



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

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

**NEWS RELEASE**

Contact: Marlys Gaston  
515/281-5834

FOR RELEASE

June 30, 2021

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

**FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$18,601,410 for the year ended June 30, 2019, a 9.7% increase over the prior year. Expenses for County operations for the year ended June 30, 2019 totaled \$14,071,236, an increase of 1.1% over the prior year. The increase in the revenues is due primarily to increased property tax collections, increased donations to the Madison County Foundation for Environmental Education blended component unit and an increase in capital asset contributions.

**AUDIT FINDINGS:**

Sand reported five findings related to the receipt and expenditure of taxpayer funds. They are found on pages 82 through 87 of this report. The findings address issues such as lack of segregation of duties, a lack of monthly bank reconciliations in the County Treasurer's office, disbursements exceeding budgeted amounts and a deficit balance in the Capital Projects Fund. Sand provided the County recommendations to address each of these findings.

Two of the five 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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**MADISON COUNTY**

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

**JUNE 30, 2019**

**Madison County**



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

June 23, 2021

Officials of Madison County  
Winterset, Iowa

Dear Board Members:

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

I appreciate the cooperation and courtesy extended by the officials and employees of Madison 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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**Madison County**

**Officials**

**(Before January 2019)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Phil Clifton	Board of Supervisors	Jan 2019
Robert Duff	Board of Supervisors	Jan 2019
Aaron Price	Board of Supervisors	Jan 2021
Heidi L. Burhans	County Auditor	Resigned Jan 2019
Shelley D. Kaster (Appointed Feb 2019)	County Auditor	Nov 2019
Jana S. Corkrean	County Treasurer	Jan 2019
Lisa Smith	County Recorder	Jan 2019
Jason Barnes	County Sheriff	Jan 2021
Matt Schultz	County Attorney	Jan 2019
Joni J. Hopkins	County Assessor	Jan 2020

**(After January 2019)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Aaron Price	Board of Supervisors	Jan 2021
Phil Clifton	Board of Supervisors	Jan 2023
Diane Fitch	Board of Supervisors	Jan 2023
Shelley D. Kaster	County Auditor	Jan 2021
Jana S. Corkrean	County Treasurer	Jan 2023
Lisa Smith	County Recorder	Jan 2023
Jason Barnes	County Sheriff	Jan 2021
Matt Schultz	County Attorney	Jan 2023
Joni J. Hopkins	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Madison County:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Madison County as of June 30, 2019, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios on pages 8 through 14 and 54 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Madison County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2021 on our consideration of Madison 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 Madison County's internal control over financial reporting and compliance.

  
Marlys K. Gaston, CPA  
Deputy Auditor of State

June 23, 2021

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Madison County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2019 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 9.7%, or approximately \$1,652,000, from fiscal year 2018 to fiscal year 2019. Property tax increased approximately \$488,000, operating grants, contributions and restricted interest increased approximately \$580,000 and capital grants, contributions and restricted interest increased approximately \$405,000.
- Program expenses of the County's governmental activities increased 1.1%, or approximately \$159,000, more in fiscal year 2019 than in fiscal year 2018. Mental Health expenses decreased approximately \$358,000 from fiscal year 2018, while administration expenses increased approximately \$282,000 and roads and transportation increased approximately \$135,000.
- The County's net position increased 18.9%, or approximately \$4,530,000, from June 30, 2018 to June 30, 2019.

### **USING THIS ANNUAL REPORT**

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Madison 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 Madison 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 Madison 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 Internal Service Funds and Agency Funds.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

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

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

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

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

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

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

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Madison County's combined net position increased from approximately \$24 million to approximately \$28.5 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2019	2018
Current and other assets	\$ 16,286	14,773
Capital assets	25,201	21,523
Total assets	41,487	36,296
Deferred outflows of resources	1,221	1,186
Long-term liabilities	5,120	5,243
Other liabilities	895	773
Total liabilities	6,015	6,016
Deferred inflows of resources	8,207	7,510
Net position:		
Net investment in capital assets	24,103	20,428
Restricted	5,152	3,930
Unrestricted	(769)	(402)
Total net position	\$ 28,486	23,956

Net position of Madison County's governmental activities increased 18.9% (approximately \$28.5 million compared to approximately \$24 million).

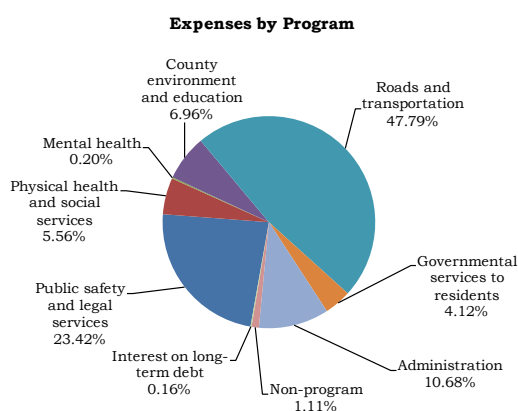
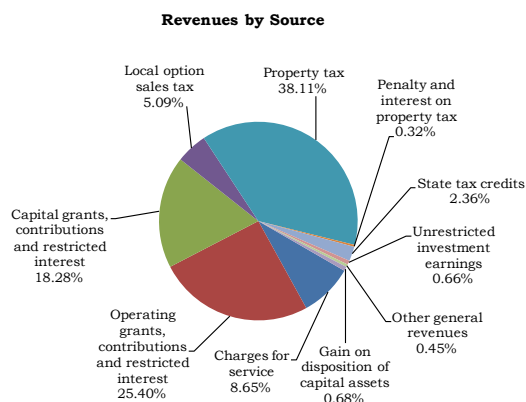
The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Net position invested in capital assets increased approximately \$3,675,000 due to increased road construction projects.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net position increased approximately \$1,222,000 due to increases in the amounts restricted for secondary roads, mental health, rural services purposes and other purposes.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from a deficit of approximately \$402,000 at June 30, 2018 to a deficit of approximately \$769,000 at the end of this year. The deficit unrestricted net position is due to recording the net position and total OPEB liabilities.

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

	Year ended June 30,	
	2019	2018
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,609	1,777
Operating grants, contributions and restricted interest	4,725	4,145
Capital grants, contributions and restricted interest	3,400	2,995
<b>General revenues:</b>		
Property tax	7,089	6,601
Penalty and interest on property tax	60	53
State tax credits	439	427
Local option sales tax	947	808
Unrestricted investment earnings	122	59
Gain on disposition of capital assets	127	-
Other general revenues	83	84
<b>Total revenues</b>	<b>18,601</b>	<b>16,949</b>
<b>Program expenses:</b>		
Public safety and legal services	3,296	3,251
Physical health and social services	782	752
Mental health	28	386
County environment and education	979	954
Roads and transportation	6,725	6,590
Governmental services to residents	580	599
Administration	1,503	1,221
Non-program	156	136
Interest on long-term debt	22	23
<b>Total expenses</b>	<b>14,071</b>	<b>13,912</b>
<b>Change in net position</b>	<b>4,530</b>	<b>3,037</b>
<b>Net position beginning of year</b>	<b>23,956</b>	<b>20,919</b>
<b>Net position end of year</b>	<b>\$ 28,486</b>	<b>23,956</b>



Madison County's net position of governmental activities increased approximately \$4,530,000 during the year. Revenues for governmental activities increased approximately \$1,652,000 over the prior year, with property tax revenues increasing approximately \$488,000, operating grants, contributions and restricted interest increasing approximately \$177,000 primarily due to an increase in road use taxes as well as donations to the Madison County Foundation for Environmental Education blended component unit and capital grants, contributions and restricted interest increasing approximately \$405,000 primarily due to an increase in capital asset contributions from the Iowa Department of Transportation for farm to market projects.

The countywide property tax levy rate decreased 0.25%, or \$0.01 per \$1,000 of taxable valuation and the rural property tax levy rate decreased 0.14%, or \$0.01 per \$1,000 for fiscal year 2019. However, the countywide property tax valuation increased 7% and the rural property tax valuation increased 7.8% for fiscal year 2019. Based on the increases in the property tax valuations, property tax revenue was budgeted to increase approximately \$498,000.

