



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

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**NEWS RELEASE**

FOR RELEASE

May 26, 2021

Contact: Marlys Gaston  
515/281-5834

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

**FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$16,256,432 for the year ended June 30, 2020, a 4.69% increase over the prior year. Expenses for County operations for the year ended June 30, 2020 totaled \$14,626,934, a 5.67% increase over the prior year.

**AUDIT FINDINGS:**

Sand reported four findings related to the receipt and expenditure of taxpayer funds. They are found on pages 82 through 90 of this report. The findings address a lack of segregation of duties in the County Sheriff's Office, lack of preparation of bank reconciliations for the Sheriff's Commissary and K9 accounts and missing information in the capital assets. Sand provided the County with recommendations to address each of these findings.

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

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

###

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

**Poweshiek County**



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Rob Sand  
Auditor of State

May 13, 2021

Officials of Poweshiek County  
Montezuma, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Poweshiek 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 Poweshiek 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

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**Poweshiek County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Diana Dawley	Board of Supervisors	Jan 2021
Merle Doty	Board of Supervisors	Jan 2023
Jason Roudabush	Board of Supervisors	Jan 2023
Melissa Eilander	County Auditor	Jan 2021
Sandy Ross	County Treasurer	Jan 2023
Dianna Longhenry	County Recorder	Jan 2023
Thomas Kriegel	County Sheriff	Jan 2021
Bart Klaver	County Attorney	Jan 2023
Amy Vermillion	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Poweshiek 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 Poweshiek 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 Poweshiek County as of June 30, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

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

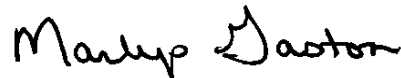
### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Poweshiek 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 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 13, 2021 on our consideration of Poweshiek 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 Poweshiek County's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA  
Deputy Auditor of State

May 13, 2021

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

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Poweshiek 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**

- Revenues of the County's governmental activities increased 4.69%, or approximately \$729,000, from fiscal year 2019 to fiscal year 2020. Charges for service decreased approximately \$46,000 due to less insurance reimbursements for group health claims. Capital grants, contributions and restricted interest increased approximately \$540,000 due to more reimbursements received for secondary road projects.
- Program expenses of the County's governmental activities increased 5.67%, or approximately \$785,000, from fiscal year 2019 to fiscal year 2020. County environment and education, non-program and mental health expenses increased approximately \$247,000, \$235,000 and \$200,000, respectively.
- The County's net position at June 30, 2020 increased 4.99%, or approximately \$1,630,000, 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 Poweshiek 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 Poweshiek 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 Poweshiek County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of the various federal programs benefiting the County.

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

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

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

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

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

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

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

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

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Poweshiek County's combined net position at the end of fiscal year 2020 totaled approximately \$34.3 million, compared to approximately \$32.7 million at the end of fiscal year 2019. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2020	2019
Current and other assets	\$ 25,304	24,038
Capital assets	26,866	26,771
Total assets	52,170	50,809
Deferred outflows of resources	887	1,061
Long-term liabilities	8,088	9,274
Other liabilities	582	457
Total liabilities	8,669	9,731
Deferred inflows of resources	10,092	9,473
Net position:		
Net investment in capital assets	22,806	22,061
Restricted	9,499	8,680
Unrestricted	1,991	1,925
Total net position	\$ 34,296	32,666

Net position of Poweshiek County's governmental activities increased 4.99% (approximately \$34.3 million compared to approximately \$32.7 million).

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

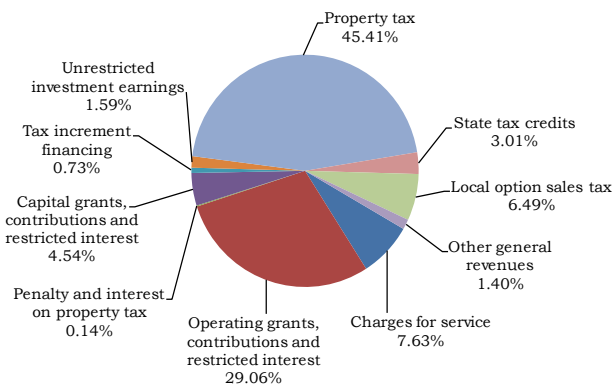
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$1,925,000 to approximately \$1,991,000 at the end of this year. This increase is due primarily to a decrease in both the net pension and total OPEB liabilities from June 30, 2019 to June 30, 2020.

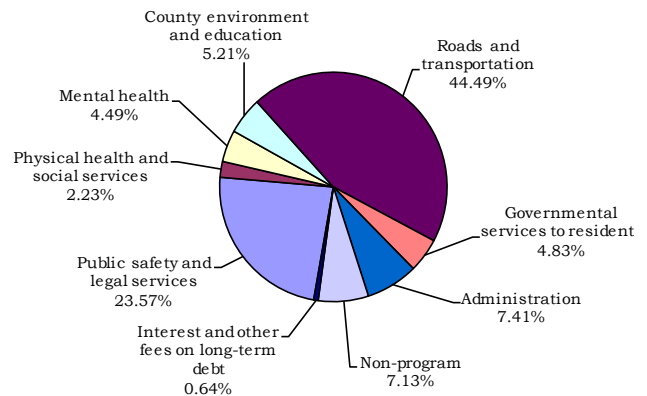
Changes in Net Position of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2020	2019
Revenues:		
Program revenues:		
Charges for service	\$ 1,240	1,442
Operating grants, contributions and restricted interest	4,724	4,499
Capital grants, contributions and restricted interest	738	42
General revenues:		
Property tax	7,383	7,274
Tax increment financing	118	143
Penalty and interest on property tax	22	48
State tax credits	490	496
Local option sales tax	1,055	976
Unrestricted investment earnings	259	334
Other general revenues	228	274
<b>Total revenues</b>	<b>16,257</b>	<b>15,528</b>
Program expenses:		
Public safety and legal services	3,448	3,318
Physical health and social services	326	284
Mental health	657	457
County environment and education	762	515
Roads and transportation	6,505	6,688
Governmental services to residents	706	636
Administration	1,085	1,034
Non-program	1,043	808
Interest and other fees on long-term debt	94	102
<b>Total expenses</b>	<b>14,627</b>	<b>13,842</b>
Change in net position	1,630	1,686
Net position beginning of year	32,666	30,980
Net position end of year	<b>\$ 34,296</b>	<b>32,666</b>

**Revenues by Source**



**Expenses by Program**



The County levied property tax rate went from \$8.09694 to \$7.94739 per \$1,000 of taxable valuation for fiscal year 2020, a decrease of 1.85%. Countywide taxable valuations in Poweshiek County have changed as follows: \$1,133,107,664 in fiscal year 2018 to \$1,129,290,598 in fiscal year 2019 to \$1,163,438,384 in fiscal year 2020. Rural taxable valuations in the County have changed as follows: \$743,721,021 in fiscal year 2018 to \$755,060,432 in fiscal year 2019 to \$784,857,280 in fiscal year 2020. Based on the changes in the taxable valuations and increases in the fiscal year 2020 levied property tax rates, property tax revenue was budgeted to increase approximately \$67,000 for fiscal year 2020.

The cost of all governmental activities this year was approximately \$14.6 million compared to approximately \$13.8 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$7.9 million because some of the cost was paid by those directly benefiting from the programs or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5.5 million).

