

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

September 8, 2021

Contact: Marlys Gaston
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$18,899,145 for the year ended June 30, 2020, a 29.9% increase over the prior year. Expenses for County operations for the year ended June 30, 2020 totaled \$15,845,002, a 3.9% increase over the prior year. The significant increase in the revenues is due primarily to an increase in property tax and FEMA grants.

AUDIT FINDINGS:

Sand reported six findings related to the receipt and expenditure of taxpayer funds. They are found on pages 84 through 90 of this report. The findings address issues such as lack of segregation of duties, material amounts of accounts receivable, prepaid expenses and capital asset additions not properly recorded in the County's financial statements, disbursements exceeding budgeted amounts and a deficit balance in one fund. Sand provided the County with recommendations to address each of these findings.

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

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

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

JUNE 30, 2020

Guthrie County



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STATE OF IOWA

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Des Moines, Iowa 50319-0006

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

August 17, 2021

Officials of Guthrie County
Guthrie Center, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Guthrie County, Iowa, 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 Guthrie County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

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

Rob Sand
Auditor of State

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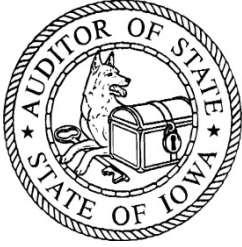
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Guthrie County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mike Dickson	Board of Supervisors	Jan 2021
Jack Lloyd	Board of Supervisors	Jan 2021
Clifford Carney	Board of Supervisors	Jan 2023
Everett Grasty	Board of Supervisors	Jan 2023
Jerome Kuster	Board of Supervisors	Jan 2023
Marci McClellan (left May 2020)	County Auditor	Jan 2021
Danielle Fink (appointed May 2020)	County Auditor	Nov 2021
Marci Schreck	County Treasurer	Jan 2023
Tristen Richard	County Recorder	Jan 2023
Marty Arganbright	County Sheriff	Jan 2021
Brenna Bird	County Attorney	Jan 2023
Nikki Carrick	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Guthrie 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 Guthrie 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 Guthrie 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 Funding Progress for the Retiree Health Plan on pages 8 through 15 and 56 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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.

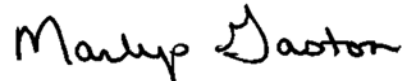
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Guthrie 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 eight years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the two years ended June 30, 2011 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

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



Marlys K. Gaston, CPA
Deputy Auditor of State

August 17, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Guthrie 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 31.3%, or approximately \$4,505,000, over fiscal year 2019 to fiscal year 2020. Property tax, operating grants, and capital grants increased approximately \$1,623,000, \$874,000, and \$1,907,000 respectively while charges for services decreased approximately \$192,000.
- Program expenses of the County's governmental activities increased 3.8%, or approximately \$586,000 over fiscal year 2019 to fiscal year 2020. Roads and transportation expenses increased approximately \$112,000, public safety and legal services expenses increased approximately \$245,000, and interest on long-term debt increased approximately \$287,000.
- The County's net position increased 11.8%, or approximately \$3,054,000, 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 Guthrie 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 Guthrie 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 Guthrie County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. 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	\$ 27,999	16,734
Capital assets	32,776	30,567
Total assets	60,775	47,301
Deferred outflows of resources	1,127	1,127
Long-term debt	22,933	14,508
Other liabilities	432	437
Total liabilities	23,365	14,945
Deferred inflows of resources	9,533	7,533
Net position:		
Net investment in capital assets	24,060	22,340
Restricted	6,469	4,844
Unrestricted	(1,525)	(1,234)
Total net position	\$ 29,004	25,950

Net position of Guthrie County's governmental activities increased 11.8% (approximately \$29.0 million compared to approximately \$26 million).

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$1,720,000 or 7.7% over the prior year.

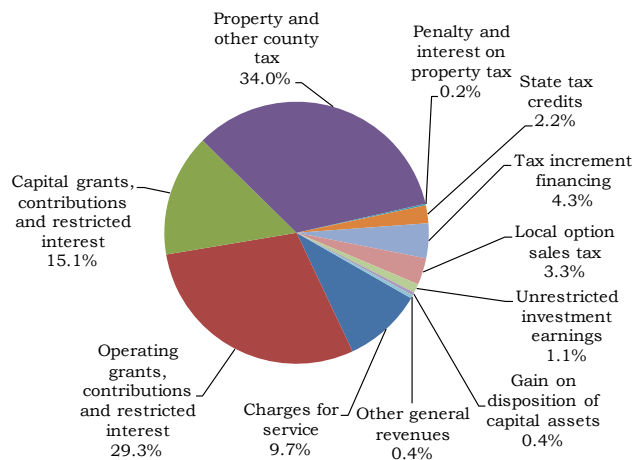
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$1,625,000 or 33.5%, primarily due to an increase in the amounts held in the Special Revenue, Rural Basic and Secondary Roads Funds at year end.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from a deficit of approximately \$1,234,000 at June 30, 2019 to a deficit of approximately \$1,525,000 at the end of this year. The deficit unrestricted net position is due to recording the net pension and total OPEB liabilities.

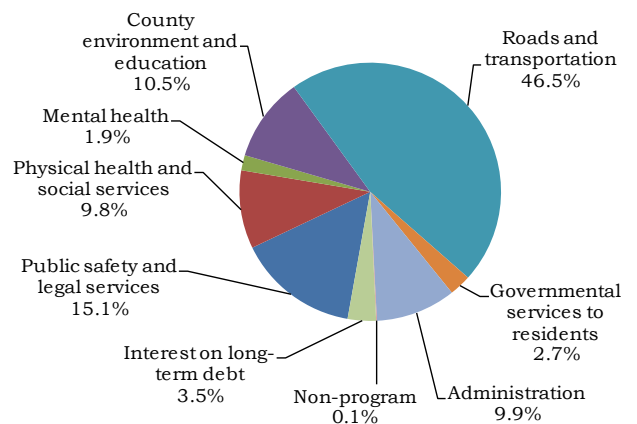
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2020	2019
Revenues:		
Program revenues:		
Charges for service	\$ 1,828	2,020
Operating grants, contributions and restricted interest	5,547	4,673
Capital grants, contributions and restricted interest	2,850	943
General revenues:		
Property and other county tax	6,440	4,817
Tax increment financing	808	579
Penalty and interest on property tax	40	67
State tax credits	413	334
Local option sales tax	616	610
Unrestricted investment earnings	204	261
Gain on disposition of capital assets	70	63
Other general revenues	84	28
Total revenues	18,900	14,395
Program expenses:		
Public safety and legal services	2,386	2,141
Physical health and social services	1,556	1,548
Mental health	305	436
County environment and education	1,663	1,576
Roads and transportation	7,380	7,268
Governmental services to residents	425	493
Administration	1,565	1,520
Non-program	15	14
Interest on long-term debt	551	264
Total expenses	15,846	15,260
Change in net position	3,054	(865)
Net position beginning of year	25,950	26,815
Net position end of year	\$ 29,004	25,950

Revenues by Source



Expenses by Program



Guthrie County's governmental activities net position increased approximately \$3,054,000 during the year. Revenues for governmental activities increased approximately \$4,505,000 over the prior year, including an increase in capital grants, contributions, and restricted interest of approximately \$1,907,000, or 202.2%, over the prior year and property tax revenue which increased over the prior year approximately \$1,623,000 or 33.7%. The increase in capital grants is primarily due to contributions received from IDOT and property tax revenues increased primarily due to an increase in property tax valuations. Charges for services decreased approximately \$192,000, or 9.5%.