The cost of all governmental activities this year was similar to last year at approximately \$14.1 million. However, as shown in the Statement of Activities on page 20, the amount taxpayers ultimately financed for these activities was approximately \$4.3 million because some of the cost was paid by those directly benefited from the programs (approximately \$1.6 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$8.1 million). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2019 from approximately \$8,917,000 to approximately \$9,734,000, primarily due to an increase in capital asset contributions from the Iowa Department of Transportation.

#### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Madison County completed the year, its governmental funds reported a combined fund balance of approximately \$7.0 million, an increase of approximately \$960,000 over last year's total of approximately \$6.0 million. The 16.0% increase in fund balance is primarily attributable to the following:

- General Fund revenues increased approximately \$347,000, or 5.6%, over the prior year. This is primarily due to an increase in property taxes from new housing developments in the County. Expenditures increased approximately \$614,000, or 10.6%, over the prior year, primarily due to the purchase of new computers and servers for the County offices. The ending fund balance decreased approximately \$24,000, or 1.2%, from the prior year, from \$2,060,182 to \$1,886,053.
- For fiscal year 2019, Special Revenue, Mental Health Fund expenditures total approximately \$28,000, a decrease of 92.9% from the prior year. Expenditures decreased in fiscal year 2019 due to the County dissolving their agreement with Boone County to share positions with them. The County created their own positions and the Mental Health Region allowed the County to retain more funds at year end to cover the salaries.
- Special Revenue, Rural Services Fund revenues increased approximately \$249,000, or 8.1%. The primary reason for the increase is due to additional property tax received. Expenditures increased approximately \$171,000 or 14.3% when compared to the prior year, primarily due to increased ambulance calls resulting in higher wages and the purchase of two vehicles for the Sheriff's office. The ending fund balance increased approximately \$190,000, or 30%, over the prior year to \$823,559.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$64,000, or 1.4%, over the prior year, primarily the result of an increase in road use taxes and a decrease in bridge repair project reimbursements. Expenditures increased approximately \$209,000, or 3.4%. The ending fund balance increased 7.3%, or approximately \$201,000, over the prior year to an ending balance of \$2,972,929.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Madison County amended its budget one time. The amendment, made on June 25, 2019, increased budgeted disbursements for the public safety and legal services, physical health and social services, government services to residents, administration, and capital projects functions and decreased budgeted disbursements for the mental health and county environment and education functions.

The County's receipts were approximately \$557,000 less than budgeted, a variance of 3.6%. The most significant variance resulted from the County receiving less intergovernmental receipts due to delay of the Cedar Bridge project.

Total disbursements were approximately \$1,679,000 less than the amended budget. This was primarily due to the County spending approximately \$927,000 less than budgeted for capital projects, approximately \$398,000 less than budgeted for roads and transportation and approximately \$146,000 less than budgeted for administration.

Disbursements during the year ended June 30, 2019 exceeded the amount budgeted in the public safety and legal services function prior to amendment. In addition, disbursements in certain departments exceeded the amounts appropriated.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2019, Madison County had approximately \$25.2 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$3,678,000, or 17.1% over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2019	2018
Land	\$ 1,649	1,649
Intangibles	104	104
Construction in progress	2,953	787
Buildings and improvements	2,545	2,496
Equipment and vehicles	2,738	2,102
Infrastructure	15,212	14,385
Total	\$ 25,201	21,523
This year's major additions included (in thousands):		
Equipment and Vehicles	\$ 1,124	
Infrastructure	1,721	
Total	\$ 2,845	

The County had depreciation expense of \$1,481,379 in fiscal year 2019 and total accumulated depreciation of \$15,159,886 at June 30, 2019.

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



## **Long-Term Debt**

At June 30, 2019, Madison County had \$980,000 of general obligation notes compared to \$1,095,000 of general obligation bonds and notes outstanding at June 30, 2018.

Debt decreased as a result of scheduled debt payments during fiscal year 2019.

The Constitution of the State of Iowa limits the amount of debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Madison County's outstanding debt is significantly below its constitutional debt limit of approximately \$81.3 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Madison County's elected and appointed officials and citizens consider many factors when budgeting each fiscal year. Tax rates and fees for various county services are only part of what has to be considered. The economy is another major factor. Interest rates continue to be low and document recording fees continue to come in strong. More homes are being refinanced as the mortgage market improves and building permits are holding steady. In addition, union wages are set through June 30, 2020.

Madison County's General Fund balances experienced strong growth in fiscal year 2019, which has continued throughout fiscal year 2020. The General Fund's monthly balance is regularly above \$1,000,000, and the Group Health Insurance Fund now maintains a monthly balance of \$500,000 to \$600,000.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Madison County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Madison County Auditor's Office, 112 N John Wayne Drive, Winterset, Iowa 50273-1534.

## **Basic Financial Statements**

Madison County  
Statement of Net Position  
June 30, 2019

	Governmental Activities
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 7,192,269
Receivables:	
Property tax:	
Delinquent	21,523
Succeeding year	7,734,000
Succeeding year tax increment financing	155,000
Accounts	291,084
Accrued interest	13,337
Due from other governments	503,755
Inventories	375,302
Capital assets, net of accumulated depreciation	25,200,516
<b>Total assets</b>	<b>41,486,786</b>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	1,215,759
OPEB related deferred outflows	5,591
<b>Total deferred outflows of resources</b>	<b>1,221,350</b>
<b>Liabilities</b>	
Accounts payable	702,222
Accrued interest payable	1,652
Salaries and benefits payable	173,754
Due to other governments	16,963
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes	115,000
Installment purchase agreement	117,703
Compensated absences	383,768
Portion due or payable after one year:	
General obligation notes	865,000
Compensated absences	426,545
Net pension liability	2,952,674
Total OPEB liability	259,089
<b>Total liabilities</b>	<b>6,014,370</b>
<b>Deferred Inflows of Resources:</b>	
Unavailable property tax revenue	7,734,000
Unavailable tax increment financing revenue	155,000
Pension related deferred inflows	314,732
OPEB related deferred inflows	3,483
<b>Total deferred inflows of resources</b>	<b>8,207,215</b>
<b>Net Position</b>	
Net investment in capital assets	24,102,813
Restricted for:	
Supplemental levy purposes	520,904
Mental health purposes	418,892
Rural services purposes	790,218
Secondary roads purposes	2,513,877
Conservation land acquisition purposes	3,518
Debt service	1,078
Other purposes	904,133
Unrestricted	(768,882)
<b>Total net position</b>	<b>\$ 28,486,551</b>

See notes to financial statements.

Madison County  
Statement of Activities  
Year ended June 30, 2019

	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	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 3,295,922	652,578	92,575	-	(2,550,769)
Physical health and social services	782,301	57,198	43,982	-	(681,121)
Mental health	27,635	-	60,747	-	33,112
County environment and education	979,089	148,881	490,057	-	(340,151)
Roads and transportation	6,724,958	71,691	4,035,892	3,400,011	782,636
Governmental services to residents	580,429	402,684	1,836	-	(175,909)
Administration	1,502,545	108,428	239	-	(1,393,878)
Non-program	156,474	167,630	-	-	11,156
Interest on long-term debt	21,883	-	-	-	(21,883)
<b>Total</b>	<b>\$ 14,071,236</b>	<b>1,609,090</b>	<b>4,725,328</b>	<b>3,400,011</b>	<b>(4,336,807)</b>
<b>General Revenues:</b>					
Property and other county tax levied for					
General purposes					7,043,001
Debt service					46,148
Penalty and interest on property tax					59,906
State tax credits					439,256
Local option sales tax					947,157
Unrestricted investment earnings					121,942
Gain on disposition of capital assets					127,300
Miscellaneous					82,271
<b>Total general revenues</b>					<b>8,866,981</b>
Change in net position					4,530,174
Net position beginning of year					23,956,377
Net position end of year					<b>\$ 28,486,551</b>

See notes to financial statements.