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Poweshiek County completed the year, its governmental funds reported a combined fund balance of approximately \$13.4 million, an increase of approximately \$785,000 over last year's total of approximately \$12.6 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$474,000 from the prior year. Expenditures increased approximately \$128,000 compared to the prior year. The ending fund balance decreased approximately \$18,000 from the prior year to approximately \$4,037,000.
- Special Revenue, Mental Health Fund revenues decreased approximately \$500 from the prior year and expenditures increased approximately \$198,000 compared to the prior year. This increase is due to an increase in the amount paid to the fiscal agent during the current year. The Mental Health Fund balance at year end decreased approximately \$238,000 from the prior year to approximately \$68,000.
- Special Revenue, Rural Services Fund revenues increased approximately \$132,000 over the prior year. Expenditures increased approximately \$179,000. The Rural Services Fund ending fund balance decreased approximately \$61,000 from the prior year to approximately \$995,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$718,000 from the prior year, primarily due to the receipt of federal funds for a bridge replacement project. Expenditures decreased approximately \$187,000 primarily due to less equipment purchases. The Secondary Roads Fund ending fund balance increased approximately \$791,000 over the prior year to approximately \$4,520,000.
- Debt Service Fund revenues decreased approximately \$18,000 compared to the prior year. Expenditures decreased \$3,500 from the prior year. The ending fund balance decreased approximately \$6,000 from the prior year to approximately \$90,000.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Poweshiek County amended its budget three times. The first amendment was made in September 2019 and resulted in an increase in budgeted disbursements covering six different functions. The second amendment was made in December 2019 and resulted in an increase in the budgeted disbursements in three functions. The third amendment was made in May 2020 and resulted in an increase in the budgeted disbursements in four functions.

The County's receipts were approximately \$1,458,000 less than budgeted, a variance of 8.67%. The most significant variance resulted from the County not receiving revenue budgeted as miscellaneous for a bridge project with secondary roads that was not completed.

Total disbursements were \$3,382,886 less than the amended budget. Actual disbursements for the capital projects and roads and transportation functions were approximately \$1,524,000 and \$1,098,000, respectively, less than budgeted due to secondary road projects not being completed during the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2020, Poweshiek County had approximately \$27 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and s. This is a net increase (including additions and deletions) of approximately \$95,000 from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2020	2019
Land	\$ 2,030	2,030
Construction in progress	883	6
Buildings and improvements	7,283	7,474
Equipment and vehicles	2,766	2,763
Infrastructure	13,904	14,498
	<u>\$ 26,866</u>	<u>26,771</u>

The County had depreciation expense of approximately \$1,331,000 for fiscal year 2020 and total accumulated depreciation of approximately \$15,586,000 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, Poweshiek County had \$4,060,000 of long-term debt outstanding, compared to \$4,710,000 at June 30, 2019.

Outstanding Debt of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2020	2019
General obligation refunding bonds	\$ 3,670	4,190
General obligation urban renewal notes	390	520
Total	<u>\$ 4,060</u>	<u>4,710</u>

Debt decreased as a result of the County making scheduled principal payments on both the general obligation refunding bonds and the general obligation urban renewal notes. During the year, principal payments totaled \$650,000.



The County carries a general obligation bond rating of Aa3 assigned by national rating agencies. 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 outstanding general obligation debt of \$4,060,000 is significantly below its constitutional debt limit of approximately \$108 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**

Poweshiek County's elected and appointed officials considered many factors when setting the fiscal year 2021 budget, tax rates and fees charged for various county activities. The Poweshiek County Board of Supervisors is committed to limiting disbursement increases and reducing funding to non-mandated programs to provide services for the citizens of Poweshiek County. The fiscal year 2021 total property tax rate is \$7.92412 per \$1,000 of taxable valuation, a decrease of \$0.02327 per \$1,000 of taxable valuation from fiscal year 2020. The fiscal year 2021 General Fund ending fund balance is expected to be approximately \$3,489,000.

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

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Poweshiek 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 Poweshiek County Auditor's Office, 302 E Main Street, Montezuma, Iowa 50171-0057.

## **Basic Financial Statements**

Poweshiek County  
Statement of Net Position  
June 30, 2020

	Governmental Activities
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 15,689,287
Receivables:	
Property tax:	
Delinquent	34,722
Succeeding year	7,746,000
Tax increment financing succeeding year	120,000
Penalty and interest on property tax	4,794
	11,332
Accrued interest	25,083
Due from other governments	1,068,627
Inventories	508,922
Prepaid insurance	94,948
Capital assets, net of accumulated depreciation	26,866,195
<b>Total assets</b>	<b>52,169,910</b>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	834,370
OPEB related deferred outflows	52,784
<b>Total deferred outflows of resources</b>	<b>887,154</b>
<b>Liabilities</b>	
Accounts payable	448,242
Salaries and benefits payable	125,710
Due to other governments	539
Accrued interest payable	7,014
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes and bonds	655,000
Compensated absences	257,772
OPEB liability	40,816
Portion due or payable after one year:	
General obligation notes and bonds	3,405,000
Compensated absences	63,498
Landfill postclosure care	150,000
Net pension liability	2,111,147
OPEB liability	1,404,380
<b>Total liabilities</b>	<b>8,669,118</b>
<b>Deferred Inflows of Resources</b>	
Unavailable revenue:	
Property tax	7,746,000
Tax increment financing	120,000
Pension related deferred inflows	702,965
OPEB related deferred inflows	1,522,808
<b>Total deferred inflows of resources</b>	<b>10,091,773</b>
<b>Net Position</b>	
Net investment in capital assets	22,806,195
Restricted for:	
Supplemental levy purposes	378,244
Mental health purposes	67,295
Rural services purposes	871,132
Secondary roads purposes	4,474,714
Conservation land acquisition	62,926
Landfill postclosure care	1,493,811
Debt service	140,793
Capital improvements	1,789,049
Other purposes	221,238
Unrestricted	1,990,776
<b>Total net position</b>	<b>\$ 34,296,173</b>

See notes to financial statements.

Poweshiek County  
Statement of Activities  
Year ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 3,447,617	121,608	344,351	-	(2,981,658)
Physical health and social services	326,195	26,968	37,710	-	(261,517)
Mental health	657,321	-	-	-	(657,321)
County environment and education	762,167	144,305	1,846	-	(616,016)
Roads and transportation	6,505,482	113,753	3,890,322	738,273	(1,763,134)
Governmental services to residents	706,378	420,923	31,195	-	(254,260)
Administration	1,084,567	17,625	-	-	(1,066,942)
Non-program	1,043,383	395,125	418,714	-	(229,544)
Interest on long-term debt	93,824	-	-	-	(93,824)
<b>Total</b>	<b>\$ 14,626,934</b>	<b>1,240,307</b>	<b>4,724,138</b>	<b>738,273</b>	<b>(7,924,216)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					7,365,479
Debt service					17,831
Tax increment financing					117,533
Penalty and interest on property tax					22,202
State tax credits					489,580
Local option sales tax					1,054,900
Hotel/motel tax					26,632
Unrestricted investment earnings					258,617
Gain on disposition of capital assets					34,072
Miscellaneous					166,868
<b>Total general revenues</b>					<b>9,553,714</b>
Change in net position					1,629,498
Net position beginning of year					32,666,675
Net position end of year					<b>\$ 34,296,173</b>

See notes to financial statements.