The County's overall expenses increased approximately \$586,000 or approximately 3.8% over the prior year. Interest on long term debt increased approximately \$287,000, due primarily to debt issued in the prior fiscal year.

Property tax rates remained steady for fiscal year 2020. Countywide taxable valuations in Guthrie County have increased. Based on increases in the total assessed valuations and an increase in property tax rates, property tax revenue is budgeted to increase approximately \$1,282,219 next year.

The cost of all governmental activities this year was approximately \$15.8 million compared to approximately \$15.3 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$5.6 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,828,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$8,397,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2020 from approximately \$7,636,000 to approximately \$10,225,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Guthrie County completed the year, its governmental funds reported a combined fund balance of approximately \$18.5 million, an increase of approximately \$9.7 million over last year's total of approximately \$8.8 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased 16.9%, or approximately \$916,000, compared to the prior year, primarily due to increase in property tax. Expenditures increased 3.7%, or approximately \$222,000, compared to the prior year, primarily due to increases in public safety and legal services and administration of approximately \$178,000 and \$99,000, respectively. Governmental services to residents decreased approximately \$62,000. The increases were due to increases in vehicle costs and payroll. The decrease was due to purchase of election equipment in the prior year. The ending fund balance increased approximately \$103,000 over the prior year to approximately \$1,991,000.
- Special Revenue, Mental Health Fund revenues increased 37.5%, or approximately \$41,000 due to an increase in the property tax levy. Expenditures decreased 25.4%, or approximately \$111,000, from the prior year due to payments made to the fiscal agent for the mental health region. The Mental Health Fund balance at year end decreased approximately \$176,000 from the prior year to approximately \$93,000.
- Special Revenue, Rural Services Fund revenues increased 22.3%, or approximately \$617,000, primarily due to an increase in property tax valuations which generated an approximately \$549,000 increase in property tax revenues. Expenditures increased 11.3%, or approximately \$130,000, when compared to the prior year. The County purchased various equipment for the transfer station. The Rural Services Fund ending fund balance increased approximately \$179,000 over the prior year to approximately \$631,000.

- Special Revenue, Secondary Roads Fund revenues increased 19.8%, or approximately \$871,000, compared to the prior year, due primarily to reimbursements for FEMA projects. Expenditures decreased 4.8%, or approximately \$310,000, from the prior year. The Secondary Roads Fund ending balance increased \$1,121,838 over the prior year to approximately \$4,569,000.
- Special Revenue, Tax Increment Financing Fund (TIF) revenues increased 37.9%, or approximately \$233,000, compared to the prior year. Expenditures increased 51.0%, or approximately \$314,000 over the prior year. The increase was due to more TIF revenues being requested due to more debt service obligations being paid.
- Debt Service Fund revenues remained consistent when compared to the prior year. The expenditures increased 403.2%, or approximately \$604,000, due to paying off the general obligation 911 bonds during the fiscal year. The approximate \$579,600 Debt Service Fund balance at the end of the year is restricted to pay the law enforcement center and sewer improvement general obligation bonds.
- Capital Project Fund expenditures totaled approximately \$699,000 in fiscal year 2020 and the fund balance of approximately \$10,230,000 is restricted for capital projects. During the year ended June 30, 2020, the County issued \$8.7 million of general obligation bonds to help finance the construction of the new County Law Enforcement Center. The proceeds from the bond issue were placed in the Capital Projects Fund to account for this project. All of the bond proceeds remained in the Capital Projects Fund at the end of the year due to the timing of the bond issuance.

BUDGETARY HIGHLIGHTS

Over the course of the year, Guthrie County amended its budget once. The amendment was made in June 2020 and resulted in increased budgeted disbursements of \$2,092,089, primarily for increases in roads and transportation expenses and nonprogram expenses.

The County's receipts were \$726,211 more than budgeted. The most significant variance resulted from the County receiving more in intergovernmental receipts from FEMA than anticipated.

Total disbursements were \$1,707,775 less than the amended budget. Actual disbursements for non-program and roads and transportation were \$1,178,252 and \$783,000, respectively, less than budgeted.

Even with the budget amendment, the County exceeded the budgeted amounts in the in the mental health, debt service, and capital projects functions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, Guthrie County had approximately \$32.7 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities and roads and bridges. This is a net increase (including additions and deletions) of approximately \$2,209,000 or 7.3%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2020	2019
Land	\$ 1,405	1,400
Works of art	128	128
Construction in progress	3,670	1,846
Buildings and improvements	1,702	1,801
Equipment and vehicles	4,970	4,851
Infrastructure	20,900	20,540
Total	<u>\$ 32,775</u>	<u>30,566</u>

The County had depreciation expense of \$2,000,353 in fiscal year 2020 and total accumulated depreciation of \$15,958,728 at June 30, 2020. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2020, Guthrie County had \$19,162,331 of long-term debt outstanding, compared to \$10,576,983 at June 30, 2019.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2020	2019
General obligation bonds	<u>\$ 19,162,331</u>	<u>10,576,983</u>

Guthrie County issued \$8,700,000 in general obligation bonds during fiscal year 2020. Debt increased as a result of the bond issuance despite the County paying off the \$685,000 balance owed on the general obligation 911 bonds and making scheduled payments on the other outstanding bonds during the year.

The County continues to carry a general obligation bond rating of A1 assigned by national rating agencies to the County's debt since 1998. 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. Guthrie County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$81 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Guthrie County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment rose to 6.6% for fiscal years 2020 and compared to 2.6% in 2019. This compares with the State's unemployment rate of 7.1% and the national rate of 11.1%.

These indicators were taken into account when adopting the budget for fiscal year 2021. Revenues in the FY21 operating budget are approximately \$16.7 million, an increase of 8.1% over the final fiscal year 2020 budget. Property tax (benefiting from a rate increase and increases in assessed valuations) and grant receipts (including federal funding) are expected to lead this increase. Guthrie County will use these increases in receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to rise approximately \$641,000 as work continues on the Law Enforcement Center and road projects. Capital Projects and Administration functions are expected to have the highest increases. The County has added no major new programs or initiatives to the fiscal year 2021 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly increase by the close of fiscal year 2021.

The total taxable valuation for fiscal year 2021 increased 8.44%, or approximately \$64,960,000. The fiscal year 2021 total levy rate increased \$.916 per \$1,000 of taxable valuation from fiscal year 2020. The most significant increase is attributable to a levy rate increase for mental health and debt of \$0.1452 and \$0.6000, respectively, per \$1,000 of taxable valuation.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Guthrie 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 Guthrie County Auditor's Office, 200 North 5th Street, Guthrie Center, Iowa 50115.

