expo loan guarantee and the County's \$3.9 million share of the IPERS underfunded liability.

Net position of Boone County's business type activities increased 14.9% (approximately \$15.8 million compared to approximately \$13.8 million). The largest portion of the business type activities net position is unrestricted, which increased 42.7% over the prior year. This increase is mainly due to an approximately \$2.1 million increase in cash, which is a result of changes between revenues and expenditures during the year.

The following table titled “Changes in Net Position of Boone County Activities” compares the changes in detail. Looking at the County as a whole, revenues increased 11% and expenses increased 5.7%. Revenues of the County as a whole increased \$2,576,754 compared to fiscal year 2019. Operating grants increased \$481,012 which mostly represents an increase in contributions to the Secondary Road Fund. Capital grants increased \$1,869,592, which mostly represents increased capital contributions from the Iowa Department of Transportation. Charges for service decreased 2.5%, property tax revenue increased 0.27%, tax increment financing increased 7.8%, local option sales tax revenue increased 29.8% and other revenue increased 7% compared to fiscal year 2019. A look at expenses by function reveals public safety and legal services expenses increased 2.7%, physical health and social services expenses increased 2.4%, and mental health expenses increased 42.9%. The County paid the salary for 1.5 full-time equivalent mental health employees and the region asked for a larger transfer of dollars to the region. County environment and education expenses decreased 0.08%, roads and transportation expenses increased 6.4%, governmental services to residents expenses increased 16.4%, administration expenses increased 5.5%, non-program expenses increased 64.4% due to costs associated with the Dakota Access Pipeline, interest on long-term debt decreased by 24.5% and solid waste expenses increased 0.9% compared to fiscal year 2019.

Changes in Net Position of Boone County Activities						
	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for service	\$ 3,013,588	2,946,861	4,495,281	4,765,570	7,508,869	7,712,431
Operating grants, contributions and restricted interest	5,031,762	4,550,750	-	-	5,031,762	4,550,750
Capital grants, contributions and restricted interest	2,733,355	863,763	-	-	2,733,355	863,763
General revenues:						
Property tax - general purposes	7,594,574	7,620,924	-	-	7,594,574	7,620,924
Property tax - debt service	252,332	204,484	-	-	252,332	204,484
Tax increment financing	347,631	322,562	-	-	347,631	322,562
Penalty and interest on property tax	-	99,632	-	-	-	99,632
State tax credits	516,088	543,090	-	-	516,088	543,090
Local option sales tax	1,282,743	987,954	-	-	1,282,743	987,954
Grants and contributions not restricted to specific purposes	-	28,529	-	-	-	28,529
Unrestricted investment earnings	238,868	194,105	120,372	215,578	359,240	409,683
Gain on disposition of capital assets	144,919	40,390	46,000	-	190,919	40,390
Miscellaneous	154,998	11,568	-	-	154,998	11,568
Total revenues	21,310,858	18,414,612	4,661,653	4,981,148	25,972,511	23,395,760
Program expenses:						
Public safety and legal services	4,134,990	4,049,843	-	-	4,134,990	4,049,843
Physical health and social services	635,361	621,694	-	-	635,361	621,694
Mental health	1,094,698	767,426	-	-	1,094,698	767,426
County environment and education	2,239,968	2,244,801	-	-	2,239,968	2,244,801
Roads and transportation	8,370,873	7,882,630	-	-	8,370,873	7,882,630
Governmental services to residents	688,997	594,825	-	-	688,997	594,825
Administration	2,200,583	2,096,917	-	-	2,200,583	2,096,917
Non-program	160,923	97,869	-	-	160,923	97,869
Interest on long-term debt	164,930	218,298	-	-	164,930	218,298
Solid waste	-	-	2,616,854	2,533,794	2,616,854	2,533,794
Total expenses	19,691,323	18,574,303	2,616,854	2,533,794	22,308,177	21,108,097
Change in net position	1,619,535	(159,691)	2,044,799	2,447,354	3,664,334	2,287,663
Net position beginning of year	45,916,777	46,076,468	13,751,869	11,304,515	59,668,646	57,380,983
Net position end of year	\$ 47,536,312	45,916,777	15,796,668	13,751,869	63,332,980	59,668,646

The amounts reported for governmental activities in the Governmental Funds Balance Sheet are different than the Statement of Net Position because:

<u>Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position</u>		
Total Governmental Fund Balances		\$ 8,709,481
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 \$93,316,859 and the accumulated depreciation is \$45,866,418.		47,450,441
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.		1,697,411
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	\$ 1,381,412	
Deferred inflows of resources	<u>(988,742)</u>	392,670
Long-term liabilities, including notes payable, a capital lease agreement, compensated absences payable, drainage district warrants 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.		<u>(10,713,691)</u>
Net Position of Governmental Activities		<u>\$ 47,536,312</u>

The County-wide taxable valuation increased approximately 7% and the County's rural taxable valuation increased approximately 10.4% compared to the taxable value of the January 1, 2018 assessment year. The budgetary requirements of the County for county-wide purposes required a County-wide levy rate of \$3.92922/\$1,000 of taxable valuation, an 11.2% decrease from the fiscal year 2019 levy rate. The total decrease in dollars levied County-wide was \$301,466, or 4.9%.

The budgetary requirements of the County for rural services required a rural services levy rate of \$2.46997/\$1,000 of taxable rural valuation, an increase of 3.7% from the fiscal year 2019 levy rate. The total dollars levied in unincorporated or rural areas of Boone County was \$2,337,513 for the Rural Services Fund or a 14.5% increase compared fiscal year 2019 dollars levied.

A relatively stagnant property tax base has the potential of putting a governmental entity in financial harm as revenues may not be sufficient to offset the cost of government inflation. Boone County was fortunate to be able to levy enough property tax to remain stable and maintain the essential services County residents expect and deserve. See the detail on property tax in the following table:

Property Tax Levied		
	FY2020	FY2019
County-wide taxable valuation	\$ 1,500,370,309	1,401,685,316
County-wide levy rate without debt service	3.75857	4.27251
Dollars levied without debt service	5,639,241	5,998,715
County-wide taxable debt service valuation	1,547,877,780	1,443,531,110
County debt service levy rate	0.17065	0.14973
Dollars levied for debt service	264,146	216,140
Total County-wide levy rate	3.92922	4.42224
Total dollars levied County-wide	5,903,387	6,204,853
Rural taxable valuation	946,374,256	857,119,383
Rural tax levy rate	2.46997	2.38150
Dollars levied rural area only	2,337,513	2,041,230
Total dollars levied	\$ 8,240,900	8,246,081

Governmental Activities

Management will analyze and compare revenues and expenses detailing percentage increases or decreases and explain the reasons they occurred.

- Revenues for governmental activities were approximately \$21.3 million in fiscal year 2020, which is a 15.7% increase compared to fiscal year 2019. Expenses for governmental activities totaled approximately \$19.8 million, an increase of 6.3% compared to fiscal year 2019. In a difficult budgeting year, Boone County did a remarkable job maintaining expenses to match available revenues, noting the County's net position of governmental activities ended the year at approximately \$47.5 million, a 3.4% increase from the fiscal year 2019 total net position.
- Local option sales tax revenue of \$1,282,743 was up approximately \$295,000. Boone County uses 75% of the local option sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund. The remaining 25% of the local option sales tax is spent for community betterment projects throughout the County. The revenue received from local option sales tax increased 29.8% compared to fiscal year 2019.

Net Cost of Governmental Activities

Function	Expenses	Program Revenues			FY2020 Net Expense (Revenue)	FY2019 Net Expense (Revenue)
		Charges for Service	Operating and Capital Grants and Contributions	Capital Grants Contributions and Restricted Interest		
Public safety and legal services	\$ 4,134,990	751,349	290,817	-	3,092,824	3,037,455
Physical health and social services	635,361	71,743	129,738	-	433,880	427,386
Mental health	1,094,698	-	-	-	1,094,698	767,426
County environment and education	2,239,968	1,169,424	76,646	-	993,898	1,061,253
Roads and transportation	8,370,873	191,482	4,382,069	2,733,355	1,063,967	2,616,100
Governmental services to residents	688,997	625,040	-	-	63,957	8,103
Administration	2,200,583	10,861	477	-	2,189,245	2,068,758
Non-program	160,923	193,689	152,015	-	(184,781)	8,150
Interest on long-term debt	164,930	-	-	-	164,930	218,298
Total	\$ 19,691,323	3,013,588	5,031,762	2,733,355	8,912,618	10,212,929

- The cost of all governmental activities this year was approximately \$19.8 million, an increase of approximately \$1,178,000, or 6.3% over fiscal year 2019.
- The portion of the cost financed by users of Boone County programs from charges for service was approximately \$3.02 million, an increase of approximately \$76,000, or 2.6%, compared to fiscal year 2019.
- The federal and state governments and private contributors subsidized certain programs with operating and capital grants and contributions totaling approximately \$7.8 million, an increase of 43.4% compared to fiscal year 2019.
- The net cost of governmental activities was financed with general revenues, including property tax related revenue of \$7,846,906, tax increment financing revenues of \$347,631, local option sales tax of \$1,282,743, unrestricted investment earnings of \$238,868, gain on disposition of capital assets of \$144,919 and other miscellaneous revenue of \$145,576. Total general revenues for fiscal year 2020 were \$10,522,731, up \$469,493, or 4.7%, compared to fiscal year 2019.