Madison County  
Balance Sheet  
Governmental Funds

June 30, 2019

		Special
	General	Mental Health
<b>Assets</b>		
Cash, cash equivalents and pooled investments	\$ 1,679,830	419,009
Receivables:		
Property tax:		
Delinquent	16,732	583
Succeeding year	4,812,000	353,000
Succeeding year tax increment financing	-	-
Accounts	258,721	-
Accrued interest	13,036	-
Due from other funds	140,130	-
Due from other governments	23,258	-
Inventories	-	-
Advances to other funds	60,000	-
Interfund loan receivable	150,000	-
	<b>\$ 7,153,707</b>	<b>772,592</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 78,896	-
Salaries and benefits payable	74,645	700
Due to other funds	-	-
Due to other governments	14,471	-
Interfund loan payable	-	-
Total liabilities	168,012	700
Deferred inflows of resources:		
Unavailable revenues:		
Succeeding year property tax	4,812,000	353,000
Succeeding year tax increment financing	-	-
Other	137,642	583
Total deferred inflows of resources	4,949,642	353,583
Fund balances:		
Nonspendable:		
Inventories	-	-
Advance to Internal Service Fund	60,000	-
Interfund loan receivable	150,000	-
Restricted for:		
Supplemental levy purposes	548,747	-
Mental health purposes	-	418,309
Rural services purposes	-	-
Secondary roads purposes	-	-
Debt service	-	-
Other purposes	-	-
Conservation land acquisition	3,518	-
Unassigned	1,273,788	-
Total fund balances	2,036,053	418,309
	<b>\$ 7,153,707</b>	<b>772,592</b>

See notes to financial statements.

Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
727,068	2,699,951	961,811	6,487,669
4,135	-	73	21,523
2,521,000	-	48,000	7,734,000
-	-	155,000	155,000
350	1,449	345	260,865
-	-	181	13,217
-	-	-	140,130
121,766	330,025	28,706	503,755
-	346,877	-	346,877
-	-	-	60,000
-	-	-	150,000
<b>3,374,319</b>	<b>3,378,302</b>	<b>1,194,116</b>	<b>15,873,036</b>
3,449	326,648	97	409,090
21,759	76,650	-	173,754
-	-	140,130	140,130
417	2,075	-	16,963
-	-	150,000	150,000
<b>25,625</b>	<b>405,373</b>	<b>290,227</b>	<b>889,937</b>
2,521,000	-	48,000	7,734,000
-	-	155,000	155,000
4,135	-	73	142,433
<b>2,525,135</b>	<b>-</b>	<b>203,073</b>	<b>8,031,433</b>
-	346,877	-	346,877
-	-	-	60,000
-	-	-	150,000
-	-	-	548,747
-	-	-	418,309
823,559	-	-	823,559
-	2,626,052	-	2,626,052
-	-	1,005	1,005
-	-	905,785	905,785
-	-	-	3,518
-	-	(205,974)	1,067,814
<b>823,559</b>	<b>2,972,929</b>	<b>700,816</b>	<b>6,951,666</b>
<b>3,374,319</b>	<b>3,378,302</b>	<b>1,194,116</b>	<b>15,873,036</b>

**Madison County**

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

June 30, 2019

**Total governmental fund balances (page 22)** \$ 6,951,666

**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 \$40,360,402 and the accumulated depreciation is \$15,159,886. 25,200,516

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. 142,433

The Internal Service Funds are used by management to charge the costs of the self-funding of the County's health insurance benefit plan and other internal costs to individual funds. The assets and liabilities of the Internal Service Funds are included with governmental activities in the Statement of Net Position. 410,232

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	\$ 1,221,350	
Deferred inflows of resources	<u>(318,215)</u>	903,135

Long-term liabilities, including general obligation notes payable, compensated absences payable, other postemployment benefits 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. (5,121,431)

**Net position of governmental activities (page 19)** \$ 28,486,551

See notes to financial statements.



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

Year ended June 30, 2019

	General	Special Mental Health
Revenues:		
Property and other county tax	\$ 4,378,781	334,045
Local option sales tax	-	-
Interest and penalty on property tax	59,906	-
Intergovernmental	587,947	22,414
Licenses and permits	1,331	-
Charges for service	1,135,723	-
Use of money and property	199,850	-
Miscellaneous	146,080	-
Total revenues	<u>6,509,618</u>	<u>356,459</u>
Expenditures:		
Operating:		
Public safety and legal services	3,097,993	-
Physical health and social services	625,087	-
Mental health	-	27,585
County environment and education	631,187	-
Roads and transportation	-	-
Governmental services to residents	586,162	-
Administration	1,455,765	-
Debt service	-	-
Capital projects	-	-
Total expenditures	<u>6,396,194</u>	<u>27,585</u>
Excess (deficiency) of revenues over (under) expenditures	<u>113,424</u>	<u>328,874</u>
Other financing sources (uses):		
Sale of capital assets	1,100	-
Transfers in	-	-
Transfers out	(138,653)	-
Installment purchase agreement	-	-
Total other financing sources (uses)	<u>(137,553)</u>	<u>-</u>
Change in fund balances	(24,129)	328,874
Fund balances beginning of year	<u>2,060,182</u>	<u>89,435</u>
Fund balances end of year	<u>\$ 2,036,053</u>	<u>418,309</u>

See notes to financial statements.

Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
2,333,201	-	46,148	7,092,175
757,726	-	189,431	947,157
-	-	-	59,906
138,709	4,585,222	12,463	5,346,755
77,235	23,115	-	101,681
7,150	8,693	4,083	1,155,649
-	-	6,832	206,682
38	16,584	478,237	640,939
<u>3,314,059</u>	<u>4,633,614</u>	<u>737,194</u>	<u>15,550,944</u>
370,248	-	-	3,468,241
157,062	-	-	782,149
-	-	-	27,585
213,578	-	74,952	919,717
617,559	5,359,211	-	5,976,770
3,657	-	3,227	593,046
-	-	18,586	1,474,351
-	-	137,027	137,027
8,050	1,083,120	239,578	1,330,748
<u>1,370,154</u>	<u>6,442,331</u>	<u>473,370</u>	<u>14,709,634</u>
<u>1,943,905</u>	<u>(1,808,717)</u>	<u>263,824</u>	<u>841,310</u>
-	-	-	1,100
-	1,892,354	10,000	1,902,354
(1,753,701)	-	(10,000)	(1,902,354)
-	117,703	-	117,703
<u>(1,753,701)</u>	<u>2,010,057</u>	<u>-</u>	<u>118,803</u>
190,204	201,340	263,824	960,113
633,355	2,771,589	436,992	5,991,553
<u>823,559</u>	<u>2,972,929</u>	<u>700,816</u>	<u>6,951,666</u>

Madison County

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

Year ended June 30, 2019

**Change in fund balances - Total governmental funds (page 26)** \$ 960,113

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

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

Expenditures for capital assets	\$ 2,175,378	
Contributed capital assets	2,857,043	
Depreciation expense	<u>(1,481,379)</u>	3,551,042

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. 126,198

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	(3,026)	
Other	<u>(98,481)</u>	(101,507)

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	(117,703)	
Repaid	<u>115,000</u>	(2,703)

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. 482,472

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	16,431	
OPEB expense	(22,451)	
Pension expense	(502,785)	
Interest on long-term debt	<u>144</u>	(508,661)

The Internal Service Funds are used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan and other internal costs to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities. 23,220

**Change in net position of governmental activities (page 20)** \$ 4,530,174

See notes to financial statements.

Madison County  
Statement of Net Position  
Proprietary Funds

June 30, 2019

	<u>Internal Service</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 704,600
Accounts receivable	30,219
Accrued Interest	120
Inventories	<u>28,425</u>
<b>Total assets</b>	<u>763,364</u>
<b>Liabilities</b>	
Accounts payable	293,132
Advance from General Fund	<u>60,000</u>
<b>Total liabilities</b>	<u>353,132</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 410,232</u>

See notes to financial statements.

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

Year ended June 30, 2019

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds and employees		\$ 2,217,962
Reimbursements from others		<u>156,294</u>
Total operating revenues		2,374,256
Operating expenses:		
Medical claims	\$ 1,983,741	
Materials and supplies	<u>377,094</u>	<u>2,360,835</u>
Operating income		13,421
Non-operating revenues:		
Interest income		<u>9,799</u>
Net income		23,220
Net position beginning of year		<u>387,012</u>
Net position end of year		<u>\$ 410,232</u>

See notes to financial statements.

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

	Internal Service
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 2,213,844
Cash received from others	156,834
Cash paid to suppliers for goods and services	(2,322,543)
Net cash provided by operating activities	48,135
Cash flows from investing activities:	
Interest on investments	9,799
Net increase in cash and cash equivalents	57,934
Cash and cash equivalents beginning of year	646,666
Cash and cash equivalents end of year	\$ 704,600
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 13,421
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(4,118)
Accrued interest	540
Inventories	5,314
Accounts payable	32,978
Net cash provided by operating activities	\$ 48,135

See notes to financial statements.