Guthrie County

Basic Financial Statements

Guthrie County
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 15,271,321
Held by component units	377,646
Receivables:	
Property tax:	
Delinquent	34,495
Succeeding year	7,806,000
Succeeding year tax increment financing	985,000
Interest and penalty on property tax	115,416
Accounts	57,775
Loans	753,845
Accrued interest	41,753
Due from other governments	1,222,862
Inventories	1,239,739
Prepaid insurance	93,519
Capital assets, not depreciated	5,203,345
Capital assets, net of accumulated depreciation	27,572,569
Total assets	60,775,285
Deferred Outflows of Resources	
Pension related deferred outflows	1,126,553
Liabilities	
Accounts payable	204,155
Accrued interest payable	1,615
Salaries payable	218,170
Due to other governments	7,908
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	355,000
Estimated liability for landfill closure and postclosure care	14,710
Compensated absences	321,959
Portion due or payable after one year:	
General obligation bonds	18,807,331
Estimated liability for landfill closure and postclosure care	161,810
Compensated absences	52,201
Net pension liability	2,944,595
Total OPEB liability	275,372
Total liabilities	23,364,826
Deferred Inflows of Resources	
Unavailable property tax revenue	7,806,000
Unavailable tax increment financing revenue	985,000
Pension related deferred inflows	654,436
OPEB related deferred inflows	87,958
Total deferred inflows of resources	9,533,394
Net Position	
Net investment in capital assets	24,060,092
Restricted for:	
Supplemental levy purposes	563,367
Mental health purposes	93,486
Rural services purposes	444,140
Secondary roads purposes	4,385,451
Capital Projects	363,230
Conservation purposes	534,150
Other purposes	87,973
Unrestricted	(1,528,271)
Total net position	\$ 29,003,618

See notes to financial statements.

Guthrie 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	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,386,029	267,453	636	-	(2,117,940)
Physical health and social services	1,555,527	482,809	433,247	-	(639,471)
Mental health	305,122	8,963	-	-	(296,159)
County environment and education	1,662,661	691,726	33,382	-	(937,553)
Roads and transportation	7,379,661	98,312	5,042,059	2,849,787	610,497
Governmental services to residents	425,071	263,359	-	-	(161,712)
Administration	1,565,392	10,025	-	-	(1,555,367)
Non-program	14,850	5,040	-	-	(9,810)
Interest on long-term debt	550,689	-	37,626	-	(513,063)
Total	<u>\$ 15,845,002</u>	<u>1,827,687</u>	<u>5,546,950</u>	<u>2,849,787</u>	<u>(5,620,578)</u>
General Revenues:					
Property and other county tax levied for general purposes					6,439,690
Tax increment financing					807,926
Penalty and interest on property tax					39,964
State tax credits					412,767
Local option sales tax					615,618
Unrestricted investment earnings					204,247
Gain on disposition of capital assets					70,167
Rent					6,542
Miscellaneous					77,800
Total general revenues					<u>8,674,721</u>
Change in net position					3,054,143
Net position beginning of year					<u>25,949,475</u>
Net position end of year					<u>\$ 29,003,618</u>

See notes to financial statements.

Guthrie County
Balance Sheet
Governmental Funds

June 30, 2020

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 1,904,610	92,693	549,232
Held by component units	-	-	-
Receivables:			
Property tax:			
Delinquent	25,643	793	8,059
Succeeding year	4,689,000	262,000	2,247,000
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	115,416	-	-
Accounts	39,739	-	17,370
Loans	-	-	-
Accrued interest	41,753	-	-
Due from other funds	81,431	-	-
Due from other governments	48,072	-	102,759
Inventories	-	-	-
Prepaid insurance	54,039	-	3,309
Total assets	6,999,703	355,486	2,927,729
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	74,905	-	28,303
Salaries and benefits payable	97,008	-	12,837
Due to other funds	-	-	-
Due to other governments	6,991	-	373
Total liabilities	178,904	-	41,513
Deferred inflows of resources:			
Unavailable resources:			
Succeeding year property tax	4,689,000	262,000	2,247,000
Succeeding year tax increment financing	-	-	-
Other	141,059	793	8,059
Total deferred inflows of resources	4,830,059	262,793	2,255,059
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	54,039	-	3,309
Restricted for:			
Supplemental levy purposes	533,077	-	-
Mental health purposes	-	92,693	-
Rural services purposes	-	-	617,848
Secondary roads purposes	-	-	-
Drainage warrants	-	-	-
Conservation purposes	68,591	-	-
Capital projects	-	-	-
Debt service	-	-	-
Transfer station closure/postclosure care	-	-	10,000
Other purposes	60,052	-	-
Unassigned	1,274,981	-	-
Total fund balances	1,990,740	92,693	631,157
Total liabilities, deferred inflows of resources and fund balances	\$ 6,999,703	355,486	2,927,729

See notes to financial statements.

Revenue					
Secondary Roads	Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Total
2,430,158	-	-	10,055,894	115,434	15,148,021
-	-	-	-	377,646	377,646
-	-	-	-	-	34,495
-	-	608,000	-	-	7,806,000
-	985,000	-	-	-	985,000
-	-	-	-	-	115,416
266	-	-	-	400	57,775
-	-	580,000	173,845	-	753,845
-	-	-	-	-	41,753
-	-	-	-	-	81,431
1,072,031	-	-	-	-	1,222,862
1,239,739	-	-	-	-	1,239,739
36,171	-	-	-	-	93,519
4,778,365	985,000	1,188,000	10,229,739	493,480	27,957,502
100,947	-	-	-	-	204,155
108,325	-	-	-	-	218,170
-	80,033	1,398	-	-	81,431
544	-	-	-	-	7,908
209,816	80,033	1,398	-	-	511,664
-	-	608,000	-	-	7,806,000
-	985,000	-	-	-	985,000
-	-	-	-	-	149,911
-	985,000	608,000	-	-	8,940,911
1,239,739	-	-	-	-	1,239,739
36,171	-	-	-	-	93,519
-	-	-	-	-	533,077
-	-	-	-	-	92,693
-	-	-	-	-	617,848
3,292,639	-	-	-	-	3,292,639
-	-	-	-	11,000	11,000
-	-	-	-	465,559	534,150
-	-	-	10,229,739	-	10,229,739
-	-	578,602	-	-	578,602
-	-	-	-	-	10,000
-	-	-	-	16,921	76,973
-	(80,033)	-	-	-	1,194,948
4,568,549	(80,033)	578,602	10,229,739	493,480	18,504,927
4,778,365	985,000	1,188,000	10,229,739	493,480	27,957,502

Guthrie County

Guthrie County
 Reconciliation of the Balance Sheet -
 Governmental Funds to the Statement of Net Position

June 30, 2020

Total governmental fund balances (page 21) \$ 18,504,927

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 \$50,734,642 and the accumulated depreciation is \$15,958,728. 32,775,914

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. 149,911

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance and prescription benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 123,300

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (1,615)

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

Deferred outflows of resources-pension related	\$ 1,126,553	
Deferred inflows of resources-pension related	(654,436)	
Deferred inflows of resources-OPEB	<u>(87,958)</u>	384,159

Long-term liabilities, including bonds payable, the estimated liability for landfill closure and postclosure care, compensated absences payable, net pension liability and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (22,932,978)

Net position of governmental activities (page 18) \$ 29,003,618

See notes to financial statements.