Business Type Activities

Function	Expenses	Program Revenues		
		Charges for Service	FY2020 Net Expense or (Revenue)	FY2019 Net Expense or (Revenue)
Solid waste	\$ 2,616,854	4,495,281	(1,878,427)	(2,231,776)

- Program revenues of the Boone County Landfill (BCL) decreased 5.7% to \$4,495,284 when compared to fiscal year 2019. The landfill collected an overall decrease in tonnage of 3,296 tons. Several factors figure into the decrease in revenue from fiscal year 2019 to fiscal year 2020. When the Ames Resource Recovery Plant (ARRP) is shut down and unable to process waste from Story County, this material is diverted to BCL. In fiscal year 2020, BCL worked with the City of Ames to maintain service to accept material directly from their residents, showing a decrease in tonnage in shutdown material but processed loads coming from the ARRP increased. Program revenues were \$270,286 less than fiscal year 2019. Expenses increased 0.9% to approximately \$2.6 million. The Boone County Landfill is Boone County's only business type activity. Revenues of the landfill include charges for service, the Iowa Department of Natural Resources Ground Water Tax (local share) and interest income.

- Keep Boone County Beautiful (KBCB) continued to offer assistance to area cleanup activities. It again hosted the Dragoon River Romp and Keep Boone County Scenic events.
- Commencing on July 1, 2011, the Boone County Landfill became the sole landfill in the Central Iowa Waste Management Association (CIWMA). This followed the closure of the Ames/Story Construction and Demolition Landfill. The waste stream from this closing is charged a rate twice the rate paid by customers from the Landfill's primary service area.
- The Landfill's comprehensive planning area received approval of its 2014 plan update in February 2017. The IDNR calculated the planning area's landfill waste diversion rate at 59.6% which exceeds the State of Iowa's 50% diversion goal. This figure will be revisited with the 2020 Comprehensive Plan update.

MAJOR GOVERNMENTAL FUND ANALYSIS AND HIGHLIGHTS

As previously noted, Boone County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The financial performance of Boone County is reflected in its governmental funds, as well. As Boone County completed the year, its governmental funds reported combined fund balances of \$8,709,480, 0.5% more than last year's total of \$8,668,147. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

General Fund

General Fund		
	FY2020	FY2019
Beginning fund balance	\$ 3,005,149	2,901,595
Property tax, including penalty and interest	4,815,400	5,182,004
Local option sales tax	325,280	224,197
Intergovernmental	972,568	935,816
Permits and charges for service	1,169,846	1,145,209
Interest and use of property	422,095	402,178
Miscellaneous	475,603	250,992
Total revenues and other financing sources:	<u>8,180,792</u>	<u>8,140,396</u>
Public safety and legal services	3,718,041	3,685,790
Physical health and social services	630,233	625,053
County environment and education	829,324	764,956
Governmental services to residents	646,157	592,526
Administration	1,998,880	1,940,029
Non-program	160,923	97,869
Debt service	1,500	1,500
Capital projects	253,356	129,119
Transfers to other funds	212,016	200,000
Total expenditures and transfers	<u>8,450,430</u>	<u>8,036,842</u>
Ending fund balance	<u>\$ 2,735,511</u>	<u>3,005,149</u>

The amounts presented combine the general basic, general supplemental, FEMA sub-fund for culvert repair and Central Iowa Expo (CIE) road sub-fund to administer Iowa Department of Transportation (IDOT) funding for the experimental project on the CIE road system, County farmland sale proceeds and conservation land acquisition funds.

Total property tax revenue decreased 7.1%. Local option sales tax revenue increased 45.1% and intergovernmental revenue increased 3.9%. Revenue from user fees increased 2.2% and interest and use of property increased 5.0% due, in part, to the County investing in drainage district stamped warrants. Total revenues and other financing sources increased 0.5% compared to fiscal year 2019.

Total expenditures and transfers increased 5.1% or \$413,588 compared to fiscal year 2019. The increase is due, in part, to the purchase of barriers totaling \$27,975 for all public offices due to COVID-19. In addition, courthouse repairs of \$176,038 were expensed in capital projects service function in fiscal year 2020.

The General Fund ending balance is 32.4% of total expenditures and transfers for fiscal year 2020 compared to 37.4% for fiscal year 2019.

Special Revenue Funds

Mental Health Fund		
	FY2020	FY2019
Beginning fund balance	\$ 740,042	922,014
Property tax	556,560	557,238
Intergovernmental	39,488	47,580
Total revenues	596,048	604,818
Mental illness	148,169	215,072
General administration and County provided case management	951,086	571,718
Total expenditures	1,099,255	786,790
Ending fund balance	\$ 236,835	740,042

Boone County levied \$556,560 as determined by the Central Iowa Community Service Region. The fiscal year 2020 ending fund balance was 21.6% of fiscal year 2020 expenditures compared to 94.1% for fiscal year 2019. Revenues decreased 1.5% as property tax revenue was \$678 less than fiscal year 2019. Mental health expenditures were 39.7% higher in fiscal year 2020 compared to fiscal year 2019 due to the increase in the amount requested by the region.

Boone County has joined the Central Iowa Community Service (CICS) Region as provided for in the mental health redesign. The fiscal year 2021 property tax asking is \$684,996, the levy requested by the CICS regional board.

Rural Services Fund		
	FY2020	FY2019
Beginning fund balance	\$ 468,110	739,386
Property tax	2,239,642	1,954,658
Local option sales tax	926,099	672,953
Intergovernmental	120,389	110,198
Permits, charges for service and miscellaneous	49,634	46,909
Total revenues	<u>3,335,764</u>	<u>2,784,718</u>
Public safety and legal services	331,789	390,374
County environment and education	364,095	372,886
Governmental services to residents	3,095	2,738
Administration	4,950	-
Transfers to other funds	2,427,577	2,289,996
Total expenditures and transfers	<u>3,131,506</u>	<u>3,055,994</u>
Ending fund balance	<u>\$ 672,368</u>	<u>468,110</u>

Property tax revenue for fiscal year 2020 was up \$284,984, or 14.6%. The local effort for Secondary Roads was maintained at 85% of the maximum allowed to be levied for the Secondary Roads Fund.

- Local option sales tax revenue in the Rural Services Fund increased 37.6% compared to fiscal year 2019.
- Total property tax related revenue (\$2,239,642) is less than the amount transferred to the Secondary Roads Fund (\$2,427,577) by \$187,935, which means local option sales tax or fund balance has paid for all of the services in the Rural Services Fund and part of the road expenses. This is where rural residents realize direct property tax relief because of the local option sales tax.
- The Rural Services Fund ending fund balance represents 21.5% of the Rural Services Fund expenditures, including transfers to the Secondary Roads Fund, compared to 15% for fiscal year 2019.

Secondary Roads Fund		
	FY2020	FY2019
Beginning fund balance	\$ 3,485,872	3,022,755
State fuel tax and other state revenue	5,201,493	4,329,863
Permits, charges for service and miscellaneous	116,837	88,338
Use of money and property	450	1,237
Sale of capital assets	-	16,100
Transfers from other funds	2,639,593	2,489,996
Total revenues and transfers	<u>7,958,373</u>	<u>6,925,534</u>
Secondary road maintenance	6,781,099	6,439,167
Secondary road construction	696,499	23,250
Total expenditures	<u>7,477,598</u>	<u>6,462,417</u>
Ending fund balance	<u>\$ 3,966,647</u>	<u>3,485,872</u>

- Secondary Roads Fund revenue and transfers increased 14.9% compared to fiscal year 2019. Intergovernmental revenue was higher by \$862,208, primarily due to an increase in road bridge funding and FEMA revenues. Transfers were \$149,597 higher than in fiscal year 2019.
- Secondary Roads Fund expenditures increased \$1,015,181 compared to fiscal year 2019, an increase of 15.7%. The increase of expenditures was mainly due to \$673,249 more in construction costs for guardrail material for bridge projects, when compared to fiscal year 2019.

The ending fund balance compared to total expenditures increased to 53.1% in fiscal year 2020 compared to 53.9% in fiscal year 2019.

Debt Service Fund

	FY2020	FY2019
Beginning fund balance	\$ 117,490	110,044
Property tax	249,635	204,306
Intergovernmental and miscellaneous	144,679	141,563
Transfers from other funds	302,018	302,000
Note proceeds	-	-
Total revenues and transfers	696,332	647,869
Principal	485,457	437,426
Interest	152,766	202,997
Payments on refunding bonds	-	-
Total expenditures	638,223	640,423
Ending fund balance	\$ 175,599	117,490

The Debt Service Fund accumulates resources and pays the principal and interest on the County’s general obligation notes. At the end of fiscal year 2020, the County had \$4,858,109 of debt outstanding (including Motorola Capital lease) subject to the debt service tax levy.

BUSINESS TYPE FUND HIGHLIGHTS

- Fiscal year 2020 was the Boone County Landfill’s 51st year of operation. Inspections by a variety of entities continue to demonstrate the Landfill is operated at a level which exceeds regulatory requirements.
- In 2019, the IDNR calculated the CIWMA planning area had landfilled 31.28% of the region’s waste. There was only one Waste System in the state which exceeded this percent. This figure will be revisited with the 2020 Comprehensive Plan update.

Landfill Operations Fund

- Landfill Operations Fund revenue was \$4,532,605 a decrease of 7.1% compared to fiscal year 2019. Operating expenses increased 0.7% compared to fiscal year 2019.
- Landfill operations revenue decreased \$345,751 during fiscal year 2020 compared to fiscal year 2019, primarily due to a decrease in construction demolition waste.

Keep Boone County Beautiful Sub-Account

This sub-account (within the Landfill Operations Fund) was started to manage several projects of Landfill interest, including:

- The Dragoon River Romp
- Adopt a County Road, City Street or favorite place
- Environmental education
- Keep Boone County Scenic pick up litter day

Boone County Recycling Center Sub-Account

This sub-account (within the Landfill Operations Fund) was started to manage expenses associated with the Boone County Recycling Center. The County has abandoned its efforts to build a new recycling center and is now exploring options to transport recyclables to a larger facility.

Landfill Closure/Postclosure Sub-Account

- The Landfill Closure/Postclosure sub-account has assets totaling \$4,084,767. The fund is funded in accordance with IDNR requirements.
- No closure/postclosure costs were expended from this sub-account during fiscal year 2020.