Poweshiek County  
Balance Sheet  
Governmental Funds

June 30, 2020

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Assets:				
Cash, cash equivalents and pooled investments	\$ 4,084,326	70,658	899,215	3,451,772
Receivables:				
Property tax:				
Delinquent	18,708	1,823	14,054	-
Succeeding year	4,173,000	458,000	3,115,000	-
Tax increment financing succeeding year	-	-	-	-
Interest and penalty on property tax	4,794	-	-	-
Accounts	1,515	-	4,230	5,587
Accrued interest	25,044	-	-	-
Due from other governments	246,475	-	44,344	696,181
Inventories	-	-	-	508,922
Prepaid insurance	31,232	-	14,887	48,829
<b>Total assets</b>	<b>\$ 8,585,094</b>	<b>530,481</b>	<b>4,091,730</b>	<b>4,711,291</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 277,574	14	6,963	58,677
Salaries and benefits payable	59,748	2,751	21,747	41,464
Due to other governments	507	-	-	32
Total liabilities	<u>337,829</u>	<u>2,765</u>	<u>28,710</u>	<u>100,173</u>
Deferred inflows of resources:				
Unavailable resources:				
Succeeding year property tax	4,173,000	458,000	3,115,000	-
Succeeding year tax increment financing	-	-	-	-
Other	37,722	1,823	14,054	91,034
Total deferred inflows of resources	<u>4,210,722</u>	<u>459,823</u>	<u>3,129,054</u>	<u>91,034</u>
Fund balances:				
Nonspendable:				
Inventories	-	-	-	508,922
Prepaid insurance	31,232	-	14,887	48,829
Restricted for:				
Supplemental levy purposes	377,579	-	-	-
Mental health purposes	-	67,893	-	-
Rural services purposes	-	-	919,079	-
Secondary roads purposes	-	-	-	3,962,333
Capital improvements	-	-	-	-
Landfill postclosure care	-	-	-	-
Debt service	-	-	-	-
Conservation land acquisition	62,926	-	-	-
Other purposes	7,605	-	-	-
Unassigned	3,557,201	-	-	-
Total fund balances	<u>4,036,543</u>	<u>67,893</u>	<u>933,966</u>	<u>4,520,084</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,585,094</b>	<b>530,481</b>	<b>4,091,730</b>	<b>4,711,291</b>

See notes to financial statements.

Debt Service	Nonmajor	Total
89,542	3,622,969	12,218,482
82	55	34,722
-	-	7,746,000
-	120,000	120,000
-	-	4,794
-	-	11,332
36	3	25,083
-	81,627	1,068,627
-	-	508,922
-	-	94,948
<b>89,660</b>	<b>3,824,654</b>	<b>21,832,910</b>
-	14	343,242
-	-	125,710
-	-	539
-	14	469,491
-	-	7,746,000
-	120,000	120,000
82	55	144,770
82	120,055	8,010,770
-	-	508,922
-	-	94,948
-	-	377,579
-	-	67,893
-	-	919,079
-	-	3,962,333
-	1,789,049	1,789,049
-	1,643,811	1,643,811
89,578	58,092	147,670
-	-	62,926
-	213,633	221,238
-	-	3,557,201
<b>89,578</b>	<b>3,704,585</b>	<b>13,352,649</b>
<b>89,660</b>	<b>3,824,654</b>	<b>21,832,910</b>

**Poweshiek County**

Poweshiek County

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

June 30, 2020

**Total governmental fund balances (page 19)** \$ 13,352,649

***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 \$42,452,522 and the accumulated depreciation is \$15,586,327. 26,866,195

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. 144,770

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 3,365,805

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 887,154	
Deferred inflows of resources	<u>(2,225,773)</u>	(1,338,619)

Long-term liabilities, including bonds and notes payable, compensated absences payable, landfill postclosure payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (8,094,627)

**Net position of governmental activities (page 16)** \$ 34,296,173

See notes to financial statements.



Poweshiek County

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

Year ended June 30, 2020

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 4,016,504	388,579	2,955,659	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	-	-
Penalty and interest on property tax	20,338	-	-	-
Intergovernmental	826,918	29,440	432,177	4,596,227
Licenses and permits	1,125	-	22,910	72,374
Charges for service	581,917	-	61,400	-
Use of money and property	262,254	-	-	369
Miscellaneous	32,262	-	70,476	51,560
<b>Total revenues</b>	<b>5,741,318</b>	<b>418,019</b>	<b>3,542,622</b>	<b>4,720,530</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	2,256,237	-	1,035,315	-
Physical health and social services	268,326	-	54,849	-
Mental health	-	655,900	-	-
County environment and education	488,254	-	162,240	-
Roads and transportation	-	-	-	5,845,681
Governmental services to residents	690,120	-	6,905	-
Administration	991,155	-	42,856	-
Non-program	582,452	-	-	-
Debt service	-	-	-	-
Capital projects	109,369	-	-	940,061
<b>Total expenditures</b>	<b>5,385,913</b>	<b>655,900</b>	<b>1,302,165</b>	<b>6,785,742</b>
Excess (deficiency) of revenues over (under) expenditures	355,405	(237,881)	2,240,457	(2,065,212)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	2,855,688
Transfers out	(373,741)	-	(2,301,947)	-
Sale of capital assets	-	-	-	354
<b>Total other financing sources (uses)</b>	<b>(373,741)</b>	<b>-</b>	<b>(2,301,947)</b>	<b>2,856,042</b>
<b>Change in fund balances</b>	<b>(18,336)</b>	<b>(237,881)</b>	<b>(61,490)</b>	<b>790,830</b>
Fund balances beginning of year	4,054,879	305,774	995,456	3,729,254
<b>Fund balances end of year</b>	<b>\$ 4,036,543</b>	<b>67,893</b>	<b>933,966</b>	<b>4,520,084</b>

See notes to financial statements.

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Debt Service	Nonmajor	Total
17,831	-	7,378,573
-	117,533	117,533
-	1,054,900	1,054,900
-	-	20,338
1,394	32,518	5,918,674
-	-	96,409
-	3,745	647,062
19,640	1,892	284,155
-	12,945	167,243
<u>38,865</u>	<u>1,223,533</u>	<u>15,684,887</u>
-	10,119	3,301,671
-	-	323,175
-	-	655,900
-	8,212	658,706
-	-	5,845,681
-	4,322	701,347
-	-	1,034,011
-	-	582,452
744,620	-	744,620
-	3,146	1,052,576
<u>744,620</u>	<u>25,799</u>	<u>14,900,139</u>
<u>(705,755)</u>	<u>1,197,734</u>	<u>784,748</u>
699,477	249,535	3,804,700
-	(1,129,012)	(3,804,700)
-	-	354
<u>699,477</u>	<u>(879,477)</u>	<u>354</u>
(6,278)	318,257	785,102
<u>95,856</u>	<u>3,386,328</u>	<u>12,567,547</u>
<u>89,578</u>	<u>3,704,585</u>	<u>13,352,649</u>

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Poweshiek 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 23)** \$ 785,102

***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 exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,392,601	
Depreciation expense	<u>(1,331,120)</u>	61,481

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. 34,072

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.

Property tax	31,369	
Other	<u>86,708</u>	118,077

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. 650,000

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 422,564

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	(30,164)	
Accrued interest expense	796	
Landfill postclosure	30,000	
OPEB expense	162,413	
Pension expense	<u>(509,375)</u>	(346,330)

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. (95,468)

**Change in net position of governmental activities (page 17)** \$ 1,629,498

See notes to financial statements.

Poweshiek County  
 Statement of Net Position  
 Proprietary Fund  
 June 30, 2020

	<u>Internal          Service -          Employee          Group          Health</u>
<b>Current Assets</b>	
Cash and cash equivalents	\$ 270,805
Investments	<u>3,200,000</u>
Total current assets	3,470,805
<b>Current Liabilities</b>	
Accounts payable	<u>105,000</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 3,365,805</u>

See notes to financial statements.

## Poweshiek County

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

Year ended June 30, 2020

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 695,541
Reimbursements from employees and others		250,880
Insurance reimbursements		<u>99,513</u>
Total operating revenues		1,045,934
Operating expenses:		
Medical claims	\$ 814,694	
Insurance premiums	240,806	
Administrative fees	150,607	
Miscellaneous	<u>2,430</u>	<u>1,208,537</u>
Operating income		(162,603)
Non-operating revenues:		
Interest income		<u>67,135</u>
Net loss		(95,468)
Net position beginning of year		<u>3,461,273</u>
Net position end of year		<u>\$ 3,365,805</u>

See notes to financial statements.