Guthrie County

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

Year ended June 30, 2020

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 4,249,409	131,443	2,039,665
Tax increment financing	-	-	-
Local option sales tax	-	-	615,618
Interest and penalty on property tax	23,919	-	-
Intergovernmental	1,266,375	17,289	182,682
Licenses and permits	43,701	-	-
Charges for service	529,979	-	17,595
Use of money and property	205,825	-	-
Miscellaneous	13,977	-	527,492
Total revenues	6,333,185	148,732	3,383,052
Expenditures:			
Operating:			
Public safety and legal services	2,237,494	-	-
Physical health and social services	1,491,010	-	-
Mental health	-	324,733	-
County environment and education	529,922	-	1,218,558
Roads and transportation	-	-	55,700
Governmental services to residents	429,330	-	5,143
Administration	1,474,922	-	-
Nonprogram Current	3,994	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	6,166,672	324,733	1,279,401
Excess (deficiency) of revenues over (under) expenditures	166,513	(176,001)	2,103,651
Other financing sources (uses):			
General obligation bonds issued	-	-	-
Preimum on bond issuance	-	-	-
Transfers in	-	-	-
Transfers out	(63,226)	-	(1,925,042)
Total other financing sources (uses)	(63,226)	-	(1,925,042)
Change in fund balances	103,287	(176,001)	178,609
Fund balances beginning of year	1,887,453	268,694	452,548
Fund balances end of year	\$ 1,990,740	92,693	631,157

See notes to financial statements.

Revenue						
Secondary Roads	Tax Increment Financing	Debt Service	Capital Projects	Nonmajor		Total
-	-	-	-	-	-	6,420,517
-	807,926	-	-	-	-	807,926
-	-	-	-	-	-	615,618
-	-	-	-	-	-	23,919
5,164,288	40,635	37,626	-	10,889	-	6,719,784
7,084	-	-	-	-	-	50,785
-	-	-	-	3,507	-	551,081
-	-	-	3,616	3,246	-	212,687
93,356	-	-	-	24,430	-	659,255
5,264,728	848,561	37,626	3,616	42,072	-	16,061,572
-	-	-	-	1,710	-	2,239,204
-	-	-	-	-	-	1,491,010
-	-	-	-	-	-	324,733
-	-	-	-	24,880	-	1,773,360
5,967,008	-	-	-	-	-	6,022,708
-	-	-	-	-	-	434,473
101,490	-	-	-	-	-	1,576,412
-	-	-	-	-	-	3,994
-	929,201	754,124	-	-	-	1,683,325
62,660	-	-	698,618	9,164	-	770,442
6,131,158	929,201	754,124	698,618	35,754	-	16,319,661
(866,430)	(80,640)	(716,498)	(695,002)	6,318	-	(258,089)
-	-	-	8,700,000	-	-	8,700,000
-	-	-	1,276,505	-	-	1,276,505
1,988,268	-	-	-	-	-	1,988,268
-	-	-	-	-	-	(1,988,268)
1,988,268	-	-	9,976,505	-	-	9,976,505
1,121,838	(80,640)	(716,498)	9,281,503	6,318	-	9,718,416
3,446,711	607	1,295,100	948,236	487,162	-	8,786,511
4,568,549	(80,033)	578,602	10,229,739	493,480	-	18,504,927

Guthrie County

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

Year ended June 30, 2020

Change in fund balances - Total governmental funds (page 25) \$ 9,718,416

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

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

Expenditures for capital assets	\$ 1,319,068	
Capital assets contributed by the Iowa Department of Transportation	2,822,693	
Depreciation expense	<u>(2,000,353)</u>	2,141,408

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 68,039

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:

Property tax	19,173	
Other	<u>(79,090)</u>	(59,917)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:

Issuances	(9,976,505)	
Repayments	<u>1,391,157</u>	(8,585,348)

The current year County share of IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 472,199

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	15,456	
Estimated liability for landfill closure and postclosure care	8,210	
OPEB expense	(18,783)	
Pension expense	(707,530)	
Interest on long-term debt	<u>1,458</u>	(701,189)

The Internal Service Fund is used by management to pay the costs of the remaining partial self-funded health insurance claims incurred under the insurance plan which has been discontinued. The change in net position of the Internal Service Fund is reported with governmental activities. 535

Change in net position of governmental activities (page 19) \$ 3,054,143

See notes to financial statements.

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

	<u>Internal Service</u>
Assets	
Cash and cash equivalents	\$ 123,300
Liabilities	
None	<u>-</u>
Net Position	
Unrestricted	<u>\$ 123,300</u>

See notes to financial statements.

Guthrie County

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

Year ended June 30, 2020

	<u>Internal Service</u>
Operating revenues:	
Reimbursements from employees and others	\$ 5,000
Insurance reimbursements	<u>40</u>
Total operating revenues	<u>5,040</u>
Operating expenses:	
Medical claims	1,000
Administrative fees	<u>5,223</u>
Total operating expenses	<u>6,223</u>
Operating loss	(1,183)
Non-operating revenues:	
Interest income	<u>1,718</u>
Net income	535
Net position beginning of year	<u>122,765</u>
Net position end of year	<u>\$ 123,300</u>

See notes to financial statements.

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

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash from other governments	\$ 5,040
Cash paid to suppliers for services	<u>(6,223)</u>
Net cash used by operating activities	(1,183)
Cash flows from investing activities:	
Interest on investments	<u>1,718</u>
Net increase in cash and cash equivalents	535
Cash and cash equivalents beginning of year	<u>122,765</u>
Cash and cash equivalents end of year	<u>\$ 123,300</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss and net cash used by operating activities	<u>\$ (1,183)</u>

See notes to financial statements.

Guthrie County

Guthrie County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2020

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,615,877
Receivables:	
Property tax:	
Delinquent	113,593
Succeeding year	20,247,000
Accounts	400
Due from other governments	3,062
Special assessments	175,738
Prepaid insurance	<u>3,723</u>
Total assets	<u>22,159,393</u>
Liabilities	
Accounts payable	26,475
Due to other governments	22,085,056
Trusts payable	70,058
Compensated absences	<u>7,809</u>
Total liabilities	<u>22,189,398</u>
Net Position	<u>\$ (30,005)</u>

See notes to financial statements.

Guthrie County

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

Guthrie 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, Guthrie County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

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

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

Ten drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Guthrie County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has another drainage district which is managed and supervised by elected trustees. The financial statements for this district are reported as an Agency Fund. Financial information of the individual drainage districts can be obtained from the Guthrie County Auditor's Office.

