



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

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Rob Sand  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

September 1, 2021

Contact: Marlys Gaston  
515/281-5834

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

**FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$9,570,748 for the year ended June 30, 2020, a 10.1% increase over the prior year. Expenses for County operations for the year ended June 30, 2020 totaled \$8,597,114, a 7.1% increase over the prior year.

**AUDIT FINDINGS:**

Sand reported five findings related to the receipt and expenditure of taxpayer funds. They are found on pages 74 through 78 of this report. The findings address issues such as lack of segregation of duties, material amounts of accounts payable not properly recorded in the County's financial statements, related party transactions and disbursements exceeding budget. Sand provided the County with recommendations to address each of these findings.

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

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

###

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

**Adams County**



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

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Rob Sand  
Auditor of State

July 26, 2021

Officials of Adams County  
Corning, Iowa

Dear Board Members:

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

I appreciate the cooperation and courtesy extended by the officials and employees of Adams 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 written in a cursive-like font.

Rob Sand  
Auditor of State

## Table of Contents

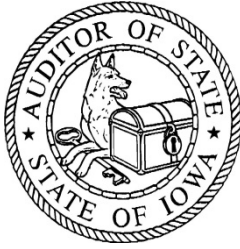
		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-7
Management’s Discussion and Analysis		8-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20-21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	26
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	G	27
Notes to Financial Statements		28-48
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		50
Budget to GAAP Reconciliation		51
Notes to Required Supplementary Information – Budgetary Reporting		53
Schedule of the County’s Proportionate Share of the Net Pension Liability		54-55
Schedule of County Contributions		56-57
Notes to Required Supplementary Information – Pension Liability		58
Schedule of Changes in the County’s Total OPEB Liability, Related Ratios and Notes		59
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	63
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	64-65
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	66-67
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	68-69
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	70-71
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		72-73
Schedule of Findings		74-78
Staff		79

**Adams County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Merlin Dixon	Board of Supervisors	Jan 2021
Karl McCarty	Board of Supervisors	(Resigned Jan 2019)
Bobbi Baker-Maynes (Appointed Apr 2019)	Board of Supervisors	Nov 2020
Scott Akin	Board of Supervisors	Jan 2023
Douglas Birt	Board of Supervisors	Jan 2023
Leland Shipley	Board of Supervisors	Jan 2023
Rebecca Bissell	County Auditor	Jan 2021
Nancy Barnes	County Treasurer	Jan 2023
Jamie Stargell	County Recorder	Jan 2023
Alan Johannes	County Sheriff	Jan 2021
Andrew Knuth	County Attorney	Jan 2023
Ben Mullen	County Assessor	Jan 2022

**Adams County**



**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

Independent Auditor's Report

To the Officials of Adams 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 Adams County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



## Opinions

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

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 50 through 59 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.

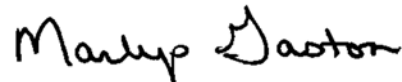
### *Supplementary Information*

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 26, 2021 on our consideration of Adams 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 Adams County's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA  
Deputy Auditor of State

July 26, 2021

---

---

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

---

Adams 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, 2020. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2020 FINANCIAL HIGHLIGHTS**

- Adams County's governmental activities' revenues increased 10.1%, or approximately \$874,000, from fiscal year 2019 to fiscal year 2020. Property and other county taxes increased approximately \$329,000, operating grants, contributions and restricted interest increased approximately \$489,000 and capital grants, contributions and restricted interest decreased approximately \$62,000.
- Program expenses of the County's governmental activities were approximately \$573,000, or 7.1%, more in fiscal year 2020 than in fiscal year 2019. County environment and education expenses increased approximately \$272,000, public safety and legal services expenses increased approximately \$198,000 and roads and transportation expenses increased approximately \$169,000 over fiscal year 2019.
- The County's net position at June 30, 2020 increased 5.0%, or approximately \$974,000, over the June 30, 2019 balance.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

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

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

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

The County has two 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 the 4) 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) 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 the County Assessor, emergency management and CPC case management administration, 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. Adams County's net position at the end of fiscal year 2020 totaled approximately \$20.6 million. This compares to the fiscal year 2019 balance of \$19.6 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities		
	June 30,	
	2020	2019
Current and other assets	\$ 9,927,972	8,538,316
Capital assets	21,296,609	20,424,672
Total assets	<u>31,224,581</u>	<u>28,962,988</u>
Deferred outflows of resources	471,775	579,205
Long-term liabilities	5,480,796	5,043,594
Other liabilities	469,924	398,315
Total liabilities	<u>5,950,720</u>	<u>5,441,909</u>
Deferred inflows of resources	5,168,849	4,497,134
Net position:		
Net investment in capital assets	17,986,609	18,374,672
Restricted	3,709,191	2,823,712
Unrestricted	<u>(1,119,013)</u>	<u>(1,595,234)</u>
Total net position	<u>\$ 20,576,787</u>	<u>19,603,150</u>

Net position of Adams County's governmental activities increased 5.0% (approximately \$20.6 million compared to approximately \$19.6 million).

The largest portion of the County's net position is net investment in capital assets (e.g., land, infrastructure, buildings and equipment). This net position category decreased approximately \$388,000, or 2.1%, from the prior year.

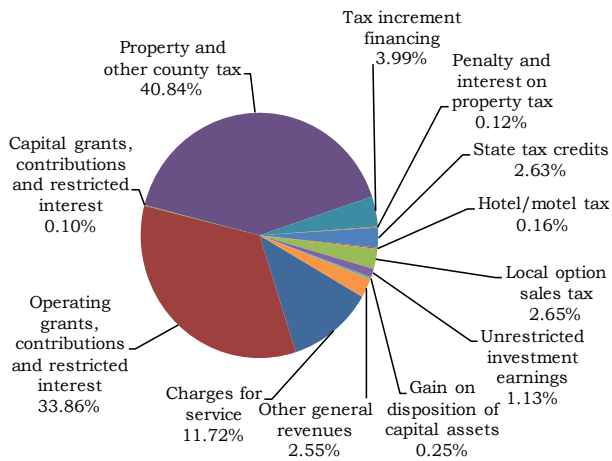
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$885,000, or 31.4%, from the prior year.

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 – increased from a deficit of approximately \$1.6 million at June 30, 2019 to a deficit of approximately \$1.1 million at the end of this year. The increase is primarily due to a decrease in the net pension liability.

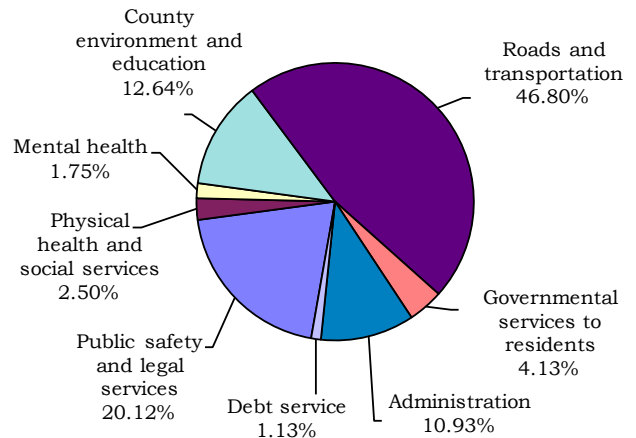
**Changes in Net Position of Governmental Activities**