**Madison County**

Madison County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2019

**Assets**

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 9,809,684
Other County officials	34,149

Receivables:

Property tax:	
Delinquent	36,497
Succeeding year	25,745,000
Accounts	66,217
Accrued interest	7,317
Due from other governments	26,687
Special assessments	211,833

<b>Total assets</b>	35,937,384
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**Liabilities**

Accounts payable	714,436
Salaries and benefits payable	6,700
Due to other governments	35,204,260
Trusts payable	11,988

<b>Total liabilities</b>	35,937,384
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<b>Net position</b>	\$ -
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See notes to financial statements.



Madison County

Notes to Financial Statements

June 30, 2019

**(1) Summary of Significant Accounting Policies**

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

Blended Component Unit – 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.

Madison County Covered Bridge Preservation Association, Inc. (Association) is legally separate from the County, but is so intertwined with the County it is, in substance, the same as the County. The Association was established pursuant to Chapter 504A of the Code of Iowa to promote the repair, maintenance and preservation of Madison County's six covered bridges. The Association is reported as a Special Revenue Fund.

Madison County Foundation for Environmental Education, Inc. (MCFEE) is legally separate from the County, but is so intertwined with the County it is, in substance, the same as the County. MCFEE was established pursuant to Chapter 504A of the Code of Iowa to promote conservation practices throughout Madison County through land management, education and environmental preservation. MCFEE is reported as a Special Revenue Fund.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Madison County Assessor’s Conference Board, Madison County Emergency Management Commission, South Central Iowa Regional 911 Board and the Madison County Empowerment 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 unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources 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 and proprietary funds are aggregated and reported as nonmajor governmental and proprietary funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

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

#### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments based on January 1, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2018.

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

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

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

Advances to/from Other Funds – Non-current long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve for governmental funds, which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

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 and proprietary funds are recorded as expenditures when consumed rather than when purchased.

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

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

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

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

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

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

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

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

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

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Madison 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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not

collected within sixty days after year end and succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2019, disbursements exceeded the amount budgeted in the public safety and legal services function prior to amendment. In addition, disbursements in certain departments exceeded the amounts appropriated.

### **(2) Cash, Cash Equivalents and Pooled Investments**

The County's deposits in banks at June 30, 2019 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$9,256,574 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.



Component Units

Madison County Covered Bridge Preservation Association, Inc.

At June 30, 2019, the Madison County Covered Bridge Preservation Association, Inc. had the following investments:

<u>Investment</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Mutual funds	\$ 54,899	57,640
Corporate bonds	39,711	40,861
Total	<u>\$ 94,610</u>	<u>98,501</u>

The Madison County Covered Bridge Preservation Association, Inc. uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs.

The recurring fair value of the Madison County Covered Bridge Preservation Association, Inc.'s mutual funds and corporate bonds were determined using quoted market prices (Level 1 inputs).

Interest rate risk – The Association's Board has determined that the Association can tolerate some interim fluctuation in the funds' market value and rates of return in order to achieve long-term growth objectives. Given this, the Association has determined that its risk tolerance is conservative.

Madison County Foundation for Environmental Education

At June 30, 2019, the Madison County Foundation for Environmental Education had the following investments:

<u>Investment</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Mutual funds	<u>\$ 58,167</u>	<u>61,687</u>

The Madison County Foundation for Environmental Education uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs.

The recurring fair value of the Madison County Foundation for Environmental Education mutual funds were determined using quoted market prices (Level 1 inputs).

**(3) Interfund Assets/Liabilities**

The detail of advances to/from other funds at June 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Internal Service: Fuel	\$ 60,000
Special Revenue: TIF Special Revenue	General	<u>150,000</u>
		<u>\$ 210,000</u>

The advance between the General Fund and the Internal Service, Fuel Fund resulted from a loan between funds which has not been repaid.

The advance between the Special Revenue, TIF Special Revenue Fund and the General Fund resulted from a loan between the funds to cover urban renewal project costs. The funds were transferred into a sub fund of the Special Revenue, TIF Fund, UR Project Fund, where they are used to cover the expenditures related to urban renewal projects.

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Projects	<u>\$ 55,974</u>

The General Fund advanced \$55,974 to the Capital Projects Fund to pay for capital project expenses.

**(4) Interfund Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 138,653
	Special Revenue: Rural Services	<u>1,753,701</u>
		<u>1,892,354</u>
Capital Projects	Special Revenue: Local Option Sales Tax	<u>10,000</u>
		<u>10,000</u>
Total		<u>\$ 1,902,354</u>

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

## (5) Capital Assets

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,648,385	-	-	1,648,385
Intangibles, road network	104,029	-	-	104,029
Construction in progress	786,875	3,886,955	(1,721,229)	2,952,601
Total capital assets not being depreciated	2,539,289	3,886,955	(1,721,229)	4,705,015
Capital assets being depreciated:				
Buildings	4,213,709	147,134	-	4,360,843
Improvements other than buildings	31,147	-	-	31,147
Equipment and vehicles	8,675,446	1,124,530	(559,758)	9,240,218
Infrastructure, road network	20,301,950	1,721,229	-	22,023,179
Total capital assets being depreciated	33,222,252	2,992,893	(559,758)	35,655,387
Less accumulated depreciation for:				
Buildings	1,717,133	98,408	-	1,815,541
Improvements other than buildings	31,147	-	-	31,147
Equipment and vehicles	6,572,710	489,288	(559,758)	6,502,240
Infrastructure, road network	5,917,275	893,683	-	6,810,958
Total accumulated depreciation	14,238,265	1,481,379	(559,758)	15,159,886
Total capital assets being depreciated, net	18,983,987	1,511,514	-	20,495,501
Governmental activities capital assets, net	\$ 21,523,276	5,398,469	(1,721,229)	25,200,516

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 119,903
Physical health and social services	8,298
County environment and education	21,150
Roads and transportation	1,270,747
Administration	61,281
Total depreciation expense - governmental activities	<u>\$ 1,481,379</u>

**(6) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 14,471
Special Revenue:		
Rural Services	Services	417
Secondary Roads	Services	2,075
Total for governmental funds		<u>\$ 16,963</u>
Agency:		
County Offices	Collections	\$ 22,744
Agricultural Extension Education		250,963
Central Iowa Community Services		7,941,220
County Assessor		513,460
Schools		15,571,048
Community Colleges		603,820
Corporations		6,277,768
Townships		421,236
County Hospital		2,388,693
Special Assessments		214,549
Auto License and Use Tax		667,138
Other		331,621
Total for agency funds		<u>\$ 35,204,260</u>

**(7) Long-Term Liabilities**

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

	General Obligation Refunding Notes	General Obligation Capital Loan Notes	Installment Purchase Agreement	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 735,000	360,000	-	826,744	3,090,437	230,447	5,242,628
Increases	-	-	117,703	576,177	-	28,642	722,522
Decreases	75,000	40,000	-	592,608	137,763	-	845,371
Balance end of year	<u>\$ 660,000</u>	<u>320,000</u>	<u>117,703</u>	<u>810,313</u>	<u>2,952,674</u>	<u>259,089</u>	<u>5,119,779</u>
Due within one year	\$ 75,000	40,000	117,703	383,768	-	-	616,471

General Obligation Notes

A summary of the County’s June 30, 2019 general obligation bonded indebtedness is as follows:

Year Ending June 30,	General Obligation Refunding Notes					
	General Obligation Refunding Notes			General Obligation Capital Loan Notes		
	Issued June 22, 2016			Issued July 3, 2017		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2020	1.20%	\$ 75,000	11,960	2.45%	\$ 40,000	7,861
2021	1.20	80,000	11,060	2.45	40,000	6,860
2022	2.00	80,000	10,100	2.45	40,000	5,880
2023	2.00	80,000	8,500	2.45	40,000	4,900
2024	2.00	85,000	6,900	2.45	40,000	3,931
2025-2028	2.00	260,000	10,500	2.45	120,000	5,880
Total		\$ 660,000	59,020		\$ 320,000	35,312

General Obligation Refunding Notes

On June 22, 2017, the County issued \$810,000 of general obligation local option sales and service tax refunding capital loan notes for the crossover advance refunding of \$775,000 of general obligation local sales and service tax bonds dated August 25, 2010. The \$775,000 of bonds were called on June 1, 2017. During the year ended June 30, 2019, the County retired \$75,000 of the notes.