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

The Guthrie County Historical Village Foundation (formerly the Turn of the Century Museum Foundation) is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, part of the County. It is reported as a Special Revenue Fund. The Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Guthrie County Conservation Board. These donations are to be used for development and enhancement of museum projects and activities which are not included in the County's budget.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Guthrie County Assessor's Conference Board, Guthrie County Emergency Management Commission and South Central Iowa Regional 911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds 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 Tax Increment Financing Fund is used to account for the property tax revenue levied for the payment of general obligation urban renewal bond principal and interest.

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

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

Additionally, the County reports the following funds:

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

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

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

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

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit and drainage district stamped warrants, 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 increment financing receivables represent taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax and tax increment financing receivables have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which they are levied.

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

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

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

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected and remaining assessments which are payable but not yet due.

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

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

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

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

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	40 - 50
Improvements other than buildings	20 - 50
Infrastructure	30 - 65
Intangibles	2 - 15
Equipment	2 - 20
Vehicles	3 - 10

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

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, disbursements exceed the amount budgeted in the mental health, debt service, and capital projects functions.

(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 no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Due From and Due to Other Funds

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue:	\$ 80,033
	TIF	
	Debt Service	<u>1,398</u>
Total		<u>\$ 81,431</u>

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

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 63,226
	Special Revenue: Rural Services	<u>1,925,042</u>
		<u>\$ 1,988,268</u>

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

(5) Capital Assets

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,400,245	5,057	-	1,405,302
Works of art	127,765	-	-	127,765
Construction in progress	<u>1,845,935</u>	<u>3,311,078</u>	<u>(1,486,735)</u>	<u>3,670,278</u>
Total capital assets not being depreciated	<u>3,373,945</u>	<u>3,316,135</u>	<u>(1,486,735)</u>	<u>5,203,345</u>
Capital assets being depreciated:				
Buildings	2,090,609	-	-	2,090,609
Improvements other than buildings	1,432,898	-	-	1,432,898
Equipment and vehicles	10,838,629	899,456	(263,750)	11,474,335
Infrastructure, road network	<u>27,051,777</u>	<u>1,481,678</u>	<u>-</u>	<u>28,533,455</u>
Total capital assets being depreciated	<u>41,413,913</u>	<u>2,381,134</u>	<u>(263,750)</u>	<u>43,531,297</u>
Less accumulated depreciation for:				
Buildings	1,248,477	54,556	-	1,303,033
Improvements other than buildings	473,574	45,293	-	518,867
Equipment and vehicles	5,987,675	779,202	(263,016)	6,503,861
Infrastructure, road network	<u>6,511,665</u>	<u>1,121,302</u>	<u>-</u>	<u>7,632,967</u>
Total accumulated depreciation	<u>14,221,391</u>	<u>2,000,353</u>	<u>(263,016)</u>	<u>15,958,728</u>
Total capital assets being depreciated, net	<u>27,192,522</u>	<u>380,781</u>	<u>(734)</u>	<u>27,572,569</u>
Governmental activities capital assets, net	<u>\$ 30,566,467</u>	<u>3,696,916</u>	<u>(1,487,469)</u>	<u>\$ 32,775,914</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 114,436
Physical health and social services	28,693
County environment and education	140,390
Roads and transportation	1,677,280
Administration	<u>39,554</u>
Total depreciation expense - governmental activities	<u>\$ 2,000,353</u>

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 6,991
Special Revenue:		
Rural Services	Services	373
Secondary Roads	Services	544
Total for governmental funds		<u>\$ 7,908</u>
Agency:		
County Assessor	Collections	\$ 1,231,806
Schools		10,876,719
Community Colleges		624,638
Corporations		3,066,056
Townships		3,270,323
Auto License and Use Tax		472,047
All other		2,543,467
Total for agency funds		<u>\$ 22,085,056</u>

(7) Long-Term Liabilities

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

	General Obligation 911 Bonds	General Obligation Sewer Improvement Bonds	General Obligation Law Enforcement Center Bonds	General Obligation Urban Renewal Bonds	Estimated Liability for Landfill Closure and Postclosure Care	Bank Loan	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 685,000	610,000	-	9,132,000	184,730	149,983	389,616	3,052,698	304,258	14,508,285
Increases	-	-	9,976,505	-	-	-	233,405	-	-	10,209,910
Decreases	685,000	30,000	-	526,174	8,210	149,983	248,861	108,103	28,886	1,785,217
Balance end of year	\$ -	580,000	9,976,505	8,605,826	176,520	-	374,160	2,944,595	275,372	22,932,978
Due within one year	\$ -	30,000	325,000	-	14,710	-	321,959	-	-	691,669

General Obligation E-911 Bonds

In February 2012, the County issued general obligation 911 bonds on behalf of the South Central Iowa Regional 911 Service Board for acquisition of equipment. The South Central Regional 911 Service Board has agreed to pay the County the principal and interest on the general obligation bonds as they come due. The County reports a loan receivable equal to the principal outstanding on the general obligation 911 bonds in the Debt Service Fund. During the year ended June 30, 2021 the bonds were paid in full and the receivable was satisfied.

General Obligation Sewer Improvement Bonds

In June 2015, the County issued general obligation sewer improvement bonds on behalf of the Diamondhead Sanitary District for constructing a lift station at Diamondhead Lake. Details of the County's June 30, 2020 general obligation sewer improvement bond indebtedness are as follows:

Year Ending June 30,	Diamondhead Sanitary District Issued June 2015			
	Interest Rates	Principal	Interest	Total
2021	2.55%	\$ 30,000	19,383	49,383
2022	2.55	30,000	18,616	48,616
2023	2.55	35,000	17,853	52,853
2024	2.55	35,000	16,960	51,960
2025	2.55	35,000	16,067	51,067
2026-2030	2.55-3.25	190,000	64,013	254,013
2031-2035	3.25-4.00	225,000	27,800	252,800
Total		\$ 580,000	180,692	760,692

During the year ended June 30, 2020 the county paid principal of \$30,000 and interest of \$19,908 on the bonds.

The Diamondhead Sanitary District has agreed to pay the County the principal and interest on the general obligation bonds as they come due. The County reports a loan receivable equal to the principal outstanding on the general obligation sewer improvement bonds in the Debt Service Fund.

General Obligation Urban Renewal Bonds

On June 1, 2017 the County issued \$10,000,000 of general obligation urban renewal bonds with an interest rate of 2.73% per annum. The bonds were issued for the purpose of refunding the 2014 urban renewal tax increment (TIF) revenue bonds. The County will continue to draw funds from the Guthrie County State Bank upon request to reimburse the County for costs as they are incurred. A final repayment schedule will not be adopted until the County has drawn the lesser of total project costs or the authorized amount of the bonds. As of June 30, 2020, \$9,826,155 has been drawn by the County. The closing date on the bonds was prior to June 30, 2019 and a receivable of \$173,845 is reported as of the closing date as prescribed by U.S. generally accepted accounting principles. This amount is included in the Statement of Net Position as loan receivable.