	Year ended June 30,	
	2020	2019
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,121,665	939,637
Operating grants, contributions and restricted interest	3,241,521	2,752,859
Capital grants, contributions and restricted interest	9,264	70,886
<b>General revenues:</b>		
Property and other county tax	3,909,129	3,579,839
Tax increment financing	381,607	400,315
Penalty and interest on property tax	11,182	18,564
State tax credits	251,915	235,792
Hotel/motel tax	15,307	3,824
Local option sales tax	253,175	233,841
Unrestricted investment earnings	108,081	72,437
Gain on disposition of capital assets	23,452	251,094
Other general revenues	244,453	137,165
<b>Total revenues</b>	<b>9,570,751</b>	<b>8,696,253</b>
<b>Program expenses:</b>		
Public safety and legal services	1,729,708	1,531,811
Physical health and social services	215,335	203,845
Mental health	150,209	178,812
County environment and education	1,086,385	814,150
Roads and transportation	4,023,765	3,854,857
Governmental services to residents	355,322	327,956
Administration	939,242	1,026,306
Debt service	97,148	86,200
<b>Total expenses</b>	<b>8,597,114</b>	<b>8,023,937</b>
<b>Change in net position</b>	<b>973,637</b>	<b>672,316</b>
<b>Net position beginning of year</b>	<b>19,603,150</b>	<b>18,930,834</b>
<b>Net position end of year</b>	<b>\$ 20,576,787</b>	<b>19,603,150</b>

**Revenues by Source**



**Expenses by Program**



Adams County increased property tax rates \$0.10889 per \$1,000 of taxable valuation for the countywide levy and property tax rates per \$1,000 of taxable valuation for the rural services levy remained the same. The fiscal year 2020 Adams County taxable property valuation increased \$26,714,248. Adams County's general basic tax levy for fiscal year 2020 was \$3.5 per \$1,000 of taxable valuation. The net effect of these changes increased the County's property tax revenue by approximately \$329,000 in fiscal year 2020.

The cost of all governmental activities this year was approximately \$8.6 million compared to approximately \$8.0 million last year. However, as show on the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$4.2 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,122,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$3,251,000). Charges for services increased approximately \$182,000, or 19.4%, due to an increase in care of prisoner receipts and an increase in fees for camping and conservation cabin rentals. Operating grants, contributions and restricted interest increased approximately \$489,000, or 17.8%, due to an increase in road use taxes and FEMA reimbursements. Capital grants, contributions and restricted interest decreased approximately \$62,000, or 86.9%, due to a decrease in contributions by the Iowa Department of Transportation for road projects.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Adams County completed the year, its governmental funds reported a combined fund balance of approximately \$4.71 million, an increase of approximately \$818,000 over last year's total of approximately \$3.89 million. The increase in the combined fund balance is due primarily to the General and Secondary Roads Funds. Changes in fund balances of the major funds from the prior year are as follows:

- General Fund revenues increased by \$490,516, or 14.2%. The increase is due to an increase in property tax revenues resulting from an increase in property valuations. The General Fund ending balance increased \$338,551, or 24.9%, over the prior year to \$1,699,160. General Fund expenditures increased by \$267,795, or 7.9%.
- The Special Revenue, Mental Health Fund balance at year end increased \$3,124 over the prior year to a balance of \$7,380. For the year ended June 30, 2020, expenditures totaled \$150,209, a decrease of 16.0% from the prior year. The decrease is due to a decrease in the distribution to the fiscal agent.
- Rural Services Fund revenues increased by \$87,811, or 8.1%. The Rural Services Fund ending balance decreased \$14,640, or 8.9%, from the prior year to \$150,545. Rural Services Fund expenditures increased by \$40,496, or 30.2%. The increase in expenditures is due increased flood and erosion control expenditures.
- Special Revenue, Secondary Roads Fund revenues increased \$483,395, or 17.9% over the prior year. The increase is due to an increase in road use taxes received and an increase in federal grant reimbursements. Secondary Roads Fund expenditures increased 19.6% to \$4,120,281. The increase in expenditures is due to an increase in road construction project costs. These changes resulted in an increase of \$365,613 in the ending balance from June 30, 2019 to \$2,032,310 at June 30, 2020.
- Special Revenue, Local Option Sales Tax Fund expenditures decreased \$169,145, or 47.5%, from the prior year and revenues increased \$19,334 over the prior year. The significant decrease in expenditures is due to decreased payments to Adams County Economic Development to help in recruiting a new hotel for Adams County and payments for the cottage project in the prior year.

- Special Revenue, Urban Renewal Fund revenues decreased \$18,365, or 4.2%, from the prior year. Expenditures in the Urban Renewal Fund decreased \$100,000, or 21.4%, from fiscal year 2019. The significant decrease in expenditures is due to the County paying an additional \$100,000 in principal payments on their urban renewal tax increment revenue bonds in the prior year. These changes resulted in an increase of \$57,669 in the Urban Renewal Fund ending balance from June 30, 2019 to \$148,486 at June 30, 2020.
- The Capital Projects Fund ended fiscal year 2020 with a fund balance of approximately \$233,000, an increase of \$138,979. The increase in fund balance was due to proceeds from the new debt issuance in the fiscal year offset by an increase in capital projects expenditures.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Adams County amended its budget one time. The amendment was made in May 2020, and included increased budgeted disbursements of \$82,779, \$8,830, \$584,658, \$42,303, \$199,206 and \$1,554,000 in the public safety and legal services, county environment and education, roads and transportation, administration, debt service and capital projects functions, respectively. The increases were due to radios for emergency responders, construction of the conservation house, purchase of a new vehicle for the Sheriff's office and purchase of equipment by the Engineer's office.

The County's actual receipts were \$473,126 more than budgeted, a variance of 5.5%. The variance resulted from the County receiving more intergovernmental receipts than anticipated due to various grants.

Total disbursements were \$772,706 less than budgeted. Actual disbursements for capital projects and administration were under budget by \$441,166 and \$105,135, respectively. The variance in the capital projects function was due to fewer capital project disbursements than anticipated. The variance in the administration function was due to fewer administrative disbursements than anticipated after the budget amendment.

At June 30, 2020, disbursements in the debt service, capital projects and roads and transportation functions exceeded the amounts budgeted prior to the budget amendment.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2020, Adams County had approximately \$21.3 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of \$871,937, or 4.3%, over last year.

	Capital Assets of Governmental Activities at Year End	
	June 30,	
	2020	2019
Land	\$ 50,166	50,166
Intangibles, road network	215,100	215,100
Construction in progress	1,065,090	11,813
Buildings and improvements	3,468,801	3,398,958
Equipment and vehicles	2,657,293	2,336,314
Infrastructure, road network	13,840,159	14,412,321
Total	<u>\$ 21,296,609</u>	<u>20,424,672</u>
This year's major additions included:		
Radio system	\$ 840,631	
Secondary roads vehicles	629,657	
Conservation family cottages	233,179	
Total	<u>\$ 1,703,467</u>	

The County had depreciation expense of \$1,290,782 in fiscal year 2020 and total accumulated depreciation of \$10,315,255 at June 30, 2020. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### Long-Term Debt

At June 30, 2020, Adams County had \$3,646,288 of revenue bonds and capital loan notes outstanding, compared to \$2,921,468 at June 30, 2019.

	Outstanding Debt of Governmental Activities at Year-End	
	June 30,	
	2020	2019
Revenue bonds	\$ 336,288	871,468
General obligation capital loan notes	3,310,000	2,050,000
Total	<u>\$ 3,646,288</u>	<u>2,921,468</u>

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's constitutional debt limit is approximately \$32.3 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

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

Adams County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County increased from 1.6% in 2019 to 3.0% in 2020. This compares with the State's unemployment rate of 7.3% and the national rate of 11.2%.

These indicators were taken into account when adopting the budget for fiscal year 2021. Budgeted disbursements in the fiscal year 2021 operating budget are \$10,003,362, a decrease of 8.6% from the final fiscal year 2020 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease from the re-estimated fiscal year 2020 ending fund balance of \$3,708,083 to \$3,701,044 by the close of fiscal year 2021.