General Obligation Capital Loan Notes

General obligation capital loan notes totaling \$400,000 were issued on July 3, 2017 to Farmers and Merchants State Bank for the purpose of paying the costs of public buildings, including the site or grounds of, and the erection, equipment, remodeling, or reconstruction of, and additions or extensions to the buildings, including acquisition of the Union State Bank property. The notes bear interest of 2.45% per annum and mature on June 1, 2027. During the year ended June 30, 2019, the County retired \$40,000 of the notes.

Installment Purchase Agreement

On August 6, 2018, the County entered into an installment purchase agreement totaling \$117,703 for the purchase of two motor graders.

**(8) Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://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 age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

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

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

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

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

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

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

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.76% of covered payroll, for a total rate of 19.52%. Protection occupation members contributed 6.81% of covered payroll and the County contributed 10.21% of covered payroll for a total rate of 17.02%.

The County's contributions to IPERS for the year ended June 30, 2019 were \$482,472.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the County reported a liability of \$2,952,674 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the County's proportion was 0.046659%, which was an increase of 0.000265% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$502,785. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,310	89,897
Changes of assumptions	574,885	90,116
Net difference between projected and actual earnings on IPERS' investments	-	123,838
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	132,092	10,881
County contributions subsequent to the measurement date	482,472	-
Total	<u>\$ 1,215,759</u>	<u>314,732</u>

\$482,472 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2020	281,114
2021	155,868
2022	(25,659)
2023	7,588
2024	(356)
Total	<u>\$ 418,555</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

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

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

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	100%	

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



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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 5,878,011	2,952,674	499,697

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](http://www.ipers.org).

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

**(9) Other Postemployment Benefits (OPEB)**

Plan Description – The County administers a single-employer benefit plan which provides medical, 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 Madison County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	<u>89</u>
Total	<u><u>89</u></u>

Total OPEB Liability – The County's total OPEB liability of \$259,089 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2019)	2.60% per annum.
Rates of salary increase (effective June 30, 2019)	3.25% to 16.25% average, including inflation.
Discount rate (effective June 30, 2019)	3.50% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2019)	8.60% for fiscal year 2019.

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 Employee Table, projected generationally using MP-2017. Annual retirement rates are from the RP-2014 Healthy Annuitant Table, projected generationally using MP-2017.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 230,447
Changes for the year:	
Service cost	19,567
Interest	9,543
Differences between expected and actual experiences	-
Changes in assumptions	6,435
Benefit payments	<u>(6,903)</u>
Net changes	<u>28,642</u>
Total OPEB liability end of year	<u>\$ 259,089</u>

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.50% in fiscal year 2019.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) 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	\$ 277,175	259,089	241,927

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.60%) or 1% higher (9.60%) than the current healthcare cost trend rates.

	1% Decrease (7.6%)	Healthcare Cost Trend Rate (8.6%)	1% Increase (9.6%)
Total OPEB liability	\$ 231,361	259,089	291,709

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the County recognized OPEB expense of \$28,642. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 5,591	(3,483)

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

Year ending June 30,	Amount
2020	\$ 244
2021	244
2022	244
2023	244
2024	244
Thereafter	888
	<u>\$ 2,108</u>

## **(10) Risk Management**

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

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2019 were \$135,306.

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

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

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

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

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

**(11) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2019 was \$1,844,393.

Amounts payable from the Employee Group Health Fund at June 30, 2019 total \$274,977, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$317,104 at June 30, 2019 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 207,487
Incurred claims (including claims incurred but not reported at June 30, 2019)	1,983,741
Payments on claims during the fiscal year	<u>(1,916,251)</u>
Unpaid claims end of year	<u>\$ 274,977</u>

**(12) Tax Abatements**

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

**Tax Abatements of Other Entities**

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

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Winterset	Urban renewal and economic development projects	\$ 87,925
City of Earlham	Urban renewal and economic development projects	14,505
City of Patterson	Urban renewal and economic development projects	2,392

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

Central Iowa Community Services, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Boone County, Franklin County, Hamilton County, Hardin County, Jasper County, Marshall County, Poweshiek County, Story County, Warren County and Madison 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, 2019, as follows:

Revenues:		
Property and other county tax		\$ 334,045
Intergovernmental:		
State tax credits	\$ 22,274	
Other	140	22,414
Total revenues		<u>356,459</u>
Expenditures:		
Services to persons with:		
Mental illness		19,018
General administration:		
Direct administration	4,098	
Distribution to regional fiscal agent	4,469	8,567
Total expenditures		<u>27,585</u>
Excess of revenues over expenditures		328,874
Fund balance beginning of year		<u>89,435</u>
Fund balance end of year		<u>\$ 418,309</u>

**(14) Subsequent Event**

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

**Required Supplementary Information**



Madison County

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

Required Supplementary Information

Year ended June 30, 2019

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 8,034,175	-	8,034,175
Interest and penalty on property tax	59,918	-	59,918
Intergovernmental	5,314,655	-	5,314,655
Licenses and permits	101,930	-	101,930
Charges for service	1,162,254	-	1,162,254
Use of money and property	203,762	4,260	199,502
Miscellaneous	647,792	477,544	170,248
Total receipts	<u>15,524,486</u>	<u>481,804</u>	<u>15,042,682</u>
<b>Disbursements:</b>			
Public safety and legal services	3,487,142	-	3,487,142
Physical health and social services	769,949	-	769,949
Mental health	29,720	-	29,720
County environment and education	915,946	73,348	842,598
Roads and transportation	5,748,842	-	5,748,842
Governmental services to residents	593,858	-	593,858
Administration	1,428,111	-	1,428,111
Debt service	137,027	-	137,027
Capital projects	1,366,978	-	1,366,978
Total disbursements	<u>14,477,573</u>	<u>73,348</u>	<u>14,404,225</u>
Excess (deficiency) of receipts over (under) disbursements	1,046,913	408,456	638,457
Other financing sources, net	1,100	-	1,100
Change in balances	1,048,013	408,456	639,557
Balance beginning of year	5,439,656	224,657	5,214,999
Balance end of year	<u>\$ 6,487,669</u>	<u>633,113</u>	<u>5,854,556</u>

See accompanying independent auditor's report.

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Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,914,287	7,928,671	105,504
67,255	67,255	(7,337)
5,565,983	6,321,560	(1,006,905)
64,946	73,533	28,397
1,000,395	1,000,395	161,859
103,413	102,163	97,339
53,388	106,429	63,819
14,769,667	15,600,006	(557,324)
3,163,978	3,526,729	39,587
879,082	893,908	123,959
353,468	38,468	8,748
891,415	862,340	19,742
6,146,840	6,146,840	397,998
602,974	610,158	16,300
1,554,496	1,573,899	145,788
137,130	137,130	103
1,444,224	2,294,135	927,157
15,173,607	16,083,607	1,679,382
(403,940)	(483,601)	1,122,058
9,500	9,500	(8,400)
(394,440)	(474,101)	1,113,658
4,093,107	4,093,114	1,121,885
3,698,667	3,619,013	2,235,543

**Madison County**

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Madison County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2019

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 15,524,486	26,458	15,550,944
Expenditures	14,477,573	232,061	14,709,634
Net	1,046,913	(205,603)	841,310
Other financing sources, net	1,100	117,703	118,803
Beginning fund balances	5,439,656	551,897	5,991,553
Ending fund balances	<u>\$ 6,487,669</u>	<u>463,997</u>	<u>6,951,666</u>

See accompanying independent auditor's report.

Madison County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2019

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$910,000. The budget amendments are reflected in the final budgeted amounts.

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

Disbursements during the year ended June 30, 2019 exceeded the amount budgeted in the public safety and legal services function prior to amendment. In addition, disbursements in certain departments exceeded the amounts appropriated.

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Madison County

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

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

Required Supplementary Information

	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.046659%	0.046394%	0.046179%	0.042667%	0.039541%
County's proportionate share of the net pension liability	\$ 2,953	3,090	2,906	2,108	1,568
County's covered payroll	\$ 4,808	4,485	4,285	4,129	4,034
County's proportionate share of the net pension liability as a percentage of its covered payroll	61.42%	68.90%	67.82%	51.05%	38.87%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

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Madison County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 482	439	411	394
Contributions in relation to the statutorily required contribution	<u>(482)</u>	<u>(439)</u>	<u>(411)</u>	<u>(394)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 5,021	4,808	4,485	4,285
Contributions as a percentage of covered payroll	9.60%	9.13%	9.16%	9.19%

See accompanying independent auditor's report.