During the year ended June 30, 2020, the County paid principal of \$219,000 and interest of \$368,054 on the bonds.

On May 28, 2019, the County issued \$2,000,000 of general obligation urban renewal bonds. The bonds were issued for the purpose of financing construction and improvement of county roads, bridges and culverts. The County will draw funds from the Guthrie County State Bank upon request to reimburse the County for costs as they are incurred. A final repayment schedule will not be adopted until the County has drawn the lesser of total project costs or the authorized amount of the bonds. As of June 30, 2020, no principal has been drawn by the County.

General Obligation Law Enforcement Center Bonds

On June 30, 2020, the County issued \$8,700,000 of general obligation bonds Series 2020A, with an interest rate of 5% per annum. The notes were issued to pay for the cost of constructing and equipping the new Law Enforcement Center.

A summary of the future principal and interest payments is as follows:

Year Ending June 30,	Law Enforcement Center Issued June 30, 2020			
	Interest Rates	Principal	Interest	Total
2021	5.00%	\$ 325,000	309,025	634,025
2022	5.00	295,000	319,850	614,850
2023	5.00	310,000	305,100	615,100
2024	5.00	325,000	289,600	614,600
2025	5.00	340,000	273,350	613,350
2026-2030	2.00-5.00	1,985,000	1,092,500	3,077,500
2031-2035	2.00-4.00	2,385,000	691,800	3,076,800
2036-2040	2.00-4.00	2,735,000	336,800	3,071,800
Total		\$ 8,700,000	3,618,025	12,318,025
Unamortized premium		1,276,505		
Total payable		\$ 9,976,505		

Direct borrowings and direct placements – Bank Loan

In March 2019, the County entered into a loan agreement with Rolling Hills Bank and Trust for the purchase of a skid loader and two trucks for \$79,800 and \$77,500, respectively. The loan bears interest at 3.95% per annum and matures on March 1, 2024. During year ended June 30, 2020 these loans were paid in full.

(8) Pension Plan

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

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

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

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

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

The formula used to calculate a sheriff's, deputy's or 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 on or after July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

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

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

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

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

The County's contributions to IPERS for the year ended June 30, 2020 totaled \$472,199.

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 \$2,944,595 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 0.050850%, which was an increase of 0.002611% over its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$707,530. 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	\$ 17,559	123,663
Changes of assumptions	402,338	83,733
Net difference between projected and actual earnings on IPERS' investments	-	445,257
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	234,457	1,783
County contributions subsequent to the measurement date	472,199	-
Total	<u>\$ 1,126,553</u>	<u>654,436</u>

\$472,199 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2021	\$ 121,712
2022	(60,946)
2023	(40,291)
2024	(33,571)
2025	13,014
Thereafter	-
Total	<u>\$ (82)</u>

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

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	100.0%	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability:	\$ 5,925,283	2,944,595	444,991

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.

(9) Other Postemployment Benefits (OPEB)

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

OPEB Benefits – Individuals who are employed by Guthrie 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 and prescription drug 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	-
Active employees	<u>98</u>
Total	<u>98</u>

Total OPEB Liability – The County's total OPEB liability of \$275,372 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2019)	3.00% per annum.
Rates of salary increase (effective June 30, 2019)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2019)	3.50% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2019)	6.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2017 generational projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 304,258
Changes for the year:	
Service cost	22,625
Interest	9,353
Difference between expected and actual	(35,988)
Changes of assumptions	(22,462)
Benefit payments	<u>(2,414)</u>
Net changes	<u>(28,886)</u>
Total OPEB liability end of year	<u>\$ 275,372</u>

Changes in assumptions were reflected in the decrease discount rate from 3.58% in fiscal year 2019 to 3.50% 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 (2.50%) or 1% higher (4.50%) than the current discount rate.

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability	\$ 299,755	275,372	252,857

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 (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.

	<u>1% Decrease (5.00%)</u>	<u>Healthcare Cost Trend Rate (6.00%)</u>	<u>1% Increase (7.00%)</u>
Total OPEB liability	\$ 243,001	275,372	313,731

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of \$18,783. At June 30, 2020, the County reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ (62,090)
Changes in assumptions	<u>(25,868)</u>
Total	<u>\$ (87,958)</u>

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

Year ending June 30,	Amount
2021	\$ (10,781)
2022	(10,781)
2023	(10,781)
2024	(10,781)
2025	(10,781)
Thereafter	<u>(34,053)</u>
Total	<u>\$ (87,958)</u>

(10) Landfill Closure and Postclosure Care

To comply with federal and state regulations, the County is required to complete a monitoring system plan and a landfill closure/postclosure care plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and the 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 requirements is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate a 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, effective for periods beginning after June 15, 1993, requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deletion, technology, or applicable laws or regulations.

The total costs for the County have been estimated at \$176,520 as of June 30, 2020, and that liability has been recognized. The liability represents the cumulative amount reported to date based on the use of 100% of the capacity of the landfill. The County has reserved \$460,428 of its debt capacity to cover these costs.

To comply with state regulations, the County is required to completed a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces that have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles that will remain on site, including the rinsing of all surfaces that have come in contact with solid waste, and the removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the County is required to maintain a closure account as financial assurance for the closure costs. The effect of the state requirement is to commit landfill owners to perform certain closing functions as a condition for the right to operate the transfer station.

As of June 30, 2020, the total closure costs for the transfer station have been estimated at \$7,970 and the County has restricted \$10,000 in a closure account included in the Special Revenue, Rural Services Fund to cover any possible closure and postclosure care costs for the transfer station.

(11) Risk Management

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

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

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expense 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 \$154,899.

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 the 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 \$20,000, 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.

(12) 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 and prescription benefit plan. This plan was modified on January 1, 2011 to be a partial self-funded plan only. The plan which was funded by both employee and County contributions in prior years is administered through a service agreement with Employee Benefit Systems, Inc. The agreement is subject to automatic renewal provisions. The County assumes a liability for the difference between the employee deductible (\$750 for single and \$1,500 for family) and the County deductible on the policy (\$2,000 for single and \$4,000 for family) for the health plan.

Funds remaining in the Employee Group Health Fund will be used to pay outstanding claims from the previous insurance plan. The County had an unrestricted net position of \$119,300 at June 30, 2020 in the Employee Group Health Fund to cover future claims. The cash balance held by Employee Benefit Systems, Inc. was \$74,099 at June 30, 2020. The Flex Spending Plan, which is scheduled to begin on July 1, 2021, will start with a beginning balance of \$4,000.