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

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Adams 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 Adams County Auditor's Office, 500 9<sup>th</sup> Street, Corning, Iowa 50841.

**Adams County**

## **Basic Financial Statements**

Adams County  
Statement of Net Position  
June 30, 2020

	Governmental Activities
<b>Assets</b>	
Cash and pooled investments	\$ 4,434,386
Receivables:	
Property tax:	
Delinquent	24,155
Succeeding year	4,720,000
Accounts	13,780
Interest	54
Due from other governments	585,215
Inventories	150,382
Capital assets, net of accumulated depreciation	21,296,609
<b>Total assets</b>	<b>31,224,581</b>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	471,775
<b>Liabilities</b>	
Accounts payable	373,044
Accrued interest payable	7,988
Salaries and benefits payable	88,288
Due to other governments	604
Long-term liabilities:	
Portion due or payable within one year:	
Revenue bonds	271,584
General obligation bonds/notes	445,000
Compensated absences	68,351
Total OPEB liability	11,338
Portion due or payable after one year:	
Revenue bonds	64,704
General obligation bonds/notes	2,865,000
Compensated absences	210,321
Net pension liability	1,187,505
Total OPEB liability	356,993
<b>Total liabilities</b>	<b>5,950,720</b>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	4,720,000
Pension related deferred inflows	448,849
<b>Total deferred inflows of resources</b>	<b>5,168,849</b>
<b>Net Position</b>	
Net investment in capital assets	17,986,609
Restricted for:	
Supplemental levy purposes	709,543
Mental health purposes	7,851
Rural services purposes	160,433
Secondary roads purposes	1,922,101
Conservation land acquisition	246,276
Debt services purposes	11,236
Local option sales tax purposes	371,070
Other purposes	280,681
Unrestricted	(1,119,013)
<b>Total net position</b>	<b>\$ 20,576,787</b>

See notes to financial statements.

Adams County

Statement of Activities

Year ended June 30, 2020

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Governmental activities:					
Public safety and legal services	\$ 1,729,708	500,302	1,287	-	(1,228,119)
Physical health and social services	215,335	14,025	62,830	-	(138,480)
Mental health	150,209	-	-	-	(150,209)
County environment and education	1,086,385	463,164	8,374	-	(614,847)
Roads and transportation	4,023,765	24,791	3,168,552	9,264	(821,158)
Governmental services to residents	355,322	105,477	-	-	(249,845)
Administration	939,242	13,906	478	-	(924,858)
Interest on long-term debt	97,148	-	-	-	(97,148)
<b>Total</b>	<b>\$ 8,597,114</b>	<b>1,121,665</b>	<b>3,241,521</b>	<b>9,264</b>	<b>(4,224,664)</b>
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					3,909,129
Tax increment financing					381,607
Penalty and interest on property tax					11,182
State tax credits					251,915
Hotel/motel tax					15,307
Local option sales tax					253,175
Commercial and industrial replacement tax					92,787
Unrestricted investment earnings					108,081
Gain on disposition of capital assets					23,452
Miscellaneous					151,666
<b>Total general revenues</b>					<b>5,198,301</b>
Change in net position					973,637
Net position beginning of year					19,603,150
Net position end of year					<b>\$ 20,576,787</b>

See notes to financial statements.

Adams County  
Balance Sheet  
Governmental Funds

Year ended June 30, 2020

	Special			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 1,781,694	7,066	185,158	1,662,921
Receivables:				
Property tax:				
Delinquent	16,174	785	4,916	-
Succeeding year	2,577,000	138,000	1,168,000	-
Succeeding year tax increment financing	-	-	-	-
Accounts	10,449	-	-	3,331
Interest	53	-	-	-
Due from other governments	21,523	-	-	542,480
Inventories	-	-	-	150,382
<b>Total assets</b>	<b>\$ 4,406,893</b>	<b>145,851</b>	<b>1,358,074</b>	<b>2,359,114</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 65,006	-	34,956	272,871
Salaries and benefits payable	55,575	-	1,412	31,301
Due to other governments	604	-	-	-
Total liabilities	121,185	-	36,368	304,172
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	2,577,000	138,000	1,168,000	-
Succeeding year tax increment financing	-	-	-	-
Other	9,548	471	3,161	22,632
Total deferred inflows of resources	2,586,548	138,471	1,171,161	22,632
Fund balances:				
Nonspendable:				
Inventories	-	-	-	-
Restricted for:				
Supplemental levy purposes	705,354	-	-	-
Mental health purposes	-	7,380	-	-
Rural services purposes	-	-	150,545	-
Secondary roads purposes	-	-	-	2,032,310
Local option sales tax	-	-	-	-
Debt service	-	-	-	-
Conservation land acquisition	246,276	-	-	-
Capital improvements	-	-	-	-
Other purposes	-	-	-	-
Unassigned	747,530	-	-	-
Total fund balances	1,699,160	7,380	150,545	2,032,310
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,406,893</b>	<b>145,851</b>	<b>1,358,074</b>	<b>2,359,114</b>

See notes to financial statements.

<u>Revenue</u>				
Local Option Sales Tax	Urban Renewal	Capital Projects	Nonmajor	Total
350,612	148,485	233,434	65,016	4,434,386
-	-	-	2,280	24,155
-	-	-	420,000	4,303,000
-	417,000	-	-	417,000
-	-	-	-	13,780
-	1	-	-	54
21,212	-	-	-	585,215
-	-	-	-	150,382
<b>371,824</b>	<b>565,486</b>	<b>233,434</b>	<b>487,296</b>	<b>9,927,972</b>
-	-	211	-	373,044
-	-	-	-	88,288
-	-	-	-	604
-	-	211	-	461,936
-	-	-	420,000	4,303,000
-	417,000	-	-	417,000
-	-	-	1,368	37,180
-	417,000	-	421,368	4,757,180
-	-	-	-	-
-	-	-	-	705,354
-	-	-	-	7,380
-	-	-	-	150,545
-	-	-	-	2,032,310
371,824	-	-	-	371,824
-	148,486	-	18,470	166,956
-	-	-	-	246,276
-	-	233,223	-	233,223
-	-	-	47,458	47,458
-	-	-	-	747,530
<b>371,824</b>	<b>148,486</b>	<b>233,223</b>	<b>65,928</b>	<b>4,708,856</b>
<b>371,824</b>	<b>565,486</b>	<b>233,434</b>	<b>487,296</b>	<b>9,927,972</b>



**Adams County**

Adams County

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

June 30, 2020

**Total governmental fund balances (page 21)** \$ 4,708,856

***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 assets is \$31,611,864 and the accumulated depreciation is \$10,315,255. 21,296,609

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. 37,180

Pension 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 fund, as follows:

Deferred outflows of resources	\$ 471,775	
Deferred inflows of resources	<u>(448,849)</u>	22,926

Long-term liabilities, including revenue bonds, general obligation bonds/notes, compensated absences, 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. (5,488,784)

**Net position of governmental activities (page 18)** \$ 20,576,787

See notes to financial statements.