Ground Water Tax Fund (Local Portion of Tip Fee Surcharge)

This fund accounts for the amount the Boone County Landfill is allowed to retain from the State tipping fee surcharge. Actual revenue for this fund is tied to the tonnage received by the Landfill subject to the surcharge. Tonnage received due to exceptional events is exempt from the state surcharge.

Expenses for fiscal year 2020 include funding for:

- A portion of recyclables processing costs carried out by Genesis Development in Greene County.
- Special event advertising.

BUDGETARY HIGHLIGHTS

Over the course of the year, Boone County amended its budget one time.

On May 27, 2020, the County Board of Supervisors amended the fiscal year 2020 budget for the following:

- Increased revenue- additional revenue from city/school elections of \$2,692. Total budgeted revenue increased \$2,692.
- Disbursements in the public safety and legal services function were increased \$59,000: \$49,000 to pay FY2019 allocation to Youth and Shelter Services (YSS), and \$10,000 increased costs for additional communication center expenses. Physical health and social services function disbursements increased \$5,000 and mental health disbursements increased \$425,000: due to costs of the regional mental health. government services to residents function disbursements increased \$30,980 and administration function disbursements increased \$68,855. Capital projects for secondary road construction increased \$145,000.

CAPITAL ASSETS

Boone County's governmental and business type activities concluded fiscal year 2020 with \$52,654,929 invested (net of depreciation) in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, roads and bridges. GASB 34 requires infrastructure and other capital assets to be depreciated according to a capital asset policy. More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

LONG-TERM DEBT

In prior years, the County borrowed \$1.5 million through a general obligation capital loan anticipation project note to purchase approximately 100 acres for the Central Iowa Expo (CIE) site which will be the permanent bi-annual home of the Farm Progress Show for the next 20 years. The anticipation project note was replaced with permanent financing during fiscal year 2009.

To help establish the Central Iowa Expo in Boone County, the County guaranteed part of the debt the CIE has with Community Bank of Boone. As of June 30, 2012, the County refinanced this obligation by converting the short-term financing to urban renewal general obligation capital loan notes of \$2,465,000.

On November 8, 2017 the County issued \$3,296,000 of general obligation refunding capital loan notes, Series 2017. The notes were issued to refund the \$1,130,000 outstanding balance of the general obligation capital loan notes, Series 2009A, dated May 1, 2009 for the CIE site and the \$2,080,000 outstanding balance of the urban renewal general obligation capital loan notes, Series 2011, dated September 1, 2011 to guarantee debt for the CIE.

In fiscal year 2018 the County entered into a ten-year lease purchase agreement with Motorola to finance the Public Safety Communication update.

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

FACTORS BEARING ON THE FUTURE

Boone County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates and fees that partially finance the various county services. One of those factors is the economy. Boone County's employment (number of persons working) has increased from an average of 13,500 in the mid 1990's to an average of 13,879 for calendar year 2020. The average Boone County unemployment rate for 1998 was 2.4%. Unemployment in Boone County on June 30, 2020 was 5.6% versus 2.5% the year before. This compares with the State's unemployment rate of 7.3% for the same period ended June 30, 2020.

The State of Iowa's modest financial condition and relatively flat revenue projection continue. The County has projected substantially stable revenues from the State and has asked taxpayers to fund the County budget with 3% more property tax dollars compared to fiscal year 2020. The actual increase from fiscal year 2020 to fiscal year 2021 is approximately \$245,000.

The above factors were all part of the considerations for the fiscal year 2021 budget, which certified taxes as follows: (Amounts certified include utility replacement and property tax dollars.) The FY2021 budget increased the county-wide dollars certified by \$245,328 compared to 2020.

	Dollars Certified	Percentage Increase (Decrease)
General Fund	\$ 5,152,322	2.00%
Mental Health Fund	684,996	16.50%
Rural Services Fund	2,384,264	2.00%
Debt Service Fund	264,646	0.20%
Total	<u>\$ 8,486,228</u>	<u>3.00%</u>

Boone County attempted to maintain the current level of services as the fiscal year 2021 budget was developed. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for fiscal year 2021 are as follows:

General Basic Levy	\$ 3.19115
Mental Health Levy	0.42426
Debt Service Levy	0.15875
Rural Services Basic Levy	2.32126

Boone County has been fortunate there has been continued new construction and economic growth in the community to help offset the growth in demand for county services. The County-wide taxable valuation for the fiscal year 2020 budget exceeds \$1 billion for the ninth time in County history.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Boone County citizens, taxpayers, customers, investors and creditors with a general overview of Boone County's finances and to demonstrate Boone County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Boone County Auditor's Office, 201 State Street, Boone, Iowa 50036.

Boone County

Basic Financial Statements

Boone County
Statement of Net Position
June 30, 2020

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 6,619,144	10,429,984	17,049,128
Cash and cash equivalents - restricted	-	4,066,911	4,066,911
Receivables:			
Property tax:			
Delinquent	84,080	-	84,080
Succeeding year	8,018,000	-	8,018,000
Succeeding year tax increment financing	334,000	-	334,000
Interest and penalty on property tax	176,715	-	176,715
Accounts	71,400	192,551	263,951
Accrued interest	70,248	17,856	88,104
Drainage assessments	1,310,428	-	1,310,428
Special assessments	1,350	-	1,350
Internal balances	(150,940)	150,940	-
Due from other governments	1,235,426	-	1,235,426
Inventories	1,530,736	-	1,530,736
Capital assets not being depreciated	8,064,275	826,226	8,890,501
Capital assets, net of accumulated depreciation	39,386,166	4,378,262	43,764,428
Total assets	66,751,028	20,062,730	86,813,758
Deferred Outflows of Resources			
Pension related deferred outflows	1,355,789	51,447	1,407,236
OPEB related deferred outflows	25,623	5,398	31,021
Total deferred outflows of resources	1,381,412	56,845	1,438,257
Liabilities			
Accounts payable	300,562	69,064	369,626
Accrued interest payable	27,070	-	27,070
Salaries and benefits payable	213,604	21,322	234,926
Due to other governments	27,529	8,635	36,164
Long-term liabilities:			
Portion due or payable within one year:			
General obligation notes	215,000	-	215,000
Capital lease purchase agreement	287,381	-	287,381
Compensated absences	424,860	39,061	463,921
Total OPEB liability	48,067	10,126	58,193
Portion due or payable after one year:			
General obligation notes	2,492,000	-	2,492,000
Capital lease purchase agreement	1,863,728	-	1,863,728
Drainage district warrants	1,109,018	-	1,109,018
Total OPEB liability	308,544	73,255	381,799
Net pension liability	3,938,023	342,437	4,280,460
Estimated liability for landfill closure and postclosure care	-	3,673,030	3,673,030
Total liabilities	11,255,386	4,236,930	15,492,316
Deferred Inflows of Resources			
Unavailable property tax revenue	8,018,000	-	8,018,000
Unavailable tax increment financing	334,000	-	334,000
Pension related deferred inflows	988,742	85,977	1,074,719
Total deferred inflows of resources	9,340,742	85,977	9,426,719
Net Position			
Net investment in capital assets	44,366,945	5,204,488	49,571,433
Restricted for:			
Supplemental levy purposes	283,216	-	283,216
Mental health purposes	224,681	-	224,681
Rural services purposes	804,783	-	804,783
Secondary roads purposes	3,783,224	-	3,783,224
Debt service purposes	223,996	-	223,996
Law enforcement purposes	235,252	-	235,252
Landfill closure and postclosure care	-	4,084,767	4,084,767
Other purposes	1,105,486	195,936	1,301,422
Unrestricted	(3,491,271)	6,311,477	2,820,206
Total net position	\$ 47,536,312	15,796,668	63,332,980

See notes to financial statements.

Boone County
Statement of Activities
Year ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Public safety and legal services	\$ 4,134,990	751,349	290,817	-	(3,092,824)	-	(3,092,824)
Physical health and social services	635,361	71,743	129,738	-	(433,880)	-	(433,880)
Mental health	1,094,698	-	-	-	(1,094,698)	-	(1,094,698)
County environment and education	2,239,968	1,169,424	76,646	-	(993,898)	-	(993,898)
Roads and transportation	8,370,873	191,482	4,382,069	2,733,355	(1,063,967)	-	(1,063,967)
Governmental services to residents	688,997	625,040	-	-	(63,957)	-	(63,957)
Administration	2,200,583	10,861	477	-	(2,189,245)	-	(2,189,245)
Non-program	160,923	193,689	152,015	-	184,781	-	184,781
Interest on long-term debt	164,930	-	-	-	(164,930)	-	(164,930)
Total governmental activities	19,691,323	3,013,588	5,031,762	2,733,355	(8,912,618)	-	(8,912,618)
Business type activities:							
Solid waste	2,616,854	4,495,281	-	-	-	1,878,427	1,878,427
Total	\$ 22,308,177	7,508,869	5,031,762	2,733,355	(8,912,618)	1,878,427	(7,034,191)
General Revenues:							
Property and other county tax levied for:							
General purposes					7,594,574	-	7,594,574
Debt service					252,332	-	252,332
Tax increment financing					347,631	-	347,631
State tax credits and replacements					516,088	-	516,088
Local option sales tax					1,282,743	-	1,282,743
Unrestricted investment earnings					238,868	120,372	359,240
Gain on disposition of capital assets					144,919	46,000	190,919
Miscellaneous					154,998	-	154,998
Total general revenues					10,532,153	166,372	10,698,525
Change in net position					1,619,535	2,044,799	3,664,334
Net position beginning of year					45,916,777	13,751,869	59,668,646
Net position end of year					\$ 47,536,312	15,796,668	63,332,980

See notes to financial statements.