Poweshiek County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2020

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 695,541
Cash received from employees and others	250,880
Cash received from Insurance reimbursements	99,513
Cash paid to suppliers for services	(1,198,537)
Net cash used by operating activities	(152,603)
Cash flows from investing activities:	
Proceeds from CD redemption	150,000
Interest on investments	67,135
Net cash from investing activities	217,135
Net decrease in cash and cash equivalents	64,532
Cash and cash equivalents beginning of year	206,273
Cash and cash equivalents end of year	\$ 270,805
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (162,603)
Adjustment to reconcile operating loss to net cash used by operating activities:	
Increase in accounts payable	10,000
Net cash used by operating activities	\$ (152,603)

See notes to financial statements.

**Poweshiek County**

Poweshiek County  
 Statement of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2020

**Assets**

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 2,145,805
Other County officials	51,447
Receivables:	
Property tax:	
Delinquent	133,093
Succeeding year	28,699,000
Accounts	16,699
Special assessments	43,579
Accrued interest	2,078
Due from other governments	<u>38,602</u>
<b>Total assets</b>	<u>31,130,303</u>

**Liabilities**

Accounts payable	13,045
Salaries and benefits payable	8,032
Due to other governments	31,036,572
Trusts payable	56,944
Compensated absences	<u>15,710</u>
<b>Total liabilities</b>	<u>31,130,303</u>

<b>Net position</b>	<u><u>\$ -</u></u>
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See notes to financial statements.



Poweshiek County

Notes to Financial Statements

June 30, 2020

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

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

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Drug Task Force Agreement, South Central Iowa Solid Waste Agency and Poweshiek Area Development Corporation.

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. Net position restricted through enabling legislation consists of \$1,493,811 for landfill post-closure care.

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, 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 Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

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

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

### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Asset Class	Amount
Intangibles	\$ 100,000
Infrastructure	50,000
Land and buildings	35,000
Land improvements	25,000
Equipment and vehicles	10,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	25 - 50
Land improvements	10 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	5 - 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) and 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 OPEB expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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

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

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

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

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

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

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

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$5,410,807. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

**(3) Interfund Transfers**

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

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Road	General	\$ 186,514
	Special Revenue:	
	Rural Services	2,239,639
	Local Option Sales Tax	200,000
	Capital Projects	<u>229,535</u>
		<u>2,855,688</u>
Special Revenue:	Special Revenue:	
Sanitary Disposal	Rural Services	<u>20,000</u>
Capital Projects	General	187,227
	Special Revenue:	
	Rural Services	<u>42,308</u>
		<u>229,535</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	576,746
	Urban Renewal	<u>122,731</u>
		<u>699,477</u>
Total		<u>\$ 3,804,700</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:				
Land	\$ 2,030,405	-	-	2,030,405
Construction in progress	5,859	964,484	86,891	883,452
Total capital assets not being depreciated	2,036,264	964,484	86,891	2,913,857
Capital assets being depreciated:				
Buildings	9,870,927	28,300	-	9,899,227
Equipment and vehicles	8,703,225	515,877	320,598	8,898,504
Infrastructure	20,654,043	86,891	-	20,740,934
Total capital assets being depreciated	39,228,195	631,068	320,598	39,538,665
Less accumulated depreciation for:				
Buildings	2,396,803	219,882	-	2,616,685
Equipment and vehicles	5,940,916	430,276	238,610	6,132,582
Infrastructure	6,156,098	680,962	-	6,837,060
Total accumulated depreciation	14,493,817	1,331,120	238,610	15,586,327
Total capital assets being depreciated, net	24,734,378	(700,052)	81,988	23,952,338
Governmental activities capital assets, net	\$ 26,770,642	264,432	168,879	26,866,195

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 252,765
County environment and education	88,901
Roads and transportation	944,481
Administration	44,973
Total depreciation expense - governmental activities	<u>\$ 1,331,120</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	\$ 507
Special Revenue:		
Secondary Roads	Services	32
Total for governmental funds		<u>\$ 539</u>
Agency:		
County Assessor	Collections	\$ 1,066,314
Schools		17,135,390
Community Colleges		1,861,504
Corporations		8,524,475
Townships		602,031
All other		<u>1,846,858</u>
Total for agency funds		<u>\$ 31,036,572</u>

**(6) Long-Term Liabilities**

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

	General Obligation Refunding	General Obligation Urban Renewal	Compensated Absences	Estimated Liability for Landfill Postclosure	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 4,190,000	520,000	291,106	180,000	2,455,202	1,637,439	9,273,747
Increases	-	-	639,720	-	-	-	639,720
Decreases	520,000	130,000	609,556	30,000	344,055	192,243	1,825,854
Balance end of year	<u>\$ 3,670,000</u>	<u>390,000</u>	<u>321,270</u>	<u>150,000</u>	<u>2,111,147</u>	<u>1,445,196</u>	<u>8,087,613</u>
Due within one year	<u>\$ 525,000</u>	<u>130,000</u>	<u>257,772</u>	<u>-</u>	<u>-</u>	<u>40,816</u>	<u>953,588</u>

A summary of the County's general obligation indebtedness is as follows:

Year Ending June 30,	Refunding Bonds		Urban Renewal Notes		Total		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 525,000	77,470	\$ 130,000	6,695	\$ 655,000	84,165	739,165
2022	535,000	68,545	130,000	4,680	665,000	73,225	738,225
2023	545,000	58,380	130,000	2,470	675,000	60,850	735,850
2024	555,000	47,208	-	-	555,000	47,208	602,208
2025	570,000	35,275	-	-	570,000	35,275	605,275
2026-2027	940,000	31,270	-	-	940,000	31,270	971,270
Total	<u>\$ 3,670,000</u>	<u>318,148</u>	<u>\$ 390,000</u>	<u>13,845</u>	<u>\$ 4,060,000</u>	<u>331,993</u>	<u>4,391,993</u>

### General Obligation Refunding Bonds

On March 29, 2012, the County issued \$5,210,000 of general obligation refunding bonds for the crossover advance refunding of \$4,845,000 of general obligation local option sales tax bonds dated October 15, 2008. The refunding bonds bear interest at rates ranging from 1.00% to 2.4% per annum. The 2008 bonds were called on June 1, 2017. During the year ended June 30, 2020, the County retired \$520,000 of general obligation refunding bonds and paid interest of \$85,270.

### General Obligation Urban Renewal Notes

On May 9, 2013, the County issued \$1,280,000 of general obligation urban renewal notes. The notes bear interest at rates ranging from 1.50% to 1.90% per annum. The notes were used to finance reconstruction and improvements to County roads in the urban renewal areas. During the year ended June 30, 2020, the County retired \$130,000 of general obligation urban renewal notes and paid interest of \$8,450.

## **(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 will be used if it is greater than the highest five-year average salary.

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

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

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

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

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

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

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

In fiscal year 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 9.76% of covered payroll, for a total rate of 19.52%. 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 \$422,564.

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 \$2,111,147 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 0.036458%, which was a decrease of 0.002340% from its collective proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$509,375. 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	\$ 20,703	102,918
Changes of assumptions	366,063	122,742
Net difference between projected and actual earnings on IPERS' investments	-	421,822
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	25,040	55,483
County contributions subsequent to the measurement date	422,564	-
Total	<u>\$ 834,370</u>	<u>702,965</u>

\$422,564 reported as deferred outflows of resources related to pensions resulting from the 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	\$ 23,014
2022	(131,900)
2023	(101,977)
2024	(74,729)
2025	(5,567)
Total	<u>\$ (291,159)</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, 2108.