Adams County

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

Year ended June 30, 2020

	General	Special		
		Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 2,395,219	141,793	1,078,399	-
Interest and penalty on property tax	11,127	-	-	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	-	-
Intergovernmental	620,744	11,540	83,595	3,125,456
Licenses and permits	1,980	-	4,275	1,390
Charges for service	698,744	-	1,750	125
Use of money and property	112,271	-	-	12,878
Miscellaneous	103,510	-	-	40,130
<b>Total revenues</b>	<b>3,943,595</b>	<b>153,333</b>	<b>1,168,019</b>	<b>3,179,979</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	1,635,252	-	20,000	-
Physical health and social services	179,341	-	29,890	-
Mental health	-	150,209	-	-
County environment and education	574,206	-	124,124	-
Roads and transportation	-	-	-	3,932,283
Governmental services to residents	347,978	-	2,730	-
Administration	900,617	-	-	-
Debt service	-	-	-	-
Capital projects	5,650	-	-	187,998
<b>Total expenditures</b>	<b>3,643,044</b>	<b>150,209</b>	<b>176,744</b>	<b>4,120,281</b>
Excess (deficiency) of revenues over (under) expenditures	300,551	3,124	991,275	(940,302)
<b>Other financing sources (uses):</b>				
Bond proceeds	-	-	-	-
Premium on bonds	-	-	-	-
Transfers in	38,000	-	-	1,305,915
Transfers out	-	-	(1,005,915)	-
Local option sales tax revenue bonds refunded	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>38,000</b>	<b>-</b>	<b>(1,005,915)</b>	<b>1,305,915</b>
Change in fund balances	338,551	3,124	(14,640)	365,613
Fund balances beginning of year	1,360,609	4,256	165,185	1,666,697
Fund balances end of year	\$ 1,699,160	7,380	150,545	2,032,310

See notes to financial statements.

Revenue				
Local Option Sales Tax	Urban Renewal	Capital Projects	Nonmajor	Total
-	-	-	299,212	3,914,623
-	-	-	-	11,127
-	381,607	-	-	381,607
253,175	-	-	-	253,175
-	39,620	-	32,977	3,913,932
-	-	-	-	7,645
-	-	-	1,174	701,793
-	2,748	-	614	128,511
-	-	-	-	143,640
253,175	423,975	-	333,977	9,456,053
-	-	-	-	1,655,252
-	-	-	-	209,231
-	-	-	-	150,209
114,032	-	-	1	812,363
-	-	-	-	3,932,283
-	-	-	-	350,708
-	-	-	-	900,617
73,170	366,306	-	433,546	873,022
-	-	1,145,103	-	1,338,751
187,202	366,306	1,145,103	433,547	10,222,436
65,973	57,669	(1,145,103)	(99,570)	(766,383)
-	-	1,502,846	92,154	1,595,000
-	-	81,236	-	81,236
82,154	-	-	196,568	1,622,637
(128,118)	-	(300,000)	(188,604)	(1,622,637)
-	-	-	(92,154)	(92,154)
(45,964)	-	1,284,082	7,964	1,584,082
20,009	57,669	138,979	(91,606)	817,699
351,815	90,817	94,244	157,534	3,891,157
371,824	148,486	233,223	65,928	4,708,856

Adams County

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

Year ended June 30, 2020

**Change in fund balances - Total governmental funds (page 25)** \$ 817,699

***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	\$ 2,139,267	
Depreciation expense	<u>(1,290,782)</u>	848,485

In the Statement of Activities, the gain on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 23,452

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	9,813	
Other	<u>22,688</u>	32,501

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 repayments did not exceed issuances, as follows:

Issued	(1,595,000)	
Repaid	<u>870,180</u>	(724,820)

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. 239,867

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	(6,468)	
Pension expense	(250,596)	
OPEB expense	(4,331)	
Interest on long-term debt	<u>(2,152)</u>	<u>(263,547)</u>

**Change in net position of governmental activities (page 19)** \$ 973,637

See notes to financial statements.

Adams County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2020

<b>Assets</b>	
Cash and pooled investments:	
County Treasurer	\$ 572,737
Other County officials	2,706
Receivables:	
Property tax:	
Delinquent	49,129
Succeeding year	7,462,000
Special assessments	<u>2,455</u>
<b>Total assets</b>	<u>8,089,027</u>
<b>Liabilities</b>	
Salaries and benefits payable	4,991
Due to other governments	8,069,376
Compensated absences	<u>14,660</u>
<b>Total liabilities</b>	<u>8,089,027</u>
<b>Net position</b>	<u><u>\$ -</u></u>

See notes to financial statements.

Adams County

Notes to Financial Statements

June 30, 2020

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

Adams 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, Adams 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. The County has no component units which meet the Governmental Accounting Standards Board criteria.

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

The County also participates in the following jointly governed organizations: Creston Cluster Decat Program, Adams and Taylor Counties Regional Service Agency, Southern Hills Regional Mental Health Region, South Iowa Area Detention Service Agency and Adams, Taylor and Union County Medicaid Case Management Board.

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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



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

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

The Local Option Sales Tax Fund is used to account for the revenues from the tax authorized by referendum and used to make payments on the local option sales tax revenue bonds, with any remaining revenues used for any lawful purpose determined by the Board of Supervisors.

The Urban Renewal Fund receives revenues from a tax authorized by ordinance in the urban renewal district for repayment of tax increment financing indebtedness.

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

Additionally, the County reports the following funds:

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 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, they 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.

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 and Pooled Investments – The cash balances of most County funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at amortized cost.

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 it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 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.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure and buildings	\$ 50,000
Land	10,000
Intangibles	50,000
Equipment and vehicles	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings and infrastructure	20 - 100
Intangibles	5 - 20
Equipment and vehicles	3 - 30

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 expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is paid at 50%, not to exceed 360 hours, upon retirement or death. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund, the Special Revenue, Secondary Roads Fund and the Special Revenue, Mental Health Fund.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the 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 and OPEB expense, information has been determined based on the Adams County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied, unrecognized items not yet charged to pension 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.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements at June 30, 2020 did not exceed the amount budgeted, however, during the fiscal year, disbursements exceeded the amounts budgeted in the debt service, capital projects and roads and transportation functions prior to the budget amendment. In addition, disbursements in certain departments exceeded the amounts appropriated.

**(2) Cash and Pooled Investments**

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

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

**(3) Interfund Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund:	Special Revenue:	
	Local Option Sales Tax	\$ 38,000
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	1,005,915
	Capital Projects	300,000
Aquatic Center Sinking	Special Revenue:	
	Aquatic Center Reserve	96,450
	Local Option Sales Tax	90,118
Local Option Sales Tax	Special Revenue:	
	Aquatic Center Sinking	82,154
Debt Service	Special Revenue:	
	Aquatic Center Sinking	<u>10,000</u>
Total		<u>\$ 1,622,637</u>

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

**(4) Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 50,166	-	-	50,166
Construction in progress, road network	11,813	434,856	222,210	224,459
Intangibles, road network	215,100	-	-	215,100
Construction in progress	-	840,631	-	840,631
Total capital assets not being depreciated/amortized	277,079	1,275,487	222,210	1,330,356
Capital assets being depreciated:				
Buildings	4,794,644	233,179	-	5,027,823
Improvements to building	730,661	-	-	730,661
Equipment and vehicles	4,739,466	660,393	106,871	5,292,988
Infrastructure, road network	17,450,790	222,210	-	17,673,000
Infrastructure, other	1,557,036	-	-	1,557,036
Total capital assets being depreciated	29,272,597	1,115,782	106,871	30,281,508
Less accumulated depreciation for:				
Buildings	1,980,215	114,625	-	2,094,840
Improvements other than buildings	146,133	48,710	-	194,843
Equipment and vehicles	2,403,153	333,073	100,531	2,635,695
Infrastructure, road network	4,261,030	690,570	-	4,951,600
Infrastructure, other	334,473	103,804	-	438,277
Total accumulated depreciation	9,125,004	1,290,782	100,531	10,315,255
Total capital assets being depreciated, net	20,147,593	(175,000)	6,340	19,966,253
Governmental activities capital assets, net	\$ 20,424,672	1,100,487	228,550	21,296,609

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 70,923
Physical health and social services	5,972
County environment and education	261,612
Roads and transportation	946,462
Administration	5,813
Total depreciation/amortization expense - governmental activities	<u>\$ 1,290,782</u>