Boone County
Balance Sheet
Governmental Funds

June 30, 2020

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 3,012,838	240,587	610,474	1,665,469
Receivables:				
Property tax:				
Delinquent	54,013	7,181	17,362	-
Succeeding year	4,867,000	647,000	2,254,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	176,715	-	-	-
Accounts	62,787	-	-	5,463
Accrued interest	66,977	-	-	-
Drainage assessments	-	-	-	-
Special assessments	1,350	-	-	-
Due from other funds	8,018	-	-	13,349
Due from other governments	115,003	-	210,779	909,644
Inventories	-	-	-	1,530,736
Total assets	\$ 8,364,701	894,768	3,092,615	4,124,661
Total Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 199,707	158	11,351	88,960
Salaries and benefits payable	131,241	6,340	10,303	65,720
Due to other funds	143,921	-	12,178	65
Due to other governments	24,260	-	-	3,269
Advances from other funds	16,666	-	-	-
Total liabilities	515,795	6,498	33,832	158,014
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	4,867,000	647,000	2,254,000	-
Succeeding year tax increment financing	-	-	-	-
Other	246,394	4,435	132,415	-
Total deferred inflows of resources	5,113,394	651,435	2,386,415	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	1,530,736
Restricted for:				
Supplemental levy purposes	283,216	-	-	-
Mental health purposes	-	236,835	-	-
Rural services purposes	-	-	672,368	-
Secondary roads purposes	-	-	-	2,435,911
Conservation land acquisition/ capital improvements	53,284	-	-	-
Debt service	-	-	-	-
Law enforcement purposes	235,252	-	-	-
Resource enhancement and protection	-	-	-	-
Other purposes	-	-	-	-
Unassigned	2,163,760	-	-	-
Total fund balances	2,735,512	236,835	672,368	3,966,647
Total liabilities, deferred inflows of resources and fund balances	\$ 8,364,701	894,768	3,092,615	4,124,661

See notes to financial statements.

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Debt		
Service	Nonmajor	Total
174,520	915,256	6,619,144
2,810	2,714	84,080
250,000	-	8,018,000
-	334,000	334,000
-	-	176,715
-	3,150	71,400
-	3,271	70,248
-	1,310,428	1,310,428
-	-	1,350
-	523	21,890
-	-	1,235,426
-	-	1,530,736
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427,330	2,569,342	19,473,417
-	386	300,562
-	-	213,604
-	-	156,164
-	-	27,529
-	-	16,666
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-	386	714,525
250,000	-	8,018,000
-	334,000	334,000
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1,731	1,312,436	1,697,411
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251,731	1,646,436	10,049,411
-	-	1,530,736
-	-	283,216
-	-	236,835
-	-	672,368
-	-	2,435,911
-	-	53,284
175,599	506,424	682,023
-	-	235,252
-	164,552	164,552
-	251,544	251,544
-	-	2,163,760
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175,599	922,520	8,709,481
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427,330	2,569,342	19,473,417

Boone County

Boone County

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

June 30, 2020

Total governmental fund balances (page 27) \$ 8,709,481

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 \$93,316,859 and the accumulated depreciation is \$45,866,418. 47,450,441

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. 1,697,411

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	\$ 1,381,412	
Deferred inflows of resources	<u>(988,742)</u>	392,670

Long-term liabilities, including a capital lease purchase agreement, loans payable, compensated absences payable, drainage district warrants payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (10,713,691)

Net position of governmental activities (page 24) \$ 47,536,312

See notes to financial statements.

Boone County

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

Year ended June 30, 2020

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,778,706	556,560	2,239,642	-
Local option sales tax	325,280	-	926,099	-
Interest and penalty on property tax	36,695	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	972,568	39,488	120,389	5,201,493
Licenses and permits	26,432	-	-	10,995
Charges for service	1,143,414	-	48,288	-
Use of money and property	422,095	-	-	450
Miscellaneous	475,603	-	1,346	105,842
Total revenues	8,180,793	596,048	3,335,764	5,318,780
Expenditures:				
Operating:				
Public safety and legal services	3,718,041	-	331,789	-
Physical health and social services	630,233	-	-	-
Mental health	-	1,099,255	-	-
County environment and education	829,324	-	364,095	-
Roads and transportation	-	-	-	6,781,099
Governmental services to residents	646,157	-	3,095	-
Administration	1,998,880	-	4,950	-
Non-program	160,923	-	-	-
Debt service	1,500	-	-	-
Capital projects	253,356	-	-	696,499
Total expenditures	8,238,414	1,099,255	703,929	7,477,598
Excess (deficiency) of revenues over (under) expenditures	(57,621)	(503,207)	2,631,835	(2,158,818)
Other financing sources (uses):				
Transfers in	-	-	-	2,639,593
Transfers out	(212,016)	-	(2,427,577)	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	(212,016)	-	(2,427,577)	2,639,593
Change in fund balances	(269,637)	(503,207)	204,258	480,775
Fund balances beginning of year	3,005,149	740,042	468,110	3,485,872
Fund balances end of year	\$ 2,735,512	236,835	672,368	3,966,647

See notes to financial statements.

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Debt		
Service	Nonmajor	Total
249,635	-	7,824,543
-	-	1,251,379
-	-	36,695
-	347,631	347,631
144,179	13,643	6,491,760
-	-	37,427
-	5,887	1,197,589
-	4,323	426,868
500	344,215	927,506
<hr/>	<hr/>	<hr/>
394,314	715,699	18,541,398
<hr/>	<hr/>	<hr/>
-	33,946	4,083,776
-	-	630,233
-	-	1,099,255
-	618,229	1,811,648
-	-	6,781,099
-	23,178	672,430
-	-	2,003,830
-	-	160,923
638,223	171,850	811,573
-	-	949,855
<hr/>	<hr/>	<hr/>
638,223	847,203	19,004,622
<hr/>	<hr/>	<hr/>
(243,909)	(131,504)	(463,224)
<hr/>	<hr/>	<hr/>
302,018	-	2,941,611
-	(302,018)	(2,941,611)
-	504,558	504,558
<hr/>	<hr/>	<hr/>
302,018	202,540	504,558
58,109	71,036	41,334
117,490	851,484	8,668,147
<hr/>	<hr/>	<hr/>
175,599	922,520	8,709,481

Boone County

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

Year ended June 30, 2020

Change in fund balances - Total governmental funds (page 31) \$ 41,334

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

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

Expenditures for capital assets	\$ 1,679,591	
Capital assets contributed by the Iowa Department of Transportation	2,149,563	
Depreciation expense	<u>(2,806,864)</u>	1,022,290

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. 144,919

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	22,363	
Other	<u>453,115</u>	475,478

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	(504,558)	
Repaid	<u>647,949</u>	143,391

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. 619,919

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	12,425	
OPEB expense	(13,892)	
Pension expense	(824,524)	
Interest on long-term debt	<u>(1,805)</u>	<u>(827,796)</u>

Change in net position of governmental activities (page 25) \$ 1,619,535

See notes to financial statements.

Boone County
Statement of Net Position
Proprietary Funds

June 30, 2020

	Enterprise		Total
	Landfill Operations	Nonmajor Ground Water Tax	
Assets			
Cash and cash equivalents	\$ 10,219,974	210,010	10,429,984
Cash and cash equivalents - restricted	4,066,911	-	4,066,911
Receivables:			
Accounts	192,551	-	192,551
Accrued interest	17,856	-	17,856
Due from other funds	141,972	-	141,972
Advances to other funds	16,666	-	16,666
Capital assets not being depreciated	826,226	-	826,226
Capital assets, net of accumulated depreciation	4,378,262	-	4,378,262
Total assets	19,860,418	210,010	20,070,428
Deferred Outflows of Resources:			
Pension related deferred outflows	51,447	-	51,447
OPEB related deferred outflows	5,398	-	5,398
Total deferred outflows of resources	56,845	-	56,845
Liabilities			
Accounts payable	63,423	5,641	69,064
Salaries and benefits payable	21,322	-	21,322
Due to other funds	7,698	-	7,698
Due to other governments	202	8,433	8,635
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	39,061	-	39,061
Total OPEB liability	10,126	-	10,126
Portion due or payable after one year:			
Net pension liability	342,437	-	342,437
Total OPEB liability	73,255	-	73,255
Estimated liability for landfill closure and postclosure care	3,673,030	-	3,673,030
Total liabilities	4,230,554	14,074	4,244,628
Deferred Inflows of Resources:			
Pension related deferred inflows	85,977	-	85,977
Net Position			
Net investment in capital assets	5,204,488	-	5,204,488
Restricted for:			
Landfill closure and postclosure care	4,084,767	-	4,084,767
Ground water tax purposes	-	195,936	195,936
Unrestricted	6,311,477	-	6,311,477
Total net position	\$ 15,600,732	195,936	15,796,668

See notes to financial statements.

Boone County

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

Year ended June 30, 2020

	Enterprise		
	Nonmajor		Total
	Landfill Operations	Ground Water Tax	
Operating revenues:			
Per capita fees	\$ 175,280	-	175,280
Solid waste fees	4,175,285	129,050	4,304,335
Miscellaneous	15,666	-	15,666
Total operating revenues	<u>4,366,231</u>	<u>129,050</u>	<u>4,495,281</u>
Operating expenses:			
Salaries and wages	484,880	-	484,880
Payroll tax	69,628	-	69,628
Fringe benefits	135,197	-	135,197
Fuel	100,567	-	100,567
Travel	2,262	-	2,262
Utilities	13,931	-	13,931
Insurance	24,721	-	24,721
Solid waste fees remitted to the Iowa Department of Natural Resources and Ground Water Tax Fund	322,625	-	322,625
Education and training	17,792	-	17,792
Engineering	11,751	-	11,751
Maintenance and repair	124,237	-	124,237
Operations	140,716.00	-	140,716
Depreciation	531,884	-	531,884
Dues and membership	3,204	-	3,204
Accounting	39,261	-	39,261
Recycling center operations	166,638	208,604	375,242
Gravel	48,169	-	48,169
Leachate hauling and treatment	22,595	-	22,595
Adjustment to estimated liability for landfill closure and postclosure care	148,192	-	148,192
Total operating expenses	<u>2,408,250</u>	<u>208,604</u>	<u>2,616,854</u>
Operating income (loss)	1,957,981	(79,554)	1,878,427
Non-operating revenues (expenses):			
Interest income	120,372	-	120,372
Gain on disposition of capital assets	46,000	-	46,000
Change in net position	2,124,353	(79,554)	2,044,799
Net position beginning of year	<u>13,476,379</u>	<u>275,490</u>	<u>13,751,869</u>
Net position end of year	<u>\$ 15,600,732</u>	<u>195,936</u>	<u>15,796,668</u>

See notes to financial statements.