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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
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%</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)	\$ 4,880,046	2,111,147	(210,407)

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

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

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	<u>81</u>
Total	<u><u>87</u></u>

Total OPEB Liability – The County's total OPEB liability of \$1,445,196 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The total OPEB liability was rolled forward from the July 1, 2019 valuation date to the June 30, 2020 measurement date.

Actuarial Assumptions – The total OPEB liability in the July, 1, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective July 1, 2019)	2.60% per annum.
Rates of salary increase (effective July 1, 2019)	2.60% per annum, including inflation.
Discount rate (effective July 1, 2019)	2.66% compounded annually, including inflation.
Healthcare cost trend rate (effective July 1, 2019)	8.00% initial rate decreasing 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-2020. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 1,637,439
Changes for the year:	
Service cost	115,462
Interest	59,817
Differences between expected and actual experiences	(264,898)
Changes in assumptions	(4,326)
Benefit payments	<u>(98,298)</u>
Net changes	<u>(192,243)</u>
Total OPEB liability end of year	<u>\$ 1,445,196</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	\$ 1,508,984	1,445,196	1,381,392

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 (7.0%) or 1% higher (9.0%) than the current healthcare cost trend rates.

	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB liability	\$ 1,324,780	1,445,196	1,582,667

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of \$162,413. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	1,522,808
Changes in assumptions	52,784	-
Total	<u>\$ 52,784</u>	<u>1,522,808</u>

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

Year ending June 30,	Amount
2021	\$ (239,394)
2022	(239,394)
2023	(239,394)
2024	(239,394)
2025	(239,394)
Thereafter	<u>(273,054)</u>
	<u>\$ (1,470,024)</u>

**(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 \$191,119.

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 \$1,000,000 and \$80,000, 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) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement was effective July 1, 2010 and is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$30,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2020 was \$695,541.

Amounts payable from the Employee Group Health Fund at June 30, 2020 total \$105,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$3,365,805 at June 30, 2020 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 95,000
Incurred claims (including claims incurred but not reported at June 30, 2020)	814,694
Payment on claims during the fiscal year	<u>(804,694)</u>
Unpaid claims end of year	<u>\$ 105,000</u>

**(11) Postclosure Care**

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

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually. These costs for the Poweshiek County Sanitary Landfill have been estimated at \$150,000 as of June 30, 2020 and a liability of that amount has been recognized.

Chapter 111 of the Iowa Administrative Code has been promulgated to implement financial assurance rules. Since the Poweshiek County Sanitary Landfill stopped waste disposal prior to the Chapter 111 effective date of August 24, 1994, financial assurance is not required for the Landfill. However, the County has accumulated resources to fund postclosure care and, at June 30, 2020, \$1,643,811 restricted for these purposes is reported in the Special Revenue, Sanitary Disposal Fund.

**(12) Tax Abatements**

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

**Tax Abatements of Other Entities**

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Brooklyn	Urban renewal and economic development projects	\$ 1,312

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

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

Revenues:		
Property and other county tax		\$ 388,579
Intergovernmental:		
State tax credits		<u>29,440</u>
Total revenues		<u>418,019</u>
Expenditures:		
Services to persons with:		
Mental illness		76,995
General administration:		
Direct administration	\$ 61,024	
Distribution to regional fiscal agent	<u>517,881</u>	<u>578,905</u>
Total expenditures		<u>655,900</u>
Excess of revenues over expenditures		(237,881)
Fund balance beginning of year		<u>305,774</u>
Fund balance end of year		<u>\$ 67,893</u>

**(14) Subsequent Events**

On July 1, 2020, the County issued \$3,585,000 General Obligation Refunding Bonds, Series 2020 for the refunding of General Obligation Refunding Bonds, Series 2012.

On February 17, 2021, the County issued \$6,060,000 General Obligation Emergency Communication Bonds, Series 2021A, for the purpose of acquiring and installing emergency services communications systems and equipment.

**(15) 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 Poweshiek County, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Poweshiek 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 Poweshiek County.

**(16) Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ended 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.

**Poweshiek County**

**Required Supplementary Information**



Poweshiek 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 Actual Variance
		Original	Final	
<b>Receipts:</b>				
Property and other county tax	\$ 8,563,632	8,497,025	8,497,025	66,607
Intergovernmental	5,604,854	6,006,845	6,006,845	(401,991)
Licenses and permits	91,385	18,100	18,100	73,285
Charges for service	661,171	645,787	645,787	15,384
Use of money and property	305,570	292,280	292,280	13,290
Miscellaneous	152,313	1,309,658	1,356,314	(1,204,001)
<b>Total receipts</b>	<b>15,378,925</b>	<b>16,769,695</b>	<b>16,816,351</b>	<b>(1,437,426)</b>
<b>Disbursements:</b>				
Public safety and legal services	3,319,540	3,415,002	3,606,714	287,174
Physical health and social services	319,517	358,288	368,288	48,771
Mental health	655,211	459,328	671,218	16,007
County environment and education	650,751	656,967	682,021	31,270
Roads and transportation	5,991,606	7,089,947	7,089,947	1,098,341
Governmental services to residents	696,431	686,123	751,023	54,592
Administration	1,033,434	1,344,434	1,344,434	311,000
Non-program	421,256	419,200	432,600	11,344
Debt service	744,620	744,720	744,720	100
Capital projects	1,050,356	2,485,743	2,574,643	1,524,287
<b>Total disbursements</b>	<b>14,882,722</b>	<b>17,659,752</b>	<b>18,265,608</b>	<b>3,382,886</b>
Excess (deficiency) of receipts over (under) disbursements	496,203	(890,057)	(1,449,257)	1,945,460
Other financing sources	354	-	-	354
Change in fund balances	496,557	(890,057)	(1,449,257)	1,945,814
Balance beginning of year	11,721,925	7,412,431	7,206,787	4,515,138
Balance end of year	\$ 12,218,482	6,522,374	5,757,530	6,460,952

See accompanying independent auditor's report.

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Poweshiek County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2020

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 15,378,925	305,962	15,684,887
Expenditures	14,882,722	17,417	14,900,139
Net	496,203	288,545	784,748
Other financing sources, net	354	-	354
Beginning fund balances	11,721,925	845,622	12,567,547
Ending fund balances	<u>\$ 12,218,482</u>	<u>1,134,167</u>	<u>13,352,649</u>

See accompanying independent auditor's report.

**Poweshiek County**

Poweshiek County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2020

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$605,856. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2020, disbursements did not exceed the amounts budgeted.

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Poweshiek 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	0.036458%	0.038798%	0.043203%	0.042252%
County's proportionate share of the net pension liability	\$ 2,111	2,455	2,878	2,659
County's covered payroll	\$ 4,400	4,201	4,162	3,906
County's proportionate share of the net pension liability as a percentage of its covered payroll	47.98%	58.44%	69.15%	68.07%
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 preceeding fiscal year.

See accompanying independent auditor's report.

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2016	2015
0.039848%	0.038791%
1,969	1,538
3,856	3,886
51.06%	39.58%
85.19%	87.61%

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Poweshiek County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 422	423	382	382
Contributions in relation to the statutorily required contribution	<u>(422)</u>	<u>(423)</u>	<u>(382)</u>	<u>(382)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 4,436	4,400	4,201	4,162
Contributions as a percentage of covered payroll	9.51%	9.61%	9.09%	9.18%

See accompanying independent auditor's report.