**(5) Due to Other Governments**

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

Fund	Description	Amount
General	Services	<u>\$ 604</u>
Agency:		
Agricultural Extension Education	Collections	\$ 116,728
County Assessor		519,986
Schools		5,834,324
Community Colleges		348,678
Corporations		780,231
Townships		219,751
Auto License and Use Tax		137,016
All other		<u>112,662</u>
Total for agency funds		<u>\$ 8,069,376</u>

**(6) Long-Term Liabilities**

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

	Urban Renewal Tax Increment Revenue Bonds	Local Option Sales Tax Revenue Bonds	General Obligation Capital Loan Notes	General Obligation Bonds	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 686,468	185,000	2,050,000	-	272,204	1,485,922	364,272	5,043,866
Increases	-	-	-	1,595,000	317,930	-	4,059	1,916,989
Decreases	350,180	185,000	275,000	60,000	311,462	298,417	-	1,480,059
Balance end of year	\$ 336,288	-	1,775,000	1,535,000	278,672	1,187,505	368,331	5,480,796
Due within one year	\$ 271,584	-	280,000	165,000	68,351	-	11,338	796,273

Urban Renewal Tax Increment Revenue Bonds

The County sold \$2,400,000 and \$1,660,000 of urban renewal tax increment (TIF) revenue bonds dated January 26, 2007 and February 13, 2007, respectively. The bonds bear interest at 2.9% per annum with final maturity on December 1, 2021. On June 1, 2021, the interest rate on the bonds will be adjusted to a rate 130 basis points higher than the five year U.S. Treasury rate as published in the Wall Street Journal. Principal and interest on the bonds are payable in semiannual payments of \$108,268 and \$74,885, respectively, on June 1 and December 1 beginning December 1, 2009 and continuing through a final payment of all remaining principal and interest on December 1, 2021.

The County reserves the right to call and prepay any principal amount of these bonds at any time upon the County giving notice by registered or certified mail to the purchaser or other registered holder not less than thirty days prior to the date set for prepayment.

The County has covenanted it will call and prepay any principal amounts of these bonds on June 1 of each year in an amount equal to the balance of funds remaining in the Special Revenue, Urban Renewal Fund after the then current June 1 payments of principal and interest have been made.

Formal repayment schedules have been established for the urban renewal tax increment revenue bonds. However, these are subject to change depending on the County’s right to prepay the bonds at any time and the adjustable interest rate.

Details of the County’s June 30, 2020 urban renewal tax increment revenue bond indebtedness are as follows:

Year Ending June 30,	Interest Rates	Series 2006		Interest Rates	Series 2007		Total		Total
		Principal	Interest		Principal	Interest	Principal	Interest	
2021	2.9%	\$ 210,538	5,998	2.9%	\$ 61,046	821	271,584	6,819	278,403
2022	2.9	64,704	870	2.9	-	-	64,704	870	65,574
Total		\$ 275,242	6,868		\$ 61,046	821	336,288	7,689	343,977

The urban renewal tax increment revenue bonds were issued for the purpose of paying costs of an urban renewal project to improve certain county roads, provide an economic development grant to Pinnacle Ethanol, LLC and Corning Municipal Utilities and pay capitalized interest and costs of issuance of the bonds. The bonds are payable solely from the income and proceeds of the urban renewal project in accordance with Chapter 403.19 of Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the bonds shall be expended only for purposes consistent with the plans of the County’s urban renewal area. The total principal and interest remaining on the bonds is \$343,977, payable through fiscal year



2022. For the current year, principal and interest paid and tax increment revenues were \$366,306 and \$400,315, respectively. The bonds are not a general obligation of the County, but the debt is subject to the constitutional debt limitation of the County. The resolution providing for the issuance of the bonds includes the following provisions:

- (a) The bonds will only be redeemed from the urban renewal tax increment revenue received by the County. The County accounts for this activity within the Special Revenue, Urban Renewal Fund.
- (b) The first \$1,500,000 of bond proceeds shall be used to fully fund the water grant for the City of Corning. The next \$520,000 of bond proceeds shall be used by the County to pay the costs of highway improvements. Next, sufficient bond proceeds shall be set aside to pay the costs of issuance of the bonds and to make provision for the payment of interest on the bonds through December 1, 2009. Finally, any remaining bond proceeds shall be used to fund an initial installment of the Pinnacle Ethanol, LLC grant.

During the year ended June 30, 2020, the County was in compliance with the revenue bond provisions.

General Obligation Capital Loan Notes

The County sold \$3,120,000 of general obligation capital loan notes dated May 20, 2015. The notes bear interest at rates ranging from 1.75% to 2.50% per annum with final maturity on June 1, 2026. Semiannual interest payments are due on June 1 and December 1 each year beginning December 1, 2015 and annual principal payments are due on June 1 each year beginning June 1, 2016. During the year ended June 30, 2020, the County paid principal of \$275,000 and interest of \$43,355 on the notes.

The loan proceeds were used for constructing and equipping improvements to the Lake Icaria Timber Ridge campground managed by the County Conservation Board and the expansion of the County Haven sewer system.

Details of the County’s June 30, 2020 general obligation capital loan notes is as follows:

Year	Interest	Principal	Interest	Total
Ending	Rates			
June 30,				
2021	2.00%	\$ 280,000	37,855	317,855
2022	1.75	290,000	32,255	322,255
2023	1.95	290,000	27,180	317,180
2024	2.05	300,000	21,525	321,525
2025	2.50	305,000	15,375	320,375
2026	2.50	310,000	7,750	317,750
Total		\$ 1,775,000	141,940	1,916,940

## General Obligation Bonds

On October 25, 2019, the County issued \$1,595,000 of general obligation refunding bonds, Series 2019, to currently refund the outstanding debt of the Local Option Sales Tax Revenue Bonds, Series 2008, issued in July 2008. The bonds bear interest rates ranging from 2.00% to 4.00% per annum. Because the portion of the debt issuance used to refund debt was not significant, information on the reduction to total debt service and the economic gain is not readily available for disclosure. \$92,154 of the bonds were issued to refund the outstanding balance of the old debt and the remaining \$1,502,846 of the bonds were issued to provide funds for the purchase of radio equipment for emergency services. The Local Option Sales Tax Revenue Bonds were redeemed from the Special Revenue, Aquatic Center Sinking Fund. During the year ended June 30, 2020, the County paid principal of \$60,000 and interest of \$30,810 on the bonds.

Details of the County's June 30, 2020 general obligation bonds is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2021	4.00%	\$ 165,000	48,950	213,950
2022	4.00	175,000	42,350	217,350
2023	4.00	180,000	35,350	215,350
2024	4.00	190,000	28,150	218,150
2025	3.00	200,000	20,550	220,550
2026-2028	2.00-3.00	625,000	27,250	652,250
Total		\$ 1,535,000	202,600	1,737,600

### **(7) 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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.51% of covered payroll, for a total rate of 19.02%. Protection occupation members contributed 6.61% of covered payroll and the County contributed 9.91% of covered payroll, for a total rate of 16.52%.

The County's contributions to IPERS for the year ended June 30, 2020 were \$239,867.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the County reported a liability of \$1,187,505 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the County's proportion was 0.020507%, which was a decrease of 0.002974% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$250,595. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,596	55,982
Changes of assumptions	196,016	60,366
Net difference between projected and actual earnings on IPERS' investments	-	224,271
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	25,296	108,230
County contributions subsequent to the measurement date	239,867	-
Total	<u>\$ 471,775</u>	<u>448,849</u>

\$239,867 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	\$ 3,964
2022	(81,313)
2023	(69,384)
2024	(57,695)
2025	(12,513)
Total	<u>\$ (216,941)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

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

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

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

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability (asset) 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 (asset)	\$ 2,665,020	1,187,505	(51,343)

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, 2020.