Boone County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2020

	Enterprise		
	Nonmajor		
	Landfill Operations	Ground Water Tax	Total
Cash flows from operating activities:			
Cash received from gate fees	\$ 4,467,459	-	4,467,459
Cash received from per capita fee assessments	175,280	-	175,280
Cash received from other operating receipts	15,666	129,050	144,716
Cash paid to suppliers for goods and services	(1,129,148)	(197,642)	(1,326,790)
Cash paid to employees for services	(608,964)	-	(608,964)
Net cash provided (used) by operating activities	2,920,293	(68,592)	2,851,701
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(721,164)	-	(721,164)
Proceeds from disposition of capital assets	46,000	-	46,000
Repayment of advances to other funds	16,667	-	16,667
Net cash used by capital and related financing activities	(658,497)	-	(704,497)
Cash flows from investing activities:			
Interest received on investments	115,693	-	115,693
Net increase (decrease) in cash and cash equivalents	2,377,489	(68,592)	2,262,897
Cash and cash equivalents beginning of year	11,909,396	278,602	12,187,998
Cash and cash equivalents end of year	\$ 14,286,885	210,010	14,496,895
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,957,981	(79,554)	1,878,427
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	531,884	-	531,884
Closure and postclosure care	202,085	-	202,085
Changes in assets and liabilities:			
Accounts receivable	267,783	-	267,783
Deferred outflows of resources	19,772	-	19,772
Due from other funds	24,391	-	24,391
Accounts payable	(78,573)	2,743	(75,830)
Salaries payable	(46)	-	(46)
Deferred inflows of resources	32,993	-	32,993
Due to other funds	(303)	-	(303)
Due to other governments	(102)	8,219	8,117
Net pension obligation	(33,729)	-	(33,729)
Total OPEB liability	2,359	-	2,359
Compensated absences	(6,202)	-	(6,202)
Total adjustments	962,312	10,962	973,274
Net cash provided (used) by operating activities	\$ 2,920,293	(68,592)	2,851,701

See notes to financial statements.

Boone County

Boone County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2020

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 3,554,397
Other County officials	62,141
Receivables:	
Property tax:	
Delinquent	196,492
Succeeding year	39,622,000
Accounts	1,435
Due from other governments	7,599
Special assessments	134,587
Total assets	43,578,651

Liabilities

Accounts payable	7,212
Salaries and benefits payable	16,202
Due to other governments	41,866,335
Trusts payable	1,658,302
Compensated absences	30,600
Total liabilities	43,578,651

Net position	\$ -
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See notes to financial statements.

Boone County

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

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

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

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

The Boone County Conservation Foundation is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, part of the County. It is reported as a Special Revenue Fund. The Foundation is incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Boone County Conservation Board. These donations are to be used for development and enhancement of environmental education and conservation projects which are not included in the County's budget.

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

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary 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.

Additionally, the County reports the following funds:

Proprietary Fund - The Enterprise, Landfill Operations Fund is used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The fund is also used to accumulate resources to fund the closure and postclosure care costs of the Landfill.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Funds are charges to customers for sanitary landfill services. Operating expenses for Enterprise Funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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

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

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust and non-negotiable certificates of deposit which are 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 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

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

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

Advances to/from Other Funds – Non-current portions of long-term interfund loan receivables are reported as advances.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles 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 cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	25 - 50
Land improvements	10 - 50
Infrastructure and road network	10 - 65
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	3 - 15

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the Boone 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 receivable and tax increment financing receivable that will not be recognized until the year for which they are levied, unrecognized items not yet charged to pension 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 Enterprise, Landfill Operations Fund is designated for operating costs of the Landfill.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, disbursements did not exceed the amounts budgeted. Disbursements in certain departments exceeded the amounts appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2020, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$186,470. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue:	
	Rural Services	\$ 255
	Secondary Roads	65
	Enterprise:	
	Landfill Operations	<u>7,698</u>
		<u>8,018</u>
Special Revenue:	General	1,426
Secondary Roads	Special Revenue:	
	Rural Services	<u>11,923</u>
		<u>13,349</u>
County Recorder's	General	
Records Management		<u>523</u>
Enterprise:	General	
Landfill Operations		<u>141,972</u>
Total		<u>\$ 163,862</u>

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

(4) Advances To and From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Landfill	General	<u>\$ 16,666</u>

During fiscal year 2018, the County approved an advance from the Enterprise, Landfill Operations Fund to the General Fund. The advance was made to finance the purchase of a John Deere utility tractor for Conservation purposes. During the year ended June 30, 2020, the General Fund paid the Enterprise, Landfill Operations Fund \$16,667.

(5) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General Basic	\$ 212,016
	Special Revenue:	
	Rural Services	2,427,577
Debt Service	Special Revenue:	
	County TIF Project	<u>302,018</u>
Total		<u>\$ 2,941,611</u>

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

(6) Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,031,227	-	-	2,031,227
Construction in progress	3,612,233	2,871,286	(450,471)	6,033,048
Total capital assets not being depreciated	5,643,460	2,871,286	(450,471)	8,064,275
Capital assets being depreciated:				
Buildings	6,195,289	-	-	6,195,289
Improvements other than buildings	251,714	-	-	251,714
Equipment and vehicles	11,951,414	1,123,083	(534,939)	12,539,558
Infrastructure, other	9,459,016	-	-	9,459,016
Infrastructure, road network	56,356,536	450,471	-	56,807,007
Total capital assets being depreciated	84,213,969	1,573,554	(534,939)	85,252,584
Less accumulated depreciation for:				
Buildings	2,819,368	149,106	-	2,968,474
Improvements other than buildings	105,924	6,293	-	112,217
Equipment and vehicles	10,646,186	707,217	(514,643)	10,838,760
Infrastructure, other	3,408,349	416,648	-	3,824,997
Infrastructure, road network	26,594,370	1,527,600	-	28,121,970
Total accumulated depreciation	43,574,197	2,806,864	(514,643)	45,866,418
Total capital assets being depreciated, net	40,639,772	(1,233,310)	(20,296)	39,386,166
Governmental activities capital assets, net	\$ 46,283,232	1,637,976	(470,767)	47,450,441
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 488,499	-	-	488,499
Construction in progress	337,727	-	-	337,727
Total capital assets, not being depreciated	826,226	-	-	826,226
Capital assets being depreciated:				
Buildings	1,234,148	-	-	1,234,148
Improvements other than buildings	28,290	-	-	28,290
Equipment and vehicles	4,273,585	721,164	(220,000)	4,774,749
Infrastructure	4,018,304	-	-	4,018,304
Total capital assets being depreciated	9,554,327	721,164	(220,000)	10,055,491
Less accumulated depreciation for:				
Buildings	297,506	30,854	-	328,360
Improvements other than buildings	5,658	1,886	-	7,544
Equipment and vehicles	3,385,316	300,822	(220,000)	3,466,138
Infrastructure	1,676,865	198,322	-	1,875,187
Total accumulated depreciation	5,365,345	531,884	(220,000)	5,677,229
Total capital assets being depreciated, net	4,188,982	189,280	-	4,378,262
Business type activities capital assets, net	\$ 5,015,208	189,280	-	5,204,488

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 77,091
County environment and education	480,663
Roads and transportation	2,081,304
Administration	167,806
Total depreciation expense - governmental activities	\$ 2,806,864
Business type activities:	
Landfill operations	\$ 531,884

(7) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2020 is as follows:

Fund	Description	Amount
General	Services	\$ 24,260
Special Revenue:		
Secondary Roads	Services	3,269
Total for governmental funds		<u>\$ 27,529</u>
Agency:		
County Offices	Collections	\$ 45,767
Agricultural Extension Education		249,474
County Assessor		1,035,534
Schools		25,045,937
Community Colleges		998,425
Corporations		10,002,350
Townships		578,502
Auto License and Use Tax		963,735
Special Assessments		137,685
County Hospital		2,800,255
E911		3,081
All other		5,590
Total for agency funds		<u>\$ 41,866,335</u>

(8) Long-Term Liabilities

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

	Governmental Activities						
	General	Capital	Drainage	Compensated	Net	Total	Total
	Obligation	Lease	District	Absences	Pension	OPEB	
Loan Notes	Purchase	Warrants		Liability	Liability		
Balance beginning of year	\$ 2,911,000	2,432,066	767,452	437,285	4,325,909	345,410	11,219,122
Increases	-	-	504,558	344,457	-	63,755	912,770
Decreases	204,000	280,957	162,992	356,882	387,886	52,554	1,445,271
Balance end of year	<u>\$ 2,707,000</u>	<u>2,151,109</u>	<u>1,109,018</u>	<u>424,860</u>	<u>3,938,023</u>	<u>356,611</u>	<u>10,686,621</u>
Due within one year	<u>\$ 215,000</u>	<u>287,381</u>	<u>-</u>	<u>424,860</u>	<u>-</u>	<u>48,067</u>	<u>975,308</u>

	Business Type Activities				
	Compensated	Closure and	Net	Total	Total
	Absences	Postclosure	Pension	OPEB	
	Care	Liability	Liability		
Balance beginning of year	\$ 45,263	3,470,945	376,166	81,022	3,973,396
Increases	39,099	202,085	-	13,430	254,614
Decreases	45,301	-	33,729	11,071	90,101
Balance end of year	<u>\$ 39,061</u>	<u>3,673,030</u>	<u>342,437</u>	<u>83,381</u>	<u>4,137,909</u>
Due within one year	<u>\$ 39,061</u>	<u>-</u>	<u>-</u>	<u>10,126</u>	<u>49,187</u>

Governmental activities:

General Obligation Refunding Capital Loan Notes

On November 8, 2017 the County issued \$3,296,000 of general obligation refunding capital loan notes, Series 2017, with an interest rate of 3.35% per annum. The notes were issued to refund the outstanding balance of the general obligation capital loan notes, Series 2009A, dated May 1, 2009 and the urban renewal general obligation capital loan notes, Series 2011, dated September 1, 2011. During the year ended June 30, 2020, the County paid principal of \$204,000 and interest of \$97,519 on the notes.