(13) Tax Abatements

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

Tax Abatements of Other Entities

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

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

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Panora	Urban renewal and economic development projects	\$ 3,287
	Other tax abatement program	2,625

(14) Guthrie County Financial Information Included in the Heart of Iowa Mental Health Region

Heart of Iowa 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: Audubon County, Dallas County, Greene County and Guthrie County. The financial activity of Guthrie County's Special Revenue, Mental Health Fund is included in the Heart of Iowa Mental Health Region for the year ended June 30, 2020, as follows:

Revenues:	
Property and other county tax	\$ 131,443
Intergovernmental revenues:	
State tax credits	8,305
Other	<u>8,984</u>
Total revenues	<u>148,732</u>
Expenditures:	
Services to persons with mental illness	8,111
General administration:	
Direct administration	
Purchased administration	
Distribution to regional fiscal agent	<u>316,622</u>
Total expenditures	<u>324,733</u>
Excess of expenditures over revenues	(176,001)
Fund balance beginning of year	<u>268,694</u>
Fund balance end of year	<u>\$ 92,693</u>

(15) Prospective Accounting Change

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

(16) Deficit Balance

The Special Revenue, Tax Increment Financing had a deficit balance of \$80,033 at June 30, 2020. The County is investigating alternatives to return the fund to a sound financial condition.

(17) Subsequent Event

In June 2021, the County approved the issuance of \$8,505,000 General Obligation Refunding Bonds, Series 2021B.

(18) 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 Guthrie County, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the 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 Guthrie County's operations and finances.

Required Supplementary Information

Guthrie County

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

Required Supplementary Information

Year ended June 30, 2020

	Actual	Less Funds not Required to be	
		Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,788,223	-	7,788,223
Interest and penalty on property tax	23,919	-	23,919
Intergovernmental	6,896,583	-	6,896,583
Licenses and permits	50,835	-	50,835
Charges for service	574,036	-	574,036
Use of money and property	216,957	3,097	213,860
Miscellaneous	686,450	22,493	663,957
Total receipts	16,237,003	25,590	16,211,413
Disbursements:			
Public safety and legal services	2,218,687	-	2,218,687
Physical health and social services	1,512,801	-	1,512,801
Mental health	324,245	-	324,245
County environment and education	1,772,081	24,880	1,747,201
Roads and transportation	6,287,290	-	6,287,290
Governmental services to residents	432,655	-	432,655
Administration	1,608,203	-	1,608,203
Non-program	3,994	-	3,994
Debt service	1,683,324	-	1,683,324
Capital projects	672,233	-	672,233
Total disbursements	16,515,513	24,880	16,490,633
Excess (deficiency) of receipts over (under) disbursements	(278,510)	710	(279,220)
Other financing sources, net	10,116,917	-	10,116,917
Change in balances	9,838,407	710	9,837,697
Balance beginning of year	5,687,260	376,936	5,310,324
Balance end of year	\$ 15,525,667	377,646	15,148,021

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		Final to
Original	Final	Net
		Variance
7,848,745	7,928,745	(140,522)
37,000	37,000	(13,081)
5,359,997	6,053,481	843,102
39,200	39,200	11,635
780,490	795,490	(221,454)
140,796	140,815	73,045
488,950	490,471	173,486
<u>14,695,178</u>	<u>15,485,202</u>	<u>726,211</u>
2,258,271	2,318,271	99,584
1,614,284	1,620,935	108,134
315,230	315,230	(9,015)
1,757,229	1,874,183	126,982
6,370,290	7,070,290	783,000
499,045	499,045	66,390
1,830,880	1,880,880	272,677
23,762	1,182,246	1,178,252
917,328	917,328	(765,996)
520,000	520,000	(152,233)
<u>16,106,319</u>	<u>18,198,408</u>	<u>1,707,775</u>
(1,411,141)	(2,713,206)	2,433,986
301,008	751,008	9,365,909
(1,110,133)	(1,962,198)	11,799,895
4,738,186	4,738,186	572,138
<u>3,628,053</u>	<u>2,775,988</u>	<u>12,372,033</u>

Guthrie County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2020

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 16,237,003	(175,431)	16,061,572
Expenditures	16,515,513	195,852	16,319,661
Net	(278,510)	(371,283)	(258,089)
Other financing sources, net	10,116,917	(140,412)	9,976,505
Beginning fund balances	5,687,260	3,099,251	8,786,511
Ending fund balances	<u>\$ 15,525,667</u>	<u>2,587,556</u>	<u>18,504,927</u>

See accompanying independent auditor's report.

Guthrie County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2020

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$2,092,089. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2020, disbursements exceeded the amount budgeted in the mental health, debt service and capital projects functions.

Guthrie 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	0.050850%	0.048239%	0.050055%	0.048515%
County's proportionate share of the net pension liability	\$ 2,945	3,053	3,334	3,053
County's covered payroll	\$ 4,810	4,431	4,315	4,020
County's proportionate share of the net pension liability as a percentage of its covered payroll	61.23%	68.90%	77.27%	75.95%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

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

See accompanying independent auditor's report.

2016	2015
0.046603%	0.044898%
2,302	1,781
3,742	3,609
61.52%	49.35%
85.19%	87.61%

Guthrie County

Schedule of County Contributions

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

Required Supplementary Information

	2020	2019	2018	2017
Statutorily required contribution	\$ 472	463	401	392
Contributions in relation to the statutorily required contribution	(472)	(463)	(401)	(392)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 5,394	4,810	4,431	4,315
Contributions as a percentage of covered payroll	8.75%	9.63%	9.05%	9.08%

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
366	340	328	309	284	246
(366)	(340)	(328)	(309)	(284)	(246)
-	-	-	-	-	-
4,020	3,742	3,609	3,441	3,405	3,367
9.10%	9.09%	9.09%	8.98%	8.34%	7.31%

Guthrie 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.

Guthrie 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	\$ 22,625	18,945	18,393
Interest cost	9,353	10,723	10,142
Difference between expected and actual experiences	(35,988)	-	(41,129)
Changes in assumptions	(22,462)	-	(8,014)
Benefit payments	(2,414)	(11,944)	(13,807)
Net change in total OPEB liability	(28,886)	17,724	(34,415)
Total OPEB liability beginning of year, as restated	304,258	286,534	320,949
Total OPEB liability end of year	\$ 275,372	304,258	286,534
Covered-employee payroll	\$ 4,880,384	4,825,541	4,432,607
Total OPEB liability as a percentage of covered-employee payroll	5.6%	6.3%	6.5%

See accompanying independent auditor's report.

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	2.50%

Guthrie County

Supplementary Information

Guthrie County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2020

				Special
	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Attorney Seized Property
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ 13,409	11,000	87,913	751
Held by component units	-	-	-	-
Receivables:				
Accounts	400	-	-	-
Total assets	\$ 13,809	11,000	87,913	751
Liabilities, Deferred Inflows of Resources and Fund Balances				
Fund balances:				
Restricted for:				
Drainage warrants	\$ -	11,000	-	-
Conservation purposes	-	-	87,913	-
Other purposes	13,809	-	-	751
Total fund balances	13,809	11,000	87,913	751
Total liabilities, deferred inflows of resources and fund balances	\$ 13,809	11,000	87,913	751

See accompanying independent auditor's report.