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2016	2015	2014	2013	2012	2011
360	361	359	351	331	290
(360)	(361)	(359)	(351)	(331)	(290)
-	-	-	-	-	-
3,906	3,856	3,886	3,874	3,844	3,799
9.22%	9.36%	9.24%	9.06%	8.61%	7.63%



Poweshiek 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.

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Poweshiek 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	\$ 115,462	113,418	255,165
Interest cost	59,817	71,458	119,490
Difference between expected and actual experiences	(264,898)	(263,744)	(1,639,820)
Changes in assumptions	(4,326)	32,167	48,668
Benefit payments	(98,298)	(96,907)	(168,533)
Net change in total OPEB liability	(192,243)	(143,608)	(1,385,030)
Total OPEB liability beginning of year	1,637,439	1,781,047	3,166,077
Total OPEB liability end of year	\$ 1,445,196	1,637,439	1,781,047
Covered-employee payroll	\$ 3,844,733	4,014,008	3,897,947
Total OPEB liability as a percentage of covered-employee payroll	37.6%	40.8%	45.7%

See accompanying independent auditor's report.

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

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

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

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

**Poweshiek County**

## **Supplementary Information**

Poweshiek County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2020

	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest	Special Conservation Easement
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 45,630	20,992	19,092	5,000
Receivables:				
Delinquent	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Accrued interest	1	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 45,631</b>	<b>20,992</b>	<b>19,092</b>	<b>5,000</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable revenue:				
Succeeding year tax increment financing	-	-	-	-
Other	-	-	-	-
Fund balances:				
Restricted for:				
Capital improvements	-	-	-	-
Landfill postclosure care	-	-	-	-
Debt service	-	-	-	-
Other purposes	45,631	20,992	19,092	5,000
Total fund balances	45,631	20,992	19,092	5,000
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 45,631</b>	<b>20,992</b>	<b>19,092</b>	<b>5,000</b>

See accompanying independent auditor's report.

Revenue							
Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Urban Renewal	Naturalist		Total
11,895	109,346	1,643,825	1,707,422	58,090	1,677		3,622,969
-	-	-	-	55	-		55
-	-	-	-	120,000	-		120,000
-	-	-	-	2	-		3
-	-	-	81,627	-	-		81,627
11,895	109,346	1,643,825	1,789,049	178,147	1,677		3,824,654
-	-	14	-	-	-		14
-	-	-	-	120,000	-		120,000
-	-	-	-	55	-		55
-	-	-	1,789,049	-	-		1,789,049
-	-	1,643,811	-	-	-		1,643,811
-	-	-	-	58,092	-		58,092
11,895	109,346	-	-	-	1,677		213,633
11,895	109,346	1,643,811	1,789,049	58,092	1,677		3,704,585
11,895	109,346	1,643,825	1,789,049	178,147	1,677		3,824,654

Poweshiek County

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

Year ended June 30, 2020

	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest	Special Conservation Easement
Revenues:				
Tax increment financing	\$ -	-	-	-
Local option sales tax	-	-	-	-
Intergovernmental	-	-	-	-
Charges for service	-	3,745	-	-
Use of money and property	395	241	211	-
Miscellaneous	11,895	-	-	-
Total revenues	12,290	3,986	211	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	-	-
Governmental services to residents	-	4,322	-	-
Capital projects	-	-	-	-
Total expenditures	-	4,322	-	-
Excess (deficiency) of revenues over (under) expenditures	12,290	(336)	211	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Change in fund balances	12,290	(336)	211	-
Fund balances beginning of year	33,341	21,328	18,881	5,000
Fund balances end of year	\$ 45,631	20,992	19,092	5,000

See accompanying independent auditor's report.

Revenue							
Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Urban Renewal	Naturalist	Capital Projects	Total
-	-	-	-	117,533	-	-	117,533
-	-	-	1,054,900	-	-	-	1,054,900
-	-	27,808	-	4,710	-	-	32,518
-	-	-	-	-	-	-	3,745
-	-	-	-	1,045	-	-	1,892
-	1,025	-	-	-	25	-	12,945
-	1,025	27,808	1,054,900	123,288	25	-	1,223,533
5,244	4,875	-	-	-	-	-	10,119
-	-	7,728	-	-	484	-	8,212
-	-	-	-	-	-	-	4,322
-	-	-	-	3,146	-	-	3,146
5,244	4,875	7,728	-	3,146	484	-	25,799
(5,244)	(3,850)	20,080	1,054,900	120,142	(459)	-	1,197,734
-	-	20,000	-	-	-	229,535	249,535
-	-	-	(776,746)	(122,731)	-	(229,535)	(1,129,012)
-	-	20,000	(776,746)	(122,731)	-	-	(879,477)
(5,244)	(3,850)	40,080	278,154	(2,589)	(459)	-	318,257
17,139	113,196	1,603,731	1,510,895	60,681	2,136	-	3,386,328
11,895	109,346	1,643,811	1,789,049	58,092	1,677	-	3,704,585



Poweshiek County

Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2020

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	4,465	2,908	521,845	206,106
Other County officials	51,447	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	1,066	2,574	75,284
Succeeding year	-	393,000	235,000	561,000	16,854,000
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 51,447	397,465	238,974	1,085,419	17,135,390
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ -	-	-	2,608	-
Salaries and benefits payable	-	-	-	6,511	-
Due to other governments	25,353	397,465	238,974	1,066,314	17,135,390
Trusts payable	26,094	-	-	-	-
Compensated absences	-	-	-	9,986	-
Total liabilities	\$ 51,447	397,465	238,974	1,085,419	17,135,390

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	911 Service	Other	Total
12,850	130,071	854	602,031	427,934	236,741	2,145,805
-	-	-	-	-	-	51,447
4,654	34,404	-	-	-	15,111	133,093
1,844,000	8,360,000	72,000	-	-	380,000	28,699,000
-	-	-	-	16,699	-	16,699
-	-	-	-	-	43,579	43,579
-	-	-	-	232	1,846	2,078
-	-	-	-	38,189	413	38,602
<u>1,861,504</u>	<u>8,524,475</u>	<u>72,854</u>	<u>602,031</u>	<u>483,054</u>	<u>677,690</u>	<u>31,130,303</u>
-	-	-	-	5,251	5,186	13,045
-	-	-	-	-	1,521	8,032
1,861,504	8,524,475	72,854	602,031	477,803	634,409	31,036,572
-	-	-	-	-	30,850	56,944
-	-	-	-	-	5,724	15,710
<u>1,861,504</u>	<u>8,524,475</u>	<u>72,854</u>	<u>602,031</u>	<u>483,054</u>	<u>677,690</u>	<u>31,130,303</u>

Poweshiek County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2020

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 52,825	287,083	226,912	941,401	16,155,708
Additions:					
Property and other county tax	-	384,589	237,151	558,188	16,961,637
911 surcharge	-	-	-	-	-
State tax credits	-	4,892	17,208	41,571	1,232,667
Office fees and collections	476,570	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	623,174	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	1,099,744	389,481	254,359	599,759	18,194,304
Deductions:					
Agency remittances:					
To other funds	201,879	-	-	-	-
To other governments	278,571	279,099	242,297	455,741	17,214,622
Trusts paid out	620,672	-	-	-	-
	1,101,122	279,099	242,297	455,741	17,214,622
Balances end of year	\$ 51,447	397,465	238,974	1,085,419	17,135,390