A summary of the County's June 30, 2020 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Refunding Capital Loan Notes Issued November 8, 2017			
	Interest Rates	Principal	Interest	Total
2021	3.35%	\$ 215,000	90,685	305,685
2022	3.35	235,000	83,482	318,482
2023	3.35	235,000	75,610	310,610
2024	3.35	250,000	67,737	317,737
2025	3.35	260,000	59,362	319,362
2026-2030	3.35	1,337,000	158,221	1,495,221
2031	3.35	175,000	5,862	180,862
Total		\$ 2,707,000	540,958	3,247,958

Drainage District Warrants Payable

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

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

General Obligation Lease Purchase Agreement

On September 15, 2017 the County entered into a general obligation lease-purchase agreement for peace officer communication equipment and other emergency services equipment and systems. The total lease agreement is for \$2,669,492. The following is a schedule of the future minimum lease payments, including interest of 2.223% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2020.

<u>Year Ending June 30,</u>	<u>Communication and Public Safety Equipment and Systems</u>
2021	\$ 335,378
2022	335,205
2023	335,205
2024	335,205
2025	335,205
2026-2027	<u>670,409</u>
Total minimum lease payments	2,346,607
Less amount representing interest	<u>195,498</u>
Present value of minimum lease payment	<u>\$ 2,151,109</u>

Payments under the capital lease purchase agreement totaled \$280,957 for the year ended June 30, 2020. During the year ended June 30, 2020, the County paid principal of \$280,957 and interest of \$54,247 on the lease.

(9) Pension Plan

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

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

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

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

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

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

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service greater 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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.51% of covered payroll, for a total rate of 19.02%. Protection occupation members contributed 6.61% of covered payroll and the County contributed 9.91% of covered payroll, for a total rate of 16.52%.

The County's contributions to IPERS for the year ended June 30, 2020 totaled \$673,825.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the County reported a liability of \$4,280,460 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the County's proportion was 0.073920%, which was a decrease of 0.000383% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$896,221. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,818	182,172
Changes of assumptions	596,926	132,888
Net difference between projected and actual earnings on pension plan investments	-	663,046
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	109,667	96,613
County contributions subsequent to the measurement date	673,825	-
Total	<u>\$ 1,407,236</u>	<u>1,074,719</u>

\$673,825 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	\$ 62,718
2022	(175,958)
2023	(128,280)
2024	(98,407)
2025	(1,381)
Total	<u>\$ (341,308)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement 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, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 8,710,430	4,280,460	565,549

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

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2020.

(10) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	<u>113</u>
Total	<u><u>119</u></u>

Total OPEB Liability – The County's total OPEB liability of \$439,992 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 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, 2020)	3.00% per annum.
Rates of salary increase (effective June 30, 2020)	2.00% per annum, including inflation.
Discount rate (effective June 30, 2020)	3.50% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	7.00% 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 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 total annuitant distinct mortality table adjusted to 2006 with MP-2017 generational projection of future mortality improvement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 426,432
Changes for the year:	
Service cost	27,389
Interest	15,955
Differences between expected and actual experiences	32,422
Change in assumptions	1,419
Benefit payments	<u>(63,625)</u>
Net changes	<u>13,560</u>
Total OPEB liability end of year	<u>\$ 439,992</u>

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 (2.50%) or 1% higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 465,530	439,992	416,489

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.0%) or 1% higher (6.0%) than the current healthcare cost trend rates.

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB liability	\$ 408,028	439,992	471,576

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of \$50,277. At June 30, 2020, the County reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 44,551
Changes in assumptions	17,313
Total	<u>\$ 61,864</u>

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

Year ending June 30,	Amount
2021	\$ 6,933
2022	6,933
2023	6,933
2024	6,933
2025	6,933
Thereafter	27,199
	<u>\$ 61,864</u>

(11) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2020 were \$138,126.

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, 2020, no liability has been recorded in the County's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation in the amount of \$5,000,000 and employee blanket bond in the amount of \$20,000 for each employee, except for the County Treasurer which is at \$230,000. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Closure and Postclosure Care

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

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Landfill have been estimated at \$3,131,000 for closure and \$1,683,000 for postclosure care, for a total of \$4,814,000 as of June 30, 2020 for the original and expansion areas combined. The portion of the liability that has been recognized is \$3,673,030. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2020. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 6 years for the expansion area and the capacity used at June 30, 2020 is 70%.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has begun accumulating resources to fund these costs and, at June 30, 2020, assets of \$4,084,767 are restricted for these purposes, of which \$2,571,391 is for closure and \$1,513,377 is for postclosure care.

Also, pursuant to Chapter 567-111.3(3) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded for the expansion area, the County is required to demonstrate financial assurance for the unfunded costs. The County has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the County must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the landfill is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

(13) Solid Waste Tonnage Fees Retained

The County has established an account for restricting and using solid waste tonnage fees retained by the County in accordance with Chapter 455B.310 of the Code of Iowa.

As of June 30, 2020, net position of \$195,936 has been retained by the County and is restricted for the required purposes.

(14) Tax Abatements

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

Tax Abatements of Other Entities

Other entities within the County also provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Anywhere offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

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

Entity	Tax Abatement Program	Amount to Tax Abated
City of Boone	Urban renewal and economic development projects	\$ 44,633
City of Luther	Urban renewal and economic development projects	23,745

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

Central Iowa Community Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Franklin County, Hamilton County, Hardin County, Jasper County, Madison County, Marshall County, Poweshiek County, Story County, Warren County and Boone County. The financial activity of the County’s Special Revenue, Mental Health Fund is included in the Central Iowa Community Services Mental Health Region for the year ended June 30, 2020, as follows:

Revenues:		
Property and other county tax		\$ 556,560
Intergovernmental:		
State tax credits	\$ 39,443	
MH-DD reimbursement from other governments	45	39,488
Total revenues		<u>596,048</u>
Expenditures:		
Services to persons with:		
Mental illness		150,157
General administration:		
Direct administration	99,098	
Distribution to region fiscal agent	850,000	949,098
Total expenditures		<u>1,099,255</u>
Deficiency of revenues under expenditures		(503,207)
Fund balance beginning of year		<u>740,042</u>
Fund balance end of year		<u>\$ 236,835</u>

(16) Prospective Accounting Change

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

(17) COVID-19

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

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

Required Supplementary Information

Boone County

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

Required Supplementary Information

Year ended June 30, 2020

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 9,318,894	-	9,318,894
Penalty and interest on property tax	31,615	-	31,615
Intergovernmental	5,886,539	-	5,886,539
Licenses and permits	33,088	-	33,088
Charges for service	1,194,344	-	1,194,344
Use of money and property	379,013	58	378,955
Miscellaneous	697,536	291,720	405,816
Total receipts	<u>17,541,029</u>	<u>291,778</u>	<u>17,249,251</u>
Disbursements:			
Public safety and legal services	4,179,176	-	4,179,176
Physical health and social services	629,846	-	629,846
Mental health	1,103,387	-	1,103,387
County environment and education	1,799,645	602,876	1,196,769
Roads and transportation	6,565,488	-	6,565,488
Governmental services to residents	670,141	-	670,141
Administration	2,018,266	-	2,018,266
Non-program	147,344	-	147,344
Debt service	828,241	171,850	656,391
Capital projects	958,796	-	958,796
Total disbursements	<u>18,900,330</u>	<u>774,726</u>	<u>18,125,604</u>
Excess (deficiency) of receipts over (under) disbursements	(1,359,301)	(482,948)	(876,353)
Other financing sources, net	670,231	504,558	165,673
Change in balances	(689,070)	21,610	(710,680)
Balance beginning of year	7,308,214	487,526	6,820,688
Balance end of year	<u>\$ 6,619,144</u>	<u>509,136</u>	<u>6,110,008</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
9,145,397	9,145,397	173,497
67,500	67,500	(35,885)
5,977,937	5,980,629	(94,090)
35,800	35,800	(2,712)
1,110,760	1,110,760	83,584
232,800	232,800	146,155
822,450	822,450	(416,634)
17,392,644	17,395,336	(146,085)
4,247,636	4,306,636	127,460
734,206	739,206	109,360
758,300	1,183,300	79,913
1,312,052	1,312,052	115,283
7,108,419	7,108,419	542,931
721,260	752,240	82,099
2,095,733	2,164,588	146,322
200,000	200,000	52,656
710,831	710,831	54,440
1,306,000	1,451,000	492,204
19,194,437	19,928,272	1,802,668
(1,801,793)	(2,532,936)	1,656,583
21,000	162,101	3,572
(1,780,793)	(2,370,835)	1,660,155
5,919,493	6,318,925	501,763
4,138,700	3,948,090	2,161,918

Boone County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2020

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 17,541,029	1,000,369	18,541,398
Expenditures	18,900,330	104,292	19,004,622
Net	(1,359,301)	896,077	(463,224)
Other financing sources, net	670,231	(165,673)	504,558
Beginning fund balances	7,308,214	1,359,933	8,668,147
Ending fund balances	\$ 6,619,144	2,090,337	8,709,481

See accompanying independent auditor's report.