**(8) 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 Adams County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>48</u>
Total	<u>49</u>

Total OPEB Liability – The County's total OPEB liability of \$368,331 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	2.60% per annum.
Rates of salary increase (effective June 30, 2020)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2020)	2.66% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	8.00% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.66% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Pub-2010 total dataset mortality table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 364,272
Changes for the year:	
Service cost	38,046
Interest	13,924
Differences between expected and actual experiences	(53,182)
Changes in assumptions	16,609
Benefit payments	<u>(11,338)</u>
Net changes	<u>4,059</u>
Total OPEB liability end of year	<u>\$ 368,331</u>

Changes of assumptions reflect a change in the discount rate from 3.51% in fiscal year 2019 to 2.66% in fiscal year 2020.

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 (1.66%) or 1% higher (3.66%) than the current discount rate.

	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	\$ 393,334	368,331	345,155

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 (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates.

	Healthcare		
	1% Decrease (7.00%)	Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB liability	\$ 335,935	368,331	406,258

OPEB Expense – For the year ended June 30, 2020, the County recognized OPEB expense of \$15,397. Under the alternative measurement method, all deferred inflows of resources and deferred outflows of resources related to OPEB are fully recognized (expensed) immediately.

**(9) Risk Management**

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

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2020 were \$123,018.



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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2020, no liability has been recorded in the County's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$50,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Jointly Governed Organization**

The County participates in the Adams, Taylor and Union County Medicaid Case Management Board, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2020:

Additions:		
None	\$	-
Deductions:		
None		-
Net		-
Balance beginning of year		<u>72,931</u>
Balance end of year	\$	<u>72,931</u>

**(11) Adams County Financial Information Included in the Southern Hills Regional Mental Health Region**

Southern Hills Regional Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Adair, Adams, Taylor and Union. The financial activity of Adams County's Special Revenue, Mental Health Fund is included in the Southern Hills Regional Mental Health Region for the year ended June 30, 2020, as follows:

Revenues:		
Property and other county tax	\$	141,793
Intergovernmental revenues:		
State tax credits	\$	9,492
Other		<u>2,048</u>
Total revenues		<u>153,333</u>
Expenditures:		
General administration:		
Distribution to regional fiscal agent		<u>150,209</u>
Excess of expenditures over revenues		3,124
Fund balance beginning of year		<u>4,256</u>
Fund balance end of year	\$	<u>7,380</u>

**(12) Ambulance Agreement**

Beginning December 1988, the County entered into an agreement with Mercy Hospital (now known as Alegent Health Mercy Hospital) of Corning, Iowa to manage the operations of the Ambulance Rescue. The County annually compensates Alegent Health Mercy Hospital a negotiated amount for these operations, which was \$40,000 for the year ended June 30, 2020. Under the agreement, the County owns the equipment necessary for the Ambulance Rescue operations. In the event the agreement is terminated, any remaining funds held by Alegent Health Mercy Hospital in the Ambulance cash account are to be returned to the County. At June 30, 2020, the balance of the account held by Alegent Health Mercy Hospital is \$301,602.

**(13) COVID-19**

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

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

**(14) Prospective Accounting Change**

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

**Required Supplementary Information**

Adams County

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

Required Supplementary Information

Year ended June 30, 2020

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
<b>Receipts:</b>				
Property and other county tax	\$ 3,725,411	3,797,147	3,797,145	(71,734)
Interest and penalty on property tax	819,677	805,386	807,925	11,752
Intergovernmental	3,787,100	3,107,881	3,428,297	358,803
Licenses and permits	7,645	4,138	4,138	3,507
Charges for service	573,640	520,885	520,885	52,755
Use of money and property	128,479	51,175	51,175	77,304
Miscellaneous	102,802	52,570	62,063	40,739
<b>Total receipts</b>	<b>9,144,754</b>	<b>8,339,182</b>	<b>8,671,628</b>	<b>473,126</b>
<b>Disbursements:</b>				
Public safety and legal services	1,689,443	1,650,574	1,733,353	43,910
Physical health and social services	210,731	223,147	223,147	12,416
Mental health	150,209	153,584	153,584	3,375
County environment and education	793,352	855,671	864,501	71,149
Roads and transportation	4,032,469	3,517,843	4,102,501	70,032
Governmental services to residents	349,004	366,628	366,628	17,624
Administration	867,811	930,643	972,946	105,135
Non-program	-	-	-	-
Debt service	965,176	773,869	973,075	7,899
Capital projects	1,117,834	5,000	1,559,000	441,166
<b>Total disbursements</b>	<b>10,176,029</b>	<b>8,476,959</b>	<b>10,948,735</b>	<b>772,706</b>
Excess (deficiency) of receipts over (under) disbursements	(1,031,275)	(137,777)	(2,277,107)	1,245,832
Other financing sources, net	1,635,810	-	-	(1,635,810)
Change in balances	604,535	(137,777)	(2,277,107)	(2,881,642)
Balance beginning of year	3,829,851	2,754,622	2,754,622	(1,075,229)
Balance end of year	\$ 4,434,386	2,616,845	477,515	(3,956,871)

See accompanying independent auditor's report.

---

Adams County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2020

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	<u>Basis</u>	<u>Adjustments</u>	<u>Basis</u>
Revenues	\$ 9,144,754	311,299	9,456,053
Expenditures	<u>10,176,029</u>	<u>46,407</u>	<u>10,222,436</u>
Net	(1,031,275)	264,892	(766,383)
Other financing sources, net	1,635,810	(51,728)	1,584,082
Beginning fund balances	<u>3,829,851</u>	<u>61,306</u>	<u>3,891,157</u>
Ending fund balances	<u>\$ 4,434,386</u>	<u>274,470</u>	<u>4,708,856</u>

See accompanying independent auditor's report.

**Adams County**

Adams County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2020

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except 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 \$2,471,776. The budget amendment is reflected in the final budgeted amounts.

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

At June 30, 2020, disbursements in the debt service, capital projects and roads and transportation functions exceeded the amounts budgeted prior to the budget amendment. In addition, disbursements in certain departments exceeded the amounts appropriated.



---

Adams County

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

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

Required Supplementary Information

	2020	2019	2018	2017
County's proportion of the net pension liability	0.020507%	0.023481%	0.025337%	0.024955%
County's proportionate share of the net pension liability	\$ 1,188	1,486	1,688	1,570
County's covered payroll	\$ 2,359	2,442	2,349	2,227
County's proportionate share of the net pension liability as a percentage of its covered payroll	50.36%	60.85%	71.86%	70.50%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

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

See accompanying independent auditor's report.

---

2016	2015
0.022458%	0.024638%
1,109	977
2,096	2,152
52.91%	45.40%
85.19%	87.61%

---

Adams County

Schedule of County Contributions

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

Required Supplementary Information

	2020	2019	2018	2017
Statutorily required contribution	\$ 240	227	223	215
Contributions in relation to the statutorily required contribution	(240)	(227)	(223)	(215)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 2,521	2,359	2,442	2,349
Contributions as a percentage of covered payroll	9.52%	9.62%	9.13%	9.15%

See accompanying independent auditor's report.