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	911 Service	Other	Total
994,395	8,095,308	65,173	518,979	426,780	558,121	28,322,685
1,852,365	8,236,453	72,981	-	-	396,046	28,699,410
-	-	-	-	242,921	-	242,921
75,420	993,068	3,282	-	-	17,097	2,385,205
-	-	-	-	-	-	476,570
-	-	-	7,219,237	-	-	7,219,237
-	-	-	-	-	28,721	28,721
-	-	-	-	-	202,119	825,293
-	-	-	-	10,433	125,776	136,209
1,927,785	9,229,521	76,263	7,219,237	253,354	769,759	40,013,566
-	-	-	264,220	-	-	466,099
1,060,676	8,800,354	68,582	6,871,965	197,080	454,796	35,923,783
-	-	-	-	-	195,394	816,066
1,060,676	8,800,354	68,582	7,136,185	197,080	650,190	37,205,948
1,861,504	8,524,475	72,854	602,031	483,054	677,690	31,130,303

Poweshiek 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	\$ 7,378,573	7,298,439	7,322,569	7,160,995
Tax increment financing	117,533	142,951	122,489	143,967
Local option sales tax	1,054,900	975,685	859,121	885,507
Penalty and interest on property tax	20,338	46,097	46,945	47,869
Intergovernmental	5,918,674	5,391,590	4,843,177	5,043,984
Licenses and permits	96,409	105,625	167,613	68,139
Charges for service	647,062	654,254	621,357	617,775
Use of money and property	284,155	390,913	234,638	266,059
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	167,243	267,404	433,091	321,683
<b>Total</b>	<b>\$ 15,684,887</b>	<b>15,272,958</b>	<b>14,651,000</b>	<b>14,555,978</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 3,301,671	3,175,246	3,094,293	2,986,068
Physical health and social services	323,175	279,656	325,026	287,841
Mental health	655,900	458,260	417,020	428,180
County environment and education	658,706	612,064	610,792	608,902
Roads and transportation	5,845,681	6,850,344	5,382,525	6,128,455
Governmental services to residents	701,347	653,427	655,514	614,973
Administration	1,034,011	1,180,365	1,263,348	1,258,694
Non-program	582,452	407,006	284,926	95,852
Debt service	744,620	748,108	745,108	841,832
Capital projects	1,052,576	466,212	775,670	445,954
<b>Total</b>	<b>\$ 14,900,139</b>	<b>14,830,688</b>	<b>13,554,222</b>	<b>13,696,751</b>

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
6,935,410	6,892,299	6,986,195	6,585,265	6,576,530	6,347,814
129,640	126,695	144,924	-	-	-
823,298	928,085	807,091	785,610	834,594	761,864
50,834	47,241	48,720	51,443	50,255	52,609
4,850,079	4,664,378	4,588,245	3,944,072	5,178,661	4,581,922
59,816	76,811	121,538	57,490	65,935	52,445
582,872	510,079	514,703	550,596	555,409	529,839
116,529	106,394	171,910	152,092	129,898	109,600
-	-	-	-	-	14,444
141,519	207,046	213,085	234,567	219,351	119,891
<b>13,689,997</b>	<b>13,559,028</b>	<b>13,596,411</b>	<b>12,361,135</b>	<b>13,610,633</b>	<b>12,570,428</b>
2,990,207	2,838,158	2,792,814	2,734,316	2,758,405	2,473,294
282,499	326,373	391,098	283,905	309,654	445,992
337,001	1,186,377	604,358	892,271	2,681,005	1,382,606
517,242	497,603	538,801	463,706	504,349	1,056,252
5,261,739	5,042,502	4,696,708	5,428,293	4,891,508	4,616,467
652,598	679,317	628,471	674,934	688,105	669,096
1,343,275	1,222,300	1,161,822	1,066,481	1,114,457	1,018,516
103,994	138,849	274,769	235,808	245,247	163,589
843,368	847,052	847,650	739,998	637,777	607,563
551,825	628,342	1,266,712	167,526	149,099	308,256
<b>12,883,748</b>	<b>13,406,873</b>	<b>13,203,203</b>	<b>12,687,238</b>	<b>13,979,606</b>	<b>12,741,631</b>

**Schedule 6**

Poweshiek County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Indirect:			
US Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY20	\$ <u>6,205</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO79(51)-8J-79	678,667
Highway Planning and Construction	20.205	BROS-CO79(54)-8J-80	<u>52,309</u>
			<u>730,976</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	20-402-MOPT, Task 63-80-00	<u>4,200</u>
U.S. Election Assistance Commission			
Iowa Secretary of State:			
COVID 19 - HAVA Election Security Grants	90.404	FY20	<u>3,300</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Immunization Cooperative Agreements	93.268	5880I475	<u>5,732</u>
Public Health Emergency Preparedness	93.069	5880BT09	<u>205,927</u>
National Bioterrorism Hospital Preparedness Program	93.889	5880BT09	61,888
COVID 19 - National Bioterrorism Hospital Preparedness Program	93.889	5880BT09	<u>12,225</u>
			<u>74,113</u>
Human Services Administrative Reimbursements:			
Guardianship Assistance	93.090	FY20	<u>1</u>
Refugee and Ebrabt Assistance State/Replacement Designee Administered Programs	93.566	FY20	<u>4</u>
Foster Care Title IV-E	93.658	FY20	<u>2,101</u>
Adoption Assistance	93.659	FY20	<u>851</u>
Social Services Block Grant	93.667	FY20	<u>1,806</u>
State Children's Insurance Program	93.767	FY20	<u>214</u>
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY20	<u>1,473</u>
Medicaid Cluster:			
Medical Assistance Program	93.778	FY20	<u>9,397</u>
<b>Total</b>			<u>\$ 1,046,300</u>

**Basis of Presentation** – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Poweshiek County under programs of the federal Revigovernment for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Poweshiek County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Poweshiek County.

**Summary of Significant Accounting Policies** – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

See accompanying independent auditor’s report.





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

To the Officials of Poweshiek 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 Poweshiek 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 May 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Poweshiek 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 Poweshiek County's internal control. Accordingly, we do not express an opinion on the effectiveness of Poweshiek 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 Scheduled of Findings and Questioned Costs, we identified deficiencies in internal control that we consider to be a material weakness 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 deficiency described in Part II of the accompanying Findings and Questioned Costs as item II-A-20 to be a material weakness.

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 deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-20 and II-C-20 to be significant deficiencies.

### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 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.

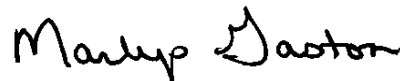
### Poweshiek County's Responses to the Findings

Poweshiek County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Poweshiek 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

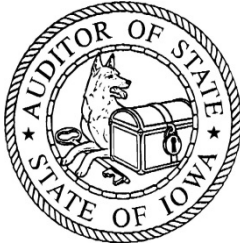
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance 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 Poweshiek 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

May 13, 2021



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

To the Officials of Poweshiek County:

Report on Compliance for Each Major Federal Program

We have audited Poweshiek County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2020. Poweshiek County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Poweshiek County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

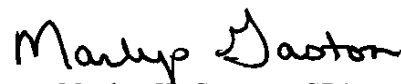
## Report on Internal Control Over Compliance

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

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

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

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



Marlys K. Gaston, CPA  
Deputy Auditor of State

May 13, 2021

Poweshiek County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2020

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Poweshiek County did not qualify as a low-risk auditee.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-20 Segregation of Duties – Sheriff’s Office

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 individual in the County Sheriff’s office may have control over collecting, preparing bank deposits, posting and daily reconciling of receipts. Additionally, incoming mail is not opened by an employee who is not authorized to make entries into the accounting records.

Cause – The County Sheriff’s office has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the County Sheriff’s office’s ability to prevent or detect and correct misstatements, errors or misappropriations 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, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Current personnel, including elected officials and personnel from other County offices, should be utilized to provide additional control through review of financial transactions and reconciliations. Such reviews should be performed by independent persons and should be documented by the signature or initials of the reviewer and the date of the review.