Boone County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2020

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$733,835. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County 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, 2020, disbursements did not exceed the amounts budgeted. Disbursements in certain departments exceeded the amounts appropriated.

Boone County

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

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

Required Supplementary Information

	2020	2019	2018	2017
County's proportionate share of the net pension liability	0.073920%	0.074303%	0.079409%	0.077884%
County's proportionate share of the net pension liability	\$ 4,280	4,702	5,290	4,901
County's covered payroll	\$ 7,196	6,933	6,885	6,475
County's proportionate share of the net pension liability as a percentage of its covered payroll	59.48%	67.82%	76.83%	75.69%
Plan fiduciary net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

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

See accompanying independent auditor's report.

2016	2015
0.080528%	0.077477%
3,854	3,073
6,317	6,428
61.01%	47.80%
85.19%	87.61%

Boone County

Schedule of County Contributions

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

Required Supplementary Information

	2020	2019	2018	2017
Statutorily required contribution	\$ 673,825	686,171	627,640	624,918
Contributions in relation to the statutorily required contribution	(673,825)	(686,171)	(627,640)	(624,918)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 7,102,644	7,196,028	6,932,954	6,884,926
Contributions as a percentage of covered payroll	9.49%	9.54%	9.06%	9.08%

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
590,994	575,654	585,616	563,952	523,958	468,576
(590,994)	(575,654)	(585,616)	(563,952)	(523,958)	(468,576)
-	-	-	-	-	-
6,475,132	6,317,268	6,427,599	6,353,373	6,276,919	6,365,794
9.13%	9.11%	9.12%	8.88%	8.35%	7.37%

Boone County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

Boone County

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

For the Last Three Years
Required Supplementary Information

	2020	2019	2018
Service cost	\$ 27,389	21,504	21,082
Interest cost	15,955	15,488	15,606
Difference between expected and actual experiences	32,422	-	20,765
Changes in assumptions	1,419	-	22,417
Benefit payments	(63,625)	(43,399)	(37,413)
Net change in total OPEB liability	13,560	(6,407)	42,457
Total OPEB liability beginning of year	426,432	432,839	390,382
Total OPEB liability end of year	\$ 439,992	426,432	432,839
Covered-employee payroll	\$ 6,693,654	6,061,152	5,942,306
Total OPEB liability as a percentage of covered-employee payroll	6.6%	7.0%	7.3%

See accompanying independent auditor's report.

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.00%

Boone County

Supplementary Information

Boone County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2020

	County Recorder's Management	Drainage Districts	Resource Enhancement and Protection	Special Task Force
Assets				
Cash, cash equivalents and pooled investments	\$ 30,598	434,696	161,281	19,434
Receivables:				
Property tax:				
Delinquent property tax	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	3,271	-
Drainage assessments	-	1,310,428	-	-
Due from other funds	523	-	-	-
Total assets	\$ 31,121	1,745,124	164,552	19,434
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year tax increment financing	-	-	-	-
Other	-	1,310,428	-	-
Total deferred inflows of resources	-	1,310,428	-	-
Fund balances:				
Restricted for:				
Debt service	-	434,696	-	-
Resource enhancement and protection	-	-	164,552	-
Other purposes	31,121	-	-	19,434
Total fund balances	31,121	434,696	164,552	19,434
Total liabilities, deferred inflows of resources and fund balances	\$ 31,121	1,745,124	164,552	19,434

See accompanying independent auditor's report.

Revenue							
Attorney Drug Prosecution	Tobacco and Alcohol Enforcement	Jail Commissary	Reserve Deputy	County TIF Project	Conservation Foundation		Total
64,224	4,321	52,415	2,826	71,022	74,439		915,256
-	-	-	-	2,714	-		2,714
-	-	-	-	334,000	-		334,000
1,039	-	2,111	-	-	-		3,150
-	-	-	-	-	-		3,271
-	-	-	-	-	-		1,310,428
-	-	-	-	-	-		523
65,263	4,321	54,526	2,826	407,736	74,439		2,569,342
-	-	386	-	-	-		386
-	-	-	-	334,000	-		334,000
-	-	-	-	2,008	-		1,312,436
-	-	-	-	336,008	-		1,646,436
-	-	-	-	71,728	-		506,424
-	-	-	-	-	-		164,552
65,263	4,321	54,140	2,826	-	74,439		251,544
65,263	4,321	54,140	2,826	71,728	74,439		922,520
65,263	4,321	54,526	2,826	407,736	74,439		2,569,342

Boone County

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

Year ended June 30, 2020

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Special Task Force
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	-	13,643	-
Charges for service	5,887	-	-	-
Use of money and property	523	-	3,742	-
Miscellaneous	-	289,555	-	1,527
Total revenues	<u>6,410</u>	<u>289,555</u>	<u>17,385</u>	<u>1,527</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	600,421	15,352	-
Governmental services to residents	23,178	-	-	-
Debt service	-	171,850	-	-
Total expenditures	<u>23,178</u>	<u>772,271</u>	<u>15,352</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,768)</u>	<u>(482,716)</u>	<u>2,033</u>	<u>1,527</u>
Other financing uses:				
Transfers out	-	-	-	-
Drainage warrants issued	-	504,558	-	-
Total other financing sources (uses)	<u>-</u>	<u>504,558</u>	<u>-</u>	<u>-</u>
Changes in fund balance	(16,768)	21,842	2,033	1,527
Fund balances beginning of year	47,889	412,854	162,519	17,907
Fund balances end of year	<u>\$ 31,121</u>	<u>434,696</u>	<u>164,552</u>	<u>19,434</u>

See accompanying independent auditor's report.

 Revenue

Attorney Drug Prosecution	Tobacco and Alcohol Enforcement	Jail Commissary	Reserve Deputy	County TIF Project	Conservation Foundation	Total
-	-	-	-	347,631	-	347,631
-	-	-	-	-	-	13,643
-	-	-	-	-	-	5,887
-	-	-	-	-	58	4,323
8,694	-	42,274	-	-	2,165	344,215
8,694	-	42,274	-	347,631	2,223	715,699
409	-	25,712	7,825	-	-	33,946
-	-	-	-	-	2,456	618,229
-	-	-	-	-	-	23,178
-	-	-	-	-	-	171,850
409	-	25,712	7,825	-	2,456	847,203
8,285	-	16,562	(7,825)	347,631	(233)	(131,504)
-	-	-	-	(302,018)	-	(302,018)
-	-	-	-	-	-	504,558
-	-	-	-	(302,018)	-	202,540
8,285	-	16,562	(7,825)	45,613	(233)	71,036
56,978	4,321	37,578	10,651	26,115	74,672	851,484
65,263	4,321	54,140	2,826	71,728	74,439	922,520

Boone County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	3,432	400,199	338,454	13,310
Other County Officials	62,141	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	1,042	2,867	108,483	4,115
Succeeding year	-	245,000	675,000	24,599,000	981,000
Accounts	-	-	-	-	-
Due from other governments	-	-	-	-	-
Special assessments	-	-	-	-	-
Total assets	\$ 62,141	249,474	1,078,066	25,045,937	998,425
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	104	-	-
Salaries and benefits payable	-	-	13,713	-	-
Due to other governments	45,767	249,474	1,035,534	25,045,937	998,425
Trusts payable	16,374	-	-	-	-
Compensated absences	-	-	28,715	-	-
Total liabilities	\$ 62,141	249,474	1,078,066	25,045,937	998,425

See accompanying independent audit

Corporations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	911	Other	Total
139,664	6,897	963,735	3,098	36,578	302,485	1,346,545	3,554,397
-	-	-	-	-	-	-	62,141
66,686	1,605	-	-	11,677	-	17	196,492
9,796,000	570,000	-	-	2,752,000	-	4,000	39,622,000
-	-	-	-	-	1,427	8	1,435
-	-	-	-	-	4,757	2,842	7,599
-	-	-	134,587	-	-	-	134,587
<u>10,002,350</u>	<u>578,502</u>	<u>963,735</u>	<u>137,685</u>	<u>2,800,255</u>	<u>308,669</u>	<u>1,353,412</u>	<u>43,578,651</u>
-	-	-	-	-	1,351	5,757	7,212
-	-	-	-	-	-	2,489	16,202
10,002,350	578,502	963,735	137,685	2,800,255	3,081	5,590	41,866,335
-	-	-	-	-	304,237	1,337,691	1,658,302
-	-	-	-	-	-	1,885	30,600
<u>10,002,350</u>	<u>578,502</u>	<u>963,735</u>	<u>137,685</u>	<u>2,800,255</u>	<u>308,669</u>	<u>1,353,412</u>	<u>43,578,651</u>

Boone County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 57,463	241,936	1,047,138	23,348,583	944,441
Additions:					
Property and other county tax	-	249,846	686,253	24,924,397	937,043
911 surcharge	-	-	-	-	-
State tax credits	-	12,488	33,188	1,246,194	48,501
Office fees and collections	626,353	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	727,227	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	1,353,580	262,334	719,441	26,170,591	985,544
Deductions:					
Agency remittances:					
To other funds	294,161	-	-	-	-
To other governments	319,234	254,796	688,513	24,473,237	931,560
Trusts paid out	735,507	-	-	-	-
Total deductions	1,348,902	254,796	688,513	24,473,237	931,560
Balances end of year	\$ 62,141	249,474	1,078,066	25,045,937	998,425

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	911	Other	Total
9,237,080	529,882	791,153	123,706	2,585,458	367,093	1,036,443	40,310,376
9,719,944	587,065	-	-	2,795,373	-	5,028	39,904,949
-	-	-	-	-	203,856	-	203,856
675,786	20,067	-	-	133,095	-	206	2,169,525
-	-	-	-	-	-	-	626,353
-	-	9,611,002	-	-	-	-	9,611,002
-	-	-	85,014	-	-	-	85,014
-	-	-	-	-	-	2,724	729,951
-	-	-	-	-	1,676	2,899,847	2,901,523
10,395,730	607,132	9,611,002	85,014	2,928,468	205,532	2,907,805	56,232,173
-	-	346,336	-	-	-	-	640,497
9,630,460	558,512	9,092,084	71,035	2,713,671	263,956	52,795	49,049,853
-	-	-	-	-	-	2,538,041	3,273,548
9,630,460	558,512	9,438,420	71,035	2,713,671	263,956	2,590,836	52,963,898
10,002,350	578,502	963,735	137,685	2,800,255	308,669	1,353,412	43,578,651