---

2016	2015	2014	2013	2012	2011
204	193	207	198	181	155
(204)	(193)	(207)	(198)	(181)	(155)
-	-	-	-	-	-
2,227	2,096	2,152	2,232	2,185	2,094
9.16%	9.21%	9.62%	8.87%	8.28%	7.40%

Adams County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

---

Adams County

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

For the Last Three Years  
Required Supplementary Information

	2020	2019	2018
Service cost	\$ 38,046	35,905	35,878
Interest cost	13,924	13,708	13,274
Difference between expected and actual experiences	(53,182)	(7,120)	(52,803)
Changes in assumptions	16,609	8,907	(4,512)
Benefit payments	(11,338)	(10,756)	(6,173)
Net change in total OPEB liability	4,059	40,644	(14,336)
Total OPEB liability beginning of year	364,272	323,628	337,964
Total OPEB liability end of year	\$ 368,331	364,272	323,628
Covered-employee payroll	\$ 2,349,397	2,101,702	2,035,547
Total OPEB liability as a percentage of covered-employee payroll	15.7%	17.3%	15.9%

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

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

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

Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

**Adams County**

## **Supplementary Information**



**Adams County**

Adams County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2020

	<u>Special Revenue</u>			
	County Recorder's Records Management	Resource Enhancement and Protection	Debt Service	Total
<b>Assets</b>				
Cash and pooled investments	\$ 6,061	41,397	17,558	65,016
Receivables:				
Property tax:				
Delinquent	-	-	2,280	2,280
Succeeding year	-	-	420,000	420,000
<b>Total assets</b>	<b>\$ 6,061</b>	<b>41,397</b>	<b>439,838</b>	<b>487,296</b>
<b>Deferred Inflows of Resources and Fund Balances</b>				
Deferred inflows of resources:				
Unavailable resources:				
Succeeding year property tax	\$ -	-	420,000	420,000
Other	-	-	1,368	1,368
Total deferred inflows of resources	-	-	421,368	421,368
Fund balances:				
Restricted for:				
Debt service	-	-	18,470	18,470
Other purposes	6,061	41,397	-	47,458
Total fund balances	6,061	41,397	18,470	65,928
<b>Total deferred inflows of resources     and fund balances</b>	<b>\$ 6,061</b>	<b>41,397</b>	<b>439,838</b>	<b>487,296</b>

See accompanying independent auditor's report.

Adams County

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

Year ended June 30, 2020

	County Recorder's Records Management	Resource Enhancement and Protection	Special Aquatic Center Reserve
Revenues:			
Property tax	\$ -	-	-
Intergovernmental	-	8,374	-
Charges for service	1,174	-	-
Use of money and property	77	537	-
Total revenues	<u>1,251</u>	<u>8,911</u>	<u>-</u>
Expenditures:			
County Environment and Education	-	1	-
Debt service	-	-	-
Total Expenditures	<u>-</u>	<u>1</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,251	8,910	-
Other financing sources:			
Bond proceeds	-	-	-
Transfers in	-	-	-
Trasnfers Out	-	-	(96,450)
Local option sales tax revenue bonds refunded	-	-	-
Change in fund balances	1,251	8,910	(96,450)
Fund balances beginning of year	<u>4,810</u>	<u>32,487</u>	<u>96,450</u>
Fund balances end of year	<u>\$ 6,061</u>	<u>41,397</u>	<u>-</u>

See accompanying independent auditor's report.

<u>Revenue</u>		
<u>Aquatic Center Sinking</u>	<u>Debt Service</u>	<u>Total</u>
-	299,212	299,212
-	24,603	32,977
-	-	1,174
-	-	614
-	323,815	333,977
-	-	1
96,450	337,096	433,546
96,450	337,096	433,547
(96,450)	(13,281)	(99,570)
92,154	-	92,154
186,568	10,000	196,568
(92,154)	-	(188,604)
(92,154)	-	(92,154)
(2,036)	(3,281)	(91,606)
2,036	21,751	157,534
-	18,470	65,928

Adams County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	1,074	279,798	28,158
Other County officials	2,706	-	-	-
Receivables:				
Property tax:				
Delinquent	-	654	1,459	31,166
Succeeding year	-	115,000	257,000	5,775,000
Special assessments	-	-	-	-
<b>Total assets</b>	<b>\$ 2,706</b>	<b>116,728</b>	<b>538,257</b>	<b>5,834,324</b>
Salaries and benefits payable	\$ -	-	3,611	-
Due to other governments	2,706	116,728	519,986	5,834,324
Compensated absences	-	-	14,660	-
<b>Total liabilities</b>	<b>\$ 2,706</b>	<b>116,728</b>	<b>538,257</b>	<b>5,834,324</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
1,721	16,378	717	137,016	107,875	572,737
-	-	-	-	-	2,706
1,957	12,853	1,034	-	6	49,129
345,000	751,000	218,000	-	1,000	7,462,000
-	-	-	-	2,455	2,455
<u>348,678</u>	<u>780,231</u>	<u>219,751</u>	<u>137,016</u>	<u>111,336</u>	<u>8,089,027</u>
-	-	-	-	1,380	4,991
348,678	780,231	219,751	137,016	109,956	8,069,376
-	-	-	-	-	14,660
<u>348,678</u>	<u>780,231</u>	<u>219,751</u>	<u>137,016</u>	<u>111,336</u>	<u>8,089,027</u>

Adams County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2020

<b>Assets and Liabilities</b>	County	Agricultural	County	
	Offices	Extension Education	Assessor	Schools
Balances beginning of year	\$ 3,646	107,261	455,560	5,423,193
Additions:				
Property and other county tax	-	115,776	259,121	5,825,739
State tax credits	-	8,656	19,306	445,217
Office fees and collections	123,713	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	37,226	-	-	-
Miscellaneous	-	-	80	-
Total additions	160,939	124,432	278,507	6,270,956
Deductions:				
Agency remittances:				
To other funds	49,386	-	-	-
To other governments	71,992	114,965	195,810	5,859,825
Trusts paid out	40,501	-	-	-
Total deductions	161,879	114,965	195,810	5,859,825
Balances end of year	\$ 2,706	116,728	538,257	5,834,324

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
318,278	721,045	195,760	107,883	123,222	7,455,848
348,627	687,087	222,479	-	994	7,459,823
25,909	110,748	13,314	-	81	623,231
-	-	-	-	-	123,713
-	-	-	1,551,823	-	1,551,823
-	-	-	-	8,108	8,108
-	-	-	-	268,242	305,468
-	-	-	-	78,553	78,633
374,536	797,835	235,793	1,551,823	355,978	10,150,799
-	-	-	55,365	-	104,751
344,136	738,649	211,802	1,467,325	367,864	9,372,368
-	-	-	-	-	40,501
344,136	738,649	211,802	1,522,690	367,864	9,517,620
348,678	780,231	219,751	137,016	111,336	8,089,027



Adams County

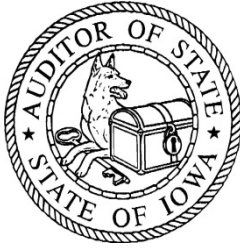
Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds

For the Last Ten Years

	2020	2019	2018	2017
<b>Revenues:</b>				
Property and other county tax	\$ 3,914,623	3,580,394	3,429,921	3,062,652
Interest and penalty on property tax	11,127	20,408	22,557	19,698
Tax increment financing	381,607	400,315	354,709	373,897
Local option sales tax	253,175	233,841	216,810	248,985
Intergovernmental	3,913,932	3,529,263	3,312,278	3,491,618
Licenses and permits	7,645	7,185	7,545	5,902
Charges for service	701,793	479,364	497,195	439,308
Use of money and property	128,511	76,802	45,049	66,872
Miscellaneous	143,640	71,891	77,670	41,038
<b>Total</b>	<b>\$ 9,456,053</b>	<b>8,399,463</b>	<b>7,963,734</b>	<b>7,749,970</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 1,655,252	1,509,161	1,408,991	1,254,815
Physical health and social services	209,231	198,039	212,347	144,241
Mental health	150,209	178,812	153,311	127,530
County environment and education	812,363	879,471	707,871	718,573
Roads and transportation	3,932,283	3,446,421	3,596,917	3,352,180
Governmental services to residents	350,708	330,607	432,199	539,330
Administration	900,617	788,769	787,939	818,780
Non-program	-	-	28,670	39,130
Debt service	873,022	872,527	686,362	686,062
Capital projects	1,338,751	574,270	923,622	578,736
<b>Total</b>	<b>\$ 10,222,436</b>	<b>8,778,077</b>	<b>8,938,229</b>	<b>8,259,377</b>