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2015	2014	2013	2012	2011	2010
384	373	365	342	267	239
(384)	(373)	(365)	(342)	(267)	(239)
-	-	-	-	-	-
4,129	4,034	4,029	3,975	3,542	3,379
9.30%	9.25%	9.06%	8.60%	7.54%	7.07%



Madison County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2019

*Changes of benefit terms:*

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

*Changes of assumptions:*

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

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

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

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

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

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

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

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

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Madison County

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

For the Current Year  
Required Supplementary Information

	<u>2019</u>
Service cost	\$ 19,567
Interest cost	9,543
Difference between expected and actual experiences	-
Changes in assumptions	6,435
Benefit payments	<u>(6,903)</u>
Net change in total OPEB liability	<u>28,642</u>
Total OPEB liability beginning of year	<u>230,447</u>
Total OPEB liability end of year	<u>\$ 259,089</u>
Covered-employee payroll	\$ 4,297,238
Total OPEB liability as a percentage of covered-employee payroll	6.0%

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

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

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

Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

**Madison County**

## **Supplementary Information**

Madison County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2019

	County Recorder's Records Management	Resource Enhancement and Protection	Covered Bridge	Special Local Option Sales Tax
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 36,924	99,548	1	96,938
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Accounts	345	-	-	-
Accrued interest	69	112	-	-
Due from other governments	-	-	-	28,706
<b>Total assets</b>	<b>\$ 37,338</b>	<b>99,660</b>	<b>1</b>	<b>125,644</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	49	-	48
Due to other funds	-	-	-	-
Interfund loan payable	-	-	-	-
Total liabilities	-	49	-	48
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Other purposes	37,338	99,611	1	125,596
Unassigned	-	-	-	-
Total fund balances	37,338	99,611	1	125,596
<b>Total liabilities and fund balances</b>	<b>\$ 37,338</b>	<b>99,660</b>	<b>1</b>	<b>125,644</b>

See accompanying independent auditor's report.

Revenue								
Sheriff McDee	County Attorney Forfeiture	TIF Special Revenue	Covered Bridge Preservation Association	Madison County Foundation for Environmental Education	Debt Service	Capital Projects	Total	
8,229	1,897	84,156	279,071	354,042	1,005	-	961,811	
-	-	-	-	-	73	-	73	
-	-	-	-	-	48,000	-	48,000	
-	-	155,000	-	-	-	-	155,000	
-	-	-	-	-	-	-	345	
-	-	-	-	-	-	-	181	
-	-	-	-	-	-	-	28,706	
8,229	1,897	239,156	279,071	354,042	49,078	-	1,194,116	
-	-	-	-	-	-	-	97	
-	-	-	-	-	-	140,130	140,130	
-	-	150,000	-	-	-	-	150,000	
-	-	150,000	-	-	-	140,130	290,227	
-	-	-	-	-	48,000	-	48,000	
-	-	155,000	-	-	-	-	155,000	
-	-	-	-	-	73	-	73	
-	-	155,000	-	-	48,073	-	203,073	
-	-	-	-	-	1,005	-	1,005	
8,229	1,897	-	279,071	354,042	-	-	905,785	
-	-	(65,844)	-	-	-	(140,130)	(205,974)	
8,229	1,897	(65,844)	279,071	354,042	1,005	(140,130)	700,816	
8,229	1,897	239,156	279,071	354,042	49,078	-	1,194,116	

Madison County

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

Year ended June 30, 2019

	County Recorder's Records Management	Resource Enhancement and Protection	Covered Bridge	Special Local Option Sales Tax
Revenues:				
Property and other county tax	\$ -	-	-	-
Local option sales tax	-	-	-	189,431
Intergovernmental	-	9,213	-	-
Charges for service	4,083	-	-	-
Use of money and property	767	1,805	-	-
Miscellaneous	-	-	-	-
Total revenues	4,850	11,018	-	189,431
Expenditures:				
Operating:				
County environment and education	-	1,604	-	-
Governmental Services	3,227	-	-	-
Administration	-	-	-	10,352
Debt Service	-	-	-	88,210
Capital Projects	-	-	-	-
Total expenditures	3,227	1,604	-	98,562
Excess (deficiency) of revenues over (under) expenditures	1,623	9,414	-	90,869
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(10,000)
Total other financing sources (uses)	-	-	-	(10,000)
Change in fund balances	1,623	9,414	-	80,869
Fund balances beginning of year	35,715	90,197	1	44,727
Fund balances end of year	\$ 37,338	99,611	1	125,596

See accompanying independent auditor's report.

Revenue								
Sheriff McDee	County Attorney Forfeiture	TIF Special Revenue	Covered Bridge Preservation Association	Madison County Foundation for Environmental Education	Debt Service	Capital Projects	Total	
-	-	-	-	-	46,148	-	46,148	
-	-	-	-	-	-	-	189,431	
-	-	-	-	-	3,250	-	12,463	
-	-	-	-	-	-	-	4,083	
-	-	-	960	3,300	-	-	6,832	
-	693	-	77,261	400,283	-	-	478,237	
-	693	-	78,221	403,583	49,398	-	737,194	
-	-	-	23,807	49,541	-	-	74,952	
-	-	-	-	-	-	-	3,227	
8,234	-	-	-	-	-	-	18,586	
-	-	-	-	-	48,817	-	137,027	
-	-	65,844	-	-	-	173,734	239,578	
8,234	-	65,844	23,807	49,541	48,817	173,734	473,370	
(8,234)	693	(65,844)	54,414	354,042	581	(173,734)	263,824	
-	-	-	-	-	-	10,000	10,000	
-	-	-	-	-	-	-	(10,000)	
-	-	-	-	-	-	10,000	-	
(8,234)	693	(65,844)	54,414	354,042	581	(163,734)	263,824	
16,463	1,204	-	224,657	-	424	23,604	436,992	
8,229	1,897	(65,844)	279,071	354,042	1,005	(140,130)	700,816	



**Schedule 3**

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## Madison County

Combining Schedule of Net Position  
Internal Service Funds

June 30, 2019

	Fuel	Supplies	Employee Group Health	Unemployment Insurance	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 87,648	9,264	591,961	15,727	704,600
Accounts receivable	30,217	2	-	-	30,219
Accrued interest	-	-	120	-	120
Inventories	28,425	-	-	-	28,425
<b>Total assets</b>	<b>146,290</b>	<b>9,266</b>	<b>592,081</b>	<b>15,727</b>	<b>763,364</b>
<b>Liabilities</b>					
Accounts payable	18,155	-	274,977	-	293,132
Advance from General Fund	60,000	-	-	-	60,000
<b>Total liabilities</b>	<b>78,155</b>	<b>-</b>	<b>274,977</b>	<b>-</b>	<b>353,132</b>
<b>Net Position</b>					
Unrestricted	\$ 68,135	9,266	317,104	15,727	410,232

See accompanying independent auditor's report.

## Madison County

Combining Schedule of Revenues, Expenses and  
Changes in Fund Net Position  
Internal Service Funds

Year ended June 30, 2019

	Fuel	Supplies	Employee Group Health	Unemployment Insurance	Total
Operating revenues:					
Reimbursements from operating funds and employees	\$ 350,122	23,447	1,844,393	-	2,217,962
Reimbursements from others	19,061	1,284	135,949	-	156,294
Total operating revenues	369,183	24,731	1,980,342	-	2,374,256
Operating expenses:					
Medical claims		-	1,983,741	-	1,983,741
Materials and supplies	356,711	20,383	-	-	377,094
Total operating expenses	356,711	20,383	1,983,741	-	2,360,835
Operating income (loss)	12,472	4,348	(3,399)	-	13,421
Non-operating revenues:					
Interest income	-	-	9,799	-	9,799
Net income	12,472	4,348	6,400	-	23,220
Net position beginning of year	55,663	4,918	310,704	15,727	387,012
Net position end of year	\$ 68,135	9,266	317,104	15,727	410,232

See accompanying independent auditor's report.