Boone County

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

For the Last Ten Years

	2020	2019	2018	2017
Revenues:				
Property and other county tax,	\$ 7,824,543	7,826,069	7,728,966	7,778,880
Tax increment financing	347,631	323,463	283,922	234,015
Local option sales tax	1,251,379	897,150	1,016,923	1,008,431
Interest and penalty on property tax	36,695	72,137	67,839	70,752
Intergovernmental	6,491,760	5,590,921	5,680,460	5,732,444
Licenses and permits	37,427	28,025	37,760	44,290
Charges for service	1,197,589	1,178,479	1,239,609	1,203,404
Use of money and property	426,868	406,354	330,945	204,389
Miscellaneous	927,506	574,815	699,763	1,518,841
Total	\$ 18,541,398	16,897,413	17,086,187	17,795,446
Expenditures:				
Operating:				
Public safety and legal services	\$ 4,083,776	4,110,210	6,540,678	3,788,814
Physical health and social services	630,233	625,053	617,089	603,739
Mental health	1,099,255	786,790	566,935	729,156
County environment and education	1,811,648	1,799,393	1,541,929	1,370,024
Roads and transportation	6,781,099	6,439,167	6,456,899	5,622,828
Governmental services to residents	672,430	619,471	606,656	639,653
Administration	2,003,830	1,940,029	1,813,086	1,859,993
Non-program	160,923	97,869	250,005	524,937
Debt service	811,573	751,533	617,547	1,116,935
Capital projects	949,855	152,369	1,240,449	631,022
Total	\$ 19,004,622	17,321,884	20,251,273	16,887,101

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
7,597,492	7,590,858	7,754,045	7,672,000	7,550,497	7,295,601
190,059	187,270	160,994	150,090	73,643	66,419
972,004	974,573	970,619	834,332	870,967	813,991
85,450	66,228	77,429	68,784	68,321	78,801
5,437,561	5,443,756	5,393,112	6,742,555	7,383,576	6,752,826
51,888	22,100	23,380	18,990	19,645	17,730
1,059,794	1,044,379	938,516	1,044,869	914,070	947,402
138,988	119,902	129,063	140,691	208,399	148,592
566,765	270,065	743,661	334,528	400,336	387,811
<u>16,100,001</u>	<u>15,719,131</u>	<u>16,190,819</u>	<u>17,006,839</u>	<u>17,489,454</u>	<u>16,509,173</u>
3,491,581	3,374,960	3,375,919	3,133,722	2,991,532	3,050,832
592,941	606,356	640,190	617,137	630,996	740,042
345,312	1,119,800	1,051,851	1,299,546	3,238,850	2,455,192
1,568,135	1,050,065	1,574,160	1,509,043	2,068,863	2,278,691
6,054,439	5,315,238	5,728,977	4,997,451	5,298,333	5,254,482
519,788	727,542	534,462	561,908	541,174	554,193
1,755,455	1,693,871	1,779,060	1,582,486	1,560,273	1,663,071
52,369	-	-	-	-	-
740,166	742,003	736,588	697,402	1,716,334	642,994
811,892	377,113	1,625,251	2,468,315	700,074	311,292
<u>15,932,078</u>	<u>15,006,948</u>	<u>17,046,458</u>	<u>16,867,010</u>	<u>18,746,429</u>	<u>16,950,789</u>



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

To the Officials of Boone 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, business type activities, each major fund and the aggregate remaining fund information of Boone County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 17, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the 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, we have identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items (A) and (B), we consider to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

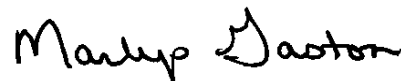
Boone County's Responses to the Findings

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



Marlys K. Gaston, CPA
Deputy Auditor of State

June 17, 2021

Boone County
 Schedule of Findings
 Year ended June 30, 2020

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

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

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

	<u>Applicable Offices</u>
(1) Investments – detailed record keeping and custody.	County Treasurer
(2) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	County Treasurer, County Recorder, County Sheriff
(3) Disbursements – approval of disbursements and signing of the checks.	County Recorder

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. These independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

Boone County

Schedule of Findings

Year ended June 30, 2020

Responses –

County Recorder – With three people in our office, including the Recorder, we feel the segregation of duties are working to the best of our ability. One person opens the mail and paperclips everything in the envelope together. Then gives to the Recorder for recording. If something does not have payment with it, we will check with the preparer of the document to see if payment was sent along. We will not put any recordings on without payment, except for a couple businesses that want to receive a monthly bill and we will let them charge their filings.

The Recorder will issue any payments that need to be made from our checking account. The Deputy Recorder looks over the reports, confirming the dollar amount from check to report, and then signs the check.

County Treasurer – It is necessary for everyone in the office to assist customers and collect money at the counter, including the Treasurer. Cross-training is a major focus in our office. There is a limited number of employees in the office during lunch hours, especially when we have employees gone for vacation and/or out sick. Everyone balances their own cash drawer separately and then the day's total business is balanced all together, either by the Treasurer or the First Deputy. The Treasurer does the month-end process and apportionment business.

County Sheriff – The Sheriff's office only has two staff members; we are unable to segregate completely. All deposits are initiated by the other person who did not complete the deposit. All bank reconciliations are checked by both office personnel and the sheriff.

Conclusions – Responses acknowledged. The offices should continue to review operating procedures to obtain the maximum internal control possible, including using current personnel and other officials and employees to provide additional control through review of financial transactions, reconciliations and reports for their accounts.

(B) Monthly Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to reconciling bank statements to County records.

Condition – Although monthly bank reconciliations were performed for each bank account, a monthly reconciliation of all bank account balances, including investments, to the Treasurer's book balance is not performed. In addition, the Recorder's monthly bank reconciliations were not being performed correctly, as the previous month's activity was being included in the current month's reconciliation.

Cause – Policies have not been established and procedures have not been implemented to reconcile all bank account balances, including investments, to the County's records.

Effect – Since reconciliations of all bank account balances, including investments, to the County records were not performed, misstatements may not have been prevented or detected and corrected on a timely basis in the normal course of operations.

Boone County

Schedule of Findings

Year ended June 30, 2020

Recommendation – Monthly bank reconciliations, including all bank account balances and investments, should be performed and reconciled to the County records.

Response –

County Treasurer – The Treasurer’s office reconciles all accounts monthly. Our reconciliation has been to balance our account records to the records that the bank has. We use the bank reconciliation program available through Solutions software. We compare the Treasurer’s bank register as checks clear and deposit totals match exactly every month with all bank accounts when comparing our bank totals to theirs, allowing for outstanding checks, deposits in transit, and interest earned on that account. I will continue to work at putting a better procedure in place that compares our bank reconciliations and balances to the Treasurer’s book balance.

County Recorder – The Deputy Recorder balances our checkbook monthly. The Recorder checks the bank statement daily to make sure all electronic funds are collected for the previous day’s work. If funds are not what they should be, we contact the appropriate contacts to find out why. Those are resolved within a day or two.

We are now using the correct figures when balancing the checkbook as well.

Conclusion – Response acknowledged. All bank and investment accounts should also be included in the monthly balancing procedures.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Boone County
Schedule of Findings
Year ended June 30, 2020

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2020 exceeded the amount appropriated in the district court department prior to the approval of an amendment by the Board of Supervisors and disbursements in the Board of Supervisors, medical examiner, capital projects, and general services departments exceeded the amount appropriated at year end. Appropriation amendment approved did not include adjustments made to the district court and the final appropriation amount for the Communications department was calculated incorrectly.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – The County will endeavor to comply with 331.434(6) of the Code of Iowa.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – No business transactions between the County and County officials or employees.
- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

The County produces a significant amount of revenue in its Conservation Department through camping and golf fees. This revenue is used to offset conservation expenses in lieu of property tax revenue.

Boone County

Schedule of Findings

Year ended June 30, 2020

- (9) Solid Waste Fees Retainage – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.
- (10) Financial Assurance – The Landfill has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

	Original Area		Expansion Area		Total
	Closure	Postclosure	Closure	Postclosure	
Total estimated costs for closure and postclosure care	\$ 232,100	825,000	2,898,900	858,000	4,814,000
Amounts required to be held in the local dedicated fund at June 30, 2019	\$ 229,100	822,000	2,881,300	849,000	4,781,400
Reallocation of amounts required to be held based on current estimated costs	3,000	3,000	(3,000)	(3,000)	-
Less: amounts required to be held in the local dedicated fund at June 30, 2019, as reallocated	232,100	825,000	2,878,300	846,000	4,781,400
	-	-	20,600	12,000	32,600
Divided by the number of years remaining in the pay-in period	-	-	6	6	
Required payment into the local dedicated fund for the year ended June 30, 2020	-	-	3,433	2,000	5,433
Amounts required to be held in the local dedicated fund at June 30, 2019, as reallocated	232,100	825,000	2,878,300	846,000	4,781,400
Amounts required to be held in the local dedicated fund at June 30, 2020	\$ 232,100	825,000	2,881,733	848,000	4,786,833
Amounts restricted for closure and postclosure care at June 30, 2020	\$ 232,100	825,000	2,339,291	688,377	4,084,768

- (11) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1.
- (12) Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

Boone County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy
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Luke M. Borman, CPA, Senior Auditor
Alyson J. Logel, Staff Auditor
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Silvester K. Rutto, Staff Auditor
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Priscilla M. Ruiz Torres, Assistant Auditor
Sally S. Downing, Assistant Auditor