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
2,953,017	2,476,388	2,392,059	2,625,777	2,579,811	2,514,840
18,589	17,285	17,096	17,379	16,261	17,243
334,127	373,742	397,196	446,775	452,223	448,251
274,145	233,192	202,547	224,368	166,691	261,149
3,659,400	3,202,252	2,806,121	2,954,525	3,071,193	3,002,653
20,949	7,735	5,640	16,486	25,738	13,491
350,192	405,596	363,221	344,600	439,858	335,492
85,303	95,303	90,557	99,952	110,519	135,184
109,208	25,660	101,142	94,483	123,986	39,899
<u>7,804,930</u>	<u>6,837,153</u>	<u>6,375,579</u>	<u>6,824,345</u>	<u>6,986,280</u>	<u>6,768,202</u>
1,004,340	1,005,353	1,035,040	1,011,089	1,052,672	898,524
230,638	233,636	255,978	269,069	287,071	274,202
177,392	413,965	122,310	307,966	632,781	692,087
789,572	705,218	834,689	569,463	678,705	603,572
3,400,775	2,818,929	2,518,062	2,710,813	2,866,744	2,694,208
297,466	274,882	221,158	293,350	195,821	202,132
746,236	672,365	740,065	710,976	672,123	648,868
12,751	85,855	21,201	34,409	55,617	13,337
950,595	517,029	458,150	460,279	912,350	516,887
<u>2,321,276</u>	<u>317,837</u>	<u>61,580</u>	<u>17,267</u>	<u>2,010</u>	<u>450</u>
<u>9,931,041</u>	<u>7,045,069</u>	<u>6,268,233</u>	<u>6,384,681</u>	<u>7,355,894</u>	<u>6,544,267</u>



**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

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 Adams 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 Adams County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 26, 2021.

Internal Control Over Financial Reporting

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

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adams 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 the accompanying Schedule of Findings.

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

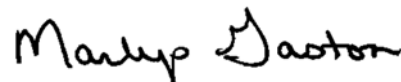
### Adams County's Responses to the Findings

Adams County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Adams 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 Adams 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

July 26, 2021

Adams County

Schedule of Findings

Year ended June 30, 2020

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties

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

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

- (1) County Treasurer – The duties of opening mail, collecting, depositing, reconciling, recording, posting and maintaining the detailed accounts receivable listing and custodian of change funds are not segregated. An initial listing of receipts is not prepared by an independent mail opener or periodically reviewed and compared with accounting records by that independent person. In addition, investments are not periodically inspected by someone independent of record keeping.
- (2) County Recorder – The duties of opening mail, collecting, depositing, recording and daily reconciling are not segregated. Also, the person who signs checks is not independent of the person approving disbursements, handling cash, recording cash receipts and preparing checks.
- (3) County Sheriff – The duties of opening the mail, collecting, depositing, recording and daily reconciling are not segregated. Also, the person who signs checks is not independent of the person approving and recording disbursements, handling cash and preparing checks. In addition, an initial listing of receipts is not prepared or periodically reviewed and compared with accounting records by an independent mail opener. Bank reconciliations are not prepared by someone who doesn't sign checks, handle or record cash.
- (4) Conservation – The duties of opening the mail and posting receipts are not segregated. The person who approves disbursements also records cash disbursements and has access to credit cards. In addition, no initial listing of receipts is prepared or periodically reviewed and compared with accounting records by an independent mail opener. Bank reconciliations are not reviewed and approved by an independent person.

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.

Adams County

Schedule of Findings

Year ended June 30, 2020

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

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances utilizing currently available personnel, including elected officials and other County personnel. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons and the reviews should be documented by the signature or initials of the reviewer and the date of review.

Mail should be opened by someone independent of the receipt process. While opening the mail, that independent mail opener should prepare a list of mail receipts. The mail should then be forwarded on to the accounting personnel for recording and depositing. The independent mail opener should periodically compare the list of mail receipts to the receipt records to ensure the receipts were properly recorded and deposited.

Responses –

County Treasurer – There are many procedures in place in the Treasurer's office to try to obtain the maximum internal control possible. As noted, we are a small office which makes it difficult to segregate duties, but we will continue to review office procedures to seek ways to improve internal controls to the extent possible.

County Recorder – We will continue to review policies to make the items mentioned better; however, we are limited due to being a two-person office.

County Sheriff – I open the mail, stamp the checks "Deposit Only", then take to the Civil Clerk for processing, except payments for other County inmates that I take to the Treasurer for deposit. We are a small Department and have limited personnel.

Conservation – Due to our small department size and lack of full-time employees we are unable to segregate duties further.

Conclusion – Responses acknowledged. Each County official should continue to review operating procedures to obtain the maximum internal control possible, including utilizing personnel from other offices to provide additional control through review of financial transactions, reconciliations and reports.

(B) Financial Reporting

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

Adams County

Schedule of Findings

Year ended June 30, 2020

Condition – During the audit, we identified material amounts of payables which were not recorded in the County’s financial statements or were recorded in the wrong fiscal year. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

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

Recommendation – The County should implement procedures to ensure all payables are identified and properly included in the County’s financial statements.

Response – We will continue to work toward compliance.

Conclusion – Response accepted.

(C) County Sheriff - Receipt Deposits

Criteria – An effective internal control system provides for internal controls related to ensuring the timely deposit of all incoming cash and checks.

Condition – Receipts are not always deposited timely (i.e., daily or every other day). Two State warrants issued to the County Sheriff’s Department were not deposited timely.

Cause – Policies and procedures have not been designed and implemented to ensure all incoming cash and checks are deposited timely.

Effect – This condition could result in unrecorded or misstated revenues and receivables.

Recommendation – The County Sheriff’s Department should establish procedures to ensure all receipts are deposited with the County Treasurer timely.

Response – We will establish a policy of depositing receipts timely.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

Adams County

Schedule of Findings

Year ended June 30, 2020

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

- (1) Certified Budget – During the year ended June 30, 2020, disbursements in the debt service, capital projects and roads and transportation functions exceeded the amounts budgeted prior to the budget amendment. In addition, 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 – We will continue to work toward compliance.

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 – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Scott Akin, Board of Supervisor Chairman, owner of Akin Building Center	General repairs, wood and lumber, hardware, paint and plumbing supplies	\$ 20,785
Holly Schafer, Treasurer's Office employee, Husband owns Schafer Welding	Iron, PTO shafts, supplies and equipment, metal machining	536

In accordance with Chapter 331.342(2)(j) the transactions with Akin Building Center may represent a conflict of interest since the total transactions were greater than \$6,000 during the fiscal year and the transactions were not competitively bid.

The transactions with Shafer Welding do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa, since the total transactions were less than \$6,000 during the fiscal year.



Adams County

Schedule of Findings

Year ended June 30, 2020

Recommendation – The County should consult legal counsel to determine the disposition of the transactions with Akin Building Center, a business owned by a member of the Board of Supervisors.

Response – We will continue to work toward compliance.

Conclusion – Response acknowledged. The Board should consult legal counsel to determine the disposition of this matter.

- (5) Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (6) 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.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Pooled 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.
- (9) 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).
- (10) Revenue Bonds – No instances of non-compliance with the urban renewal tax increment revenue bond provisions were noted.
- (11) Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

Adams County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy  
Tammy A. Hollingsworth, CIA, Manager  
Brett S. Gillen, CPA, Senior Auditor  
Andrew J. Dunne, Staff Auditor  
Brad M. Hofer, Assistant Auditor  
Brandon L. Weddell, Assistant Auditor  
Yih-Shan Sheu, Audit Intern