**Madison County**

Madison County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2019

	Fuel	Supplies	Employee Group Health	Unemployment Insurance	Total
Cash flows from operating activities:					
Cash received from operating fund reimbursements	\$ 346,006	23,445	1,844,393	-	2,213,844
Cash received from others	19,061	1,284	136,489	-	156,834
Cash paid to suppliers for goods and services	(385,909)	(20,383)	(1,916,251)	-	(2,322,543)
Net cash provided (used) by operating activities	(20,842)	4,346	64,631	-	48,135
Cash flows from investing activities:					
Interest on investments	-	-	9,799	-	9,799
Net increase (decrease) in cash and cash equivalents	(20,842)	4,346	74,430	-	57,934
Cash and cash equivalents beginning of year	108,490	4,918	517,531	15,727	646,666
Cash and cash equivalents end of year	\$ 87,648	9,264	591,961	15,727	704,600
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 12,472	4,348	(3,399)	-	13,421
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	(4,116)	(2)	-	-	(4,118)
Accrued interest	-	-	540	-	540
Inventories	5,314	-	-	-	5,314
Accounts payable	(34,512)	-	67,490	-	32,978
Net cash provided (used) by operating activities	\$ (20,842)	4,346	64,631	-	48,135

See accompanying independent auditor's report.

Madison County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2019

	County Offices	Agricultural Extension Education	Central Iowa Community Services	County Assessor	Schools
<b>Assets</b>					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,555	8,620,908	137,105	138,515
Other county officials	34,149	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	408	-	631	24,533
Succeeding year	-	248,000	-	383,000	15,408,000
Accounts	583	-	-	-	-
Accrued interest	-	-	7,317	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	26,537	-	-
<b>Total assets</b>	<b>\$ 34,732</b>	<b>250,963</b>	<b>8,654,762</b>	<b>520,736</b>	<b>15,571,048</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	713,542	795	-
Salaries and benefits payable	-	-	-	6,481	-
Due to other governments	22,744	250,963	7,941,220	513,460	15,571,048
Trusts payable	11,988	-	-	-	-
<b>Total liabilities</b>	<b>\$ 34,732</b>	<b>250,963</b>	<b>8,654,762</b>	<b>520,736</b>	<b>15,571,048</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Special Assess- ments	Auto License and Use Tax	Other	Total
5,856	37,306	3,642	21,796	2,716	601,511	237,774	9,809,684
-	-	-	-	-	-	-	34,149
964	5,462	594	3,897	-	-	8	36,497
597,000	6,235,000	417,000	2,363,000	-	-	94,000	25,745,000
-	-	-	-	-	65,627	7	66,217
-	-	-	-	-	-	-	7,317
-	-	-	-	211,833	-	-	211,833
-	-	-	-	-	-	150	26,687
<b>603,820</b>	<b>6,277,768</b>	<b>421,236</b>	<b>2,388,693</b>	<b>214,549</b>	<b>667,138</b>	<b>331,939</b>	<b>35,937,384</b>
-	-	-	-	-	-	99	714,436
-	-	-	-	-	-	219	6,700
603,820	6,277,768	421,236	2,388,693	214,549	667,138	331,621	35,204,260
-	-	-	-	-	-	-	11,988
<b>603,820</b>	<b>6,277,768</b>	<b>421,236</b>	<b>2,388,693</b>	<b>214,549</b>	<b>667,138</b>	<b>331,939</b>	<b>35,937,384</b>

Madison County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2019

<b>Assets and Liabilities</b>	County Offices	Agricultural Extension Education	Central Iowa Community Services	County Assessor	Schools
Balances beginning of year	\$ 80,506	281,316	12,994,107	490,606	14,771,858
Additions:					
Property and other county tax	-	221,079	-	365,289	14,708,698
State tax credits	-	16,889	-	24,837	944,291
Office fees and collections	640,938	-	-	802	-
Electronic transaction fees	-	-	-	-	-
Intergovernmental	-	-	5,065,048	-	-
Use of money and property	-	-	151,481	-	-
Drivers license fees	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	265,039	-	-	-	-
Miscellaneous	-	-	-	64	-
Total additions	905,977	237,968	5,216,529	390,992	15,652,989
Deductions:					
Agency remittances:					
To other funds	429,415	-	-	-	-
To other governments	249,986	268,321	9,555,874	360,862	14,853,799
Trusts paid out	272,350	-	-	-	-
Total deductions	951,751	268,321	9,555,874	360,862	14,853,799
Balances end of year	\$ 34,732	250,963	8,654,762	520,736	15,571,048

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	County Hospital	Special Assess- ments	Auto License and Use Tax	Other	Total
608,374	5,232,559	381,570	2,273,519	292,835	498,792	483,771	38,389,813
569,403	5,627,689	406,302	2,260,662	-	-	108,096	24,267,218
38,892	537,883	19,306	144,493	-	-	2,334	1,728,925
-	-	-	-	-	-	-	641,740
-	-	-	-	-	-	4,058	4,058
-	-	-	-	-	-	-	5,065,048
-	-	-	-	-	-	-	151,481
-	-	-	-	-	35,945	-	35,945
-	-	-	-	-	6,728,887	-	6,728,887
-	-	-	-	2,479	-	-	2,479
-	-	-	-	-	-	-	265,039
-	1,185	-	-	-	-	468,152	469,401
608,295	6,166,757	425,608	2,405,155	2,479	6,764,832	582,640	39,360,221
-	-	-	-	-	230,374	-	659,789
612,849	5,121,548	385,942	2,289,981	80,765	6,366,112	734,472	40,880,511
-	-	-	-	-	-	-	272,350
612,849	5,121,548	385,942	2,289,981	80,765	6,596,486	734,472	41,812,650
603,820	6,277,768	421,236	2,388,693	214,549	667,138	331,939	35,937,384



Madison County

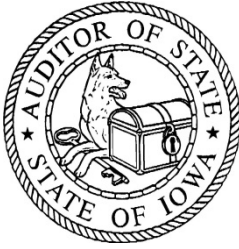
Schedule of Revenues By Source and Expenditures By Function –  
All Governmental Funds

For the Last Ten Years

	2019	2018	2017	2016
<b>Revenues:</b>				
Property and other county tax	\$ 7,092,175	6,600,333	5,645,590	5,245,036
Local option sales tax	947,157	808,020	853,834	828,022
Interest and penalty on property tax	59,906	53,485	49,664	50,976
Intergovernmental	5,932,260	5,303,295	5,391,755	5,763,728
Licenses and permits	101,681	96,566	85,924	82,113
Charges for service	570,144	1,218,947	1,121,149	1,011,350
Use of money and property	206,682	142,559	130,423	89,402
Miscellaneous	640,939	266,032	95,988	422,754
Total	\$ 15,550,944	14,489,237	13,374,327	13,493,381
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 3,468,241	3,113,642	2,987,974	2,676,285
Physical health and social services	782,149	741,567	702,013	813,304
Mental health	27,585	385,828	375,970	462,688
County environment and education	919,717	882,096	803,659	801,043
Roads and transportation	5,976,770	5,490,965	5,597,445	5,269,385
Governmental services to residents	593,046	482,907	532,604	545,440
Administration	1,474,351	1,232,719	1,036,588	960,458
Debt service	137,027	137,999	109,080	108,730
Capital projects	1,330,748	1,837,896	1,015,015	586,530
Total	\$ 14,709,634	14,305,619	13,160,348	12,223,863

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
5,102,423	5,103,832	4,950,192	4,889,033	4,686,472	4,577,982
782,964	616,372	638,033	657,207	602,982	520,628
68,799	62,203	54,362	73,249	67,508	69,986
4,303,079	3,810,503	4,268,480	4,507,478	4,588,148	4,564,032
77,368	74,010	51,876	47,457	50,271	43,816
999,314	1,097,147	1,049,418	964,730	997,725	853,295
80,382	82,091	87,971	85,308	92,295	116,991
84,568	185,974	132,709	219,062	94,568	149,770
11,498,897	11,032,132	11,233,041	11,443,524	11,179,969	10,896,500
2,621,374	2,584,643	2,576,984	2,662,269	2,414,981	2,407,600
787,797	656,646	646,271	676,795	638,138	730,227
1,093,759	158,846	538,171	2,096,367	1,162,155	1,218,829
776,979	708,773	431,731	226,955	622,784	613,421
4,961,120	4,482,822	4,623,156	4,864,203	4,324,970	3,875,440
440,382	462,328	710,190	458,115	436,243	427,940
1,037,060	1,159,194	858,981	811,147	962,660	838,801
95,365	96,850	97,615	93,460	113,432	80,362
330,927	93,750	839	1,053,555	603,619	832,758
12,144,763	10,403,852	10,483,938	12,942,866	11,278,982	11,025,378