Response and Corrective Action Planned – Because our office staff is small and it is unrealistic to hire another person for the sole purpose to further segregate duties, our office relies on staff to review each other’s work to reconcile bank statements and review receipt books to see that monies taken in match bank deposits and services provided. We also work closely with the County Treasurer and the County Auditor to make sure that we handle receipts the way the State Auditor has recommended in the past.

Conclusion – Response accepted.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

II-B-20 County Sheriff Bank Reconciliations

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

Condition – The County Sheriff's office maintains bank accounts for commissary and K9 activity. Although the bank statements are reviewed by an independent person, bank reconciliations are not documented. Bank reconciliations would include the bank statement balance at month end plus or minus reconciling items such as outstanding checks and deposits in transit to equal the general ledger balance.

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

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

Recommendation – To improve financial accountability and control, monthly bank reconciliations should be prepared. Any differences should be investigated and resolved in a timely manner.

Response and Corrective Action Planned – This account is separate from the operations of the Poweshiek County Sheriff's Office. I will talk to deputies involved with the K-9 Account.

Conclusion – Response acknowledged. Monthly bank reconciliations should be prepared for both the commissary and K9 activity. Any differences should be investigated and resolved in a timely manner.

II-C-20 Financial Reporting

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

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

Cause – County policies do not require, and procedures have not been established to require independent review of year of capital assets 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.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Recommendation and Corrective Action Planned – The County should ensure establish procedures to ensure all capital assets are identified and properly reported in the County’s financial statements.

Engineer’s Responses – The Engineer’s Office did not understand the importance of stating GASB34 asset expenditures prior to their placement in service. They have now been made aware of the need to perform this function.

Conclusion – Response accepted.



Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

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

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

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

- IV-A-20      Certified Budget – Disbursements for the year ended June 30, 2020 did not exceed the amounts budgeted.
- IV-B-20      Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-20      Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-20      Business Transactions – No business transactions between the County and County officials or employees were noted.
- IV-E-20      Restricted Donor Activity – No transactions were noted between the County, County officials or County employees and restricted donors in compliance with Chapter 68B of the code of Iowa.
- IV-F-20      Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-G-20      Board Minutes – No transactions were found which we believe should have been approved in the Board minutes but were not.
- IV-H-20      Deposits and Investments – No instances of non-compliance with the deposit and investments provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- IV-I-20      Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-J-20      Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1.
- IV-K-20      GAAP Annual Financial Report – The GAAP Annual Financial Report was not properly approved and certified to the Iowa Department of Management on or before December 1.
- Recommendation – The County Should approve and certify the GAAP Annual Financial Report to the Iowa Department of Management on or before December 1<sup>st</sup>.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Response – Auditor’s Office receives figures from State Auditor’s Office for completion of GAAP AFR. These figures were received during our extreme busy time with the General Election. My staff or myself were not able to get to the AFR at that time due to the extreme overload with election. When we were able to finally get to it, we found the error in the numbers. Once we got the updated numbers/information, we then immediately submitted the report. This was an error on our part in time management and an isolated incident. We will make sure to have this process started sooner in the future.

Conclusion – Response accepted.

IV-L-20

Tax Increment Financing – Chapter 403.19 of the Code of Iowa provides money in the Special Revenue, Tax Increment Financing (TIF) Fund shall not be used for any purpose except for the payment of loans, advances, indebtedness or bonds which qualify for payment from the TIF Fund. In addition, Chapter 403.19 of the Code of Iowa does not allow a county to set aside property tax divided for tax increment purposes for current or future urban renewal projects. Indebtedness is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal of and interest on the certified indebtedness.

Chapter 403.19(6)(b) of the Code of Iowa also requires the County to certify the amount of reductions resulting from the reduction of debt or any other reason to the County Auditor.

Chapter 24.21 of the Code of Iowa requires, when the necessity for maintaining TIF Fund ceases to exist, the excess balance in the fund, if any be remitted to the County Treasurer and allocated to the respective taxing districts.

We noted the following:

- During the year ended June 30, 2020, the County paid \$3,146 of land acquisition expenses from the TIF fund. These costs do not represent TIF obligations and, accordingly, are not an allowable use of tax increment financing receipts.
- The County reported \$56,300 of outstanding tax increment financing debt for the Poweshiek County #3 Urban Renewal Area on the June 30, 2019 Annual Urban Renewal Report. Included in the \$56,300 of certified debt was an interfund loan from the General Fund to the TIF Fund for \$28,500. At the time the debt was certified, \$28,500 was transferred into the TIF Fund from Secondary Roads, held as a cash balance, and was then used to repay the interfund loan in fiscal year 2018 via transfer back to the Secondary Roads Fund. In the meantime, the County also collected \$29,363 of TIF revenues related to the \$28,500 certified loan, \$863 more than the amount certified. Because the project related to the loan was never performed, the \$29,363 in TIF revenues received and included in the June 30, 2020 cash balance in the Special Revenue, Urban Renewal Tax Increment Fund represents excess TIF balance.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

- Also included in the \$56,300 of certified debt was \$27,800 for project costs. The County received \$28,266 in TIF revenues related to this certification, \$466 more than the amount certified. Because the certified debt was not for a purpose allowed by Chapter 403.19 of the Code of Iowa, \$28,266 in TIF revenues received and included in the June 30, 2020 cash balance in the Special Revenue, Urban Renewal Tax Increment Fund represents excess TIF balance.
- As noted in the previous two bullets, the County apportioned a total of \$1,329 more in TIF revenues to the TIF Fund than the certified debt.

Recommendation – The County should reimburse the TIF Fund from an allowable fund, such as the General Fund, for the \$3,146 of land acquisition expenses. The County should establish procedures to ensure TIF revenues apportioned do not exceed certified TIF debt. In addition, the County should consult legal counsel to determine the disposition of the \$57,629 excess TIF balance, including whether the balance should be returned to the County Treasurer in accordance with Chapter 24.21 of the Code of Iowa.

Response – We will contact legal counsel to determine appropriate action for disposition of excess TIF balance. We discussed with DOM the procedure for certifying debt and have a better understanding of what is needed to create debt. We did not know we should not do an actual transfer for the internal loan. We did the proper internal loan agreement and resolution but should not have done the actual transfer. The engineer certified the project cost debt and I have discussed with him that this is not an allowable certification and that there needs to be debt created such as an internal loan. I have also informed the engineer the \$3,146 expenses he paid from TIF fund is not allowed. These claims should have been caught during processing of checks by my office and I will establish better procedures to track allowable expenses from TIF funds. We will transfer the \$3,146 from Secondary Road Fund to the TIF Fund.

Conclusion – Response accepted.

IV-M-20

Transfers to Secondary Roads Fund – Chapter 331.429 of the Code of Iowa limits the amount of General Fund property tax revenues that can be transferred to the Secondary Roads Fund according to a formula outlined in the Code section. During the fiscal year ended June 30, 2020 the County transferred \$185,514 from the General Fund to the Secondary Roads Fund. The County also transferred \$187,227 indirectly from the General Fund to the Secondary Roads Fund by first transferring to the Capital Projects Fund, then to the Secondary Roads Fund. The total transfers of \$372,741 from the General Fund to the Secondary Roads Fund exceeded the maximum allowable transfers under Chapter 331.429 of the Code of Iowa by \$177,345.

Recommendation – The County should make a corrective transfer of \$177,345 from the Secondary Roads Fund to the General Fund to reimburse the General Fund for the excess amount transferred in violation of Chapter 331.429 of the Code of Iowa.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Response – We will correct by transferring \$177,345 from Secondary Roads Fund back to the General Fund.

Conclusion – Response accepted.

Poweshiek County

Staff

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