**OFFICE OF AUDITOR OF STATE  
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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 Madison County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Madison County, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Madison 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 Madison County's internal control. Accordingly, we do not express an opinion on the effectiveness of Madison 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 that 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. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

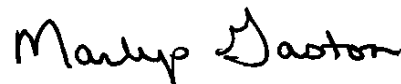
### Madison County's Responses to the Findings

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



Marlys K. Gaston, CPA  
Deputy Auditor of State

June 23, 2021

Madison County  
 Schedule of Findings  
 Year ended June 30, 2019

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCY:**

(A) Segregation of Duties

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

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

	Applicable Offices
(1) One individual has control over opening mail receipts, collecting, depositing, posting and daily reconciling of receipts.	Ambulance, Conservation Board, Public Health Nurse, Madison County Covered Bridge Preservation Association
(2) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Madison County Covered Bridge Preservation Association
(3) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash disbursements.	Sheriff

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.

Madison County

Schedule of Findings

Year ended June 30, 2019

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

Responses –

Sheriff – The Senior Deputy will be responsible for the bank reconciliation duties effective immediately. This will allow the Chief Deputy to continue recording and documenting all monies coming into the Sheriff's office and it will segregate the duties for recording and reconciling.

At this time, we do not have the personnel to allow one person to prepare a check and another to sign the check. However, as the Sheriff's office expands and more people are hired, the practice will be implemented.

Ambulance – Our staff will do the best to segregate the duties with the limited amount of staff in the ambulance department.

Conservation Board – The Madison County Conservation Board attempts to segregate the responsibility of collections in the most feasible manner possible given the size of our staff.

Non-Reservation Camping Fee Collections (paid on-site) – The four person full-time staff currently rotates three employees for weekend camping responsibilities on a weekly schedule. The Conservation Board established a Camp Ground Host Program in 2011. Two sets of camp hosts (scheduled on a monthly basis) are responsible for collecting fees and registration envelopes. The campground host collects the camping fees and registration envelopes on a daily basis and the County Conservation Board staff-person "on-duty" for each respective weekend, collects the camping receipt envelopes and fees from the host on Saturday and Sunday mornings. A second staff person re-counts all weekend camping revenue on Monday mornings, and we provide two sets of initialing on camping receipts deposited with the Madison County Treasurer.

Advanced Reservation Camping Fee Collections (paid in advance) – All advanced camping reservation fees are transacted by credit card only. All four full-time staff are responsible for taking reservations and operating the "phone-in" credit card transactions. These same staff members are also responsible for filling out corresponding registration envelopes.

Madison County

Schedule of Findings

Year ended June 30, 2019

Shelter, Cabins and Equipment Rental Fees – Almost 100% of these transactions are conducted by phone utilizing credit card payments (we require credit card transactions for all phone-in reservations). All staff personnel participate in taking such reservations and conducting the credit card transactions (depending on who is in the office or which staff person takes the phone call). Utilizing credit card transactions as the primary payment method (we discourage cash or checks for such rentals) provides an additional paper trail from our credit card provider and associated local bank depository. A second staff person re-counts weekly revenue from these sources on Monday mornings and we provide two sets of initialing on receipts deposited with the Madison County Treasurer.

Environmental Education Program Fees – For most environmental education programs which require a fee, registrants usually mail their registration form and fee to our PO Box. These registrations and fees are usually addressed in a manner which identify them to be directed to the Naturalist, who in turn is responsible to document and deposit the fees utilizing the same duplication of initialing as mentioned above for other types of fee collections.

Mail Collection – Normally the Director picks up mail from the post office box. Mail is then distributed to appropriate staff. When the Director is on vacation, another staff member normally handles all mail pickups. Since most facility reservation revenue is handled by credit card transaction, very little mail contains user fees, with the exception being Environmental Education programming fees (see above).

The only time we would depart from these procedures is if there is a staffing shortage in which only one staff person is present in the office for an extended period of time due to vacations, sickness or other causes requiring the absence of other staff personnel to provide duplicate initialing of deposits.

Public Health Nurse – Due to lack of staff members in office, the recommendation will be difficult to implement. However, best efforts will be conducted to utilize additional persons with segregation of financial receipts duties.

Madison County Covered Bridge Preservation Association – The Madison County Bridge Preservation Association has a limited number of active members, but we will continue to work towards a method of reconciling receipts that will include more members and find an independent person to do bank reconciliation.

Conclusion – Responses accepted.

Madison County

Schedule of Findings

Year ended June 30, 2019

(B) Bank Reconciliation

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances. Independent review of bank reconciliations can help ensure the accuracy of recorded amounts.

Condition – Monthly bank statements were not reconciled to the County’s monthly financial reports from January 2019 to June 2019. For the year ended June 30, 2019, several variances were identified and resolved during the course of the audit, resulting in the bank balances exceeding the Treasurer’s general ledger balance by \$20,667.

Cause – Procedures have not been designed and implemented to ensure bank reconciliations are completed and independently reviewed for completeness and accuracy.

Effect – The lack of monthly bank reconciliations can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – To improve financial accountability and control, the County should prepare monthly bank reconciliations. Monthly reconciliation variances between the Treasurer’s general ledger and bank statements should be investigated and resolved in a timely manner. The reconciliations should be reviewed by an independent person and the review should be documented by the signature or initials of the independent reviewer and the date of review.

Response – In December 2018 a longtime staff member retired that had done all the office balancing. In January 2019 I replaced the retired staff member with a Driver’s License examiner. Since Driver’s License activity has exploded in our County (from Dallas and Polk) I planned to train another staff member for the office balancing. Due to the explosion of Driver’s License activity, my attempt to train for the office balancing failed so I ended up doing the accounting/balancing and my own job for a good share of 2019. In March of 2019 I purchased the Banking/Investment program with Solutions as I thought it would be easier to use. With the access to all those reports I assumed I could provide everything that would be needed for the audit. We do balance every day with the accounting and banking system, we do balance our checking accounts every month and then do make sure that we balance at month end every month. Moving forward I have learned that I need to print my daily balance sheets to include with the other daily reports that I print.

Conclusion – Response acknowledged. The County Treasurer should ensure monthly reconciliations of all bank and investment account balances to book balances are performed and are independently reviewed and variances are resolved timely.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.



Madison County  
Schedule of Findings  
Year ended June 30, 2019

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2019 exceeded the amount budgeted in the public safety and legal services function prior to the budget amendment and disbursements in certain departments exceeded the amounts appropriated.

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

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 monitor the budget closer in the future.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – No business transactions between the County and County officials or employees were noted during the year ended June 30, 2019.
- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Madison County

Schedule of Findings

Year ended June 30, 2019

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

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

Two of twenty-two 4-H Clubs maintain bank accounts separate from the County Extension Council's accounting records. While the 4-H Clubs are subject to oversight by Iowa State University and the County Extension office, the transactions and resulting balances of the Clubs were not reflected in the Extension Council's accounting system and have not been included in the annual budget, monthly financial reports or annual financial reports as required by the County Extension office.

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

Response – Madison County Extension continues to progress towards inclusion of 4-H Club accounts into the Extension Education Fund. We have demonstrated our continued work to comply with the policy. The County office has received one of the two outstanding Club accounts into the Extension District operating fund.

The Extension District continues to work with the one remaining Club to complete the transition, including clarification on the use of the 4-H name and emblem for future fundraising and fund management. The County Extension staff will request verification the Club's checking account was closed. A program account for the Club has been established in the District operating account. Once received, Club funds will be on deposit within our operating account and reflected in our monthly financial reports.

Conclusion – Response accepted.

- (10) Financial Condition – The Capital Projects Fund had a deficit balance of \$55,974 at June 30, 2019.

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

Response – The County will closely monitor these accounts in future years to prevent this from happening.

Conclusion – Response accepted.

Madison County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy  
Tammy A. Hollingsworth CIA, Manager  
Preston R. Grygiel, Senior Auditor  
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Craig S. Miller, Assistant Auditor