<u>Revenue</u>				
	Prairie Woodland Conservation Foundation		Guthrie County Historical Village Foundation	Total
	2,361.00	-	-	115,434
	-	333,913	43,733	377,646
	-	-	-	400
	<u>2,361</u>	<u>333,913</u>	<u>43,733</u>	<u>493,480</u>
	-	-	-	11,000
	-	333,913	43,733	465,559
	<u>2,361</u>	<u>-</u>	<u>-</u>	<u>16,921</u>
	<u>2,361</u>	<u>333,913</u>	<u>43,733</u>	<u>493,480</u>
	<u>2,361</u>	<u>333,913</u>	<u>43,733</u>	<u>493,480</u>

Guthrie County

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

Year ended June 30, 2020

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Special Attorney Seized Property
Revenues:				
Intergovernmental	\$ -	-	10,889	-
Charges for service	3,507	-	-	-
Use of money and property	-	-	123	-
Miscellaneous	-	-	-	215
Total revenues	<u>3,507</u>	<u>-</u>	<u>11,012</u>	<u>215</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	-	-
Capital projects	-	-	9,164	-
Total expenditures	<u>-</u>	<u>-</u>	<u>9,164</u>	<u>-</u>
Change and fund balances	3,507	-	1,848	215
Fund balances beginning of year	<u>10,302</u>	<u>11,000</u>	<u>86,065</u>	<u>536</u>
Fund balances end of year	<u>\$ 13,809</u>	<u>11,000</u>	<u>87,913</u>	<u>751</u>

See accompanying independent auditor's report.

Revenue				
Sheriff Investigations	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation	Total	
-	-	-	10,889	
-	-	-	3,507	
26	2,739	358	3,246	
1,722	7,514	14,979	24,430	
1,748	10,253	15,337	42,072	
1,710	-	-	1,710	
-	16,493	8,387	24,880	
-	-	-	9,164	
1,710	16,493	8,387	35,754	
38	(6,240)	6,950	6,318	
2,323	340,153	36,783	487,162	
2,361	333,913	43,733	493,480	

Schedule 3

Guthrie County
Combining Schedule of Net Position
Internal Service Funds

June 30, 2020

	<u>Internal Service</u>		
	<u>Employee Group Health</u>	<u>Flex Spending</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 119,300	4,000	123,300
Liabilities			
None	-	-	-
Net Position			
Unrestricted	<u>\$ 119,300</u>	<u>4,000</u>	<u>123,300</u>

See notes to financial statements.

Guthrie County

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

June 30, 2020

	Internal Service		
	Employee Group Health	Flex Spending	Total
Operating revenues:			
Reimbursements from employees and others	\$ -	5,000	5,000
Insurance reimbursements	40	-	40
Total operating revenues	40	5,000	5,040
Operating expenses:			-
Medical claims	-	1,000	1,000
Administrative fees	5,223	-	5,223
Total operating expenses	5,223	1,000	6,223
Operating income (loss)	(5,183)	4,000	(1,183)
Non-operating revenues:			-
Interest income	1,718	-	1,718
Net income (loss)	(3,465)	4,000	535
Net position beginning of year	122,765	-	122,765
Net position end of year	\$ 119,300	4,000	123,300

See notes to financial statements.

Guthrie County

Guthrie County

Combining Schedule of Cash flows
Statement of Cash Flows
Internal Service Fund

June 30, 2020

	Internal Service - Employee Group Health	Flex Spending	Total
Cash flows from operating activities:			
Cash from other governments	\$ 40	5,000	5,040
Cash paid to suppliers for services	(5,223)	(1,000)	(6,223)
Net cash provided (used) used by operating activities	(5,183)	4,000	(1,183)
Cash flows from investing activities:			-
Interest on investments	1,718	-	1,718
Net increase (decrease) in cash and cash equivalents	(3,465)	4,000	535
Cash and cash equivalents beginning of year	122,765	-	122,765
Cash and cash equivalents end of year	<u>\$ 119,300</u>	<u>4,000</u>	<u>123,300</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss) and net cash provided (used) by operating activities	<u>\$ (5,183)</u>	<u>4,000</u>	<u>(1,183)</u>

See notes to financial statements.

Guthrie County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,045	756,861	69,719
Other County officials	30,005	-	-	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	208,000	497,000	10,807,000
Accounts	-	-	-	-
Due from other governments	-	-	-	-
Special assessments	-	-	-	-
Prepaid insurance	-	-	3,723	-
Total assets	\$ 30,005	210,045	1,257,584	10,876,719
Liabilities				
Liabilities:				
Accounts payable	\$ -	-	23,413	-
Due to other governments	17,274	210,045	1,231,806	10,876,719
Trusts payable	12,731	-	-	-
Compensated absences	-	-	2,365	-
Total liabilities	\$ 30,005	210,045	1,257,584	10,876,719

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
34,041	27,056	28,327	472,047	225,781	1,615,877
-	-	-	-	-	30,005
66,597	-	46,996	-	-	113,593
524,000	3,039,000	3,195,000	-	1,977,000	20,247,000
-	-	-	-	400	400
-	-	-	-	3,062	3,062
-	-	-	-	175,738	175,738
-	-	-	-	-	3,723
<u>624,638</u>	<u>3,066,056</u>	<u>3,270,323</u>	<u>472,047</u>	<u>2,381,981</u>	<u>22,189,398</u>
-	-	-	-	3,062	26,475
624,638	3,066,056	3,270,323	472,047	2,316,148	22,085,056
-	-	-	-	57,327	70,058
-	-	-	-	5,444	7,809
<u>624,638</u>	<u>3,066,056</u>	<u>3,270,323</u>	<u>472,047</u>	<u>2,381,981</u>	<u>22,189,398</u>

Guthrie County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools
Balances beginning of year	\$ 31,719	209,780	1,111,955	10,181,818
Additions:				
Property and other county tax	-	208,448	496,535	10,807,973
State tax credits	-	13,203	29,107	607,478
Drivers license fees	-	-	-	-
Office fees and collections	391,717	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	143,587	-	-	-
Miscellaneous	-	-	-	-
Total additions	535,304	221,651	525,642	11,415,451
Deductions:				
Agency remittances:				
To other funds	172,507	-	-	-
To other governments	222,226	221,386	380,013	10,720,550
Trusts paid out	142,285	-	-	-
Total deductions	537,018	221,386	380,013	10,720,550
Balances end of year	\$ 30,005	210,045	1,257,584	10,876,719

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
546,294	2,997,628	3,068,216	349,715	2,266,416	20,763,541
573,651	2,713,779	3,245,026	-	1,977,459	20,022,871
31,423	398,935	53,011	-	118,786	1,251,943
-	-	-	59,105	-	59,105
-	-	-	-	3,374	395,091
-	-	-	4,652,131	-	4,652,131
-	-	-	-	83,010	83,010
-	-	-	-	285,434	429,021
-	-	-	-	183,644	183,644
605,074	3,112,714	3,298,037	4,711,236	2,651,707	27,076,816
-	-	-	152,422	-	324,929
526,730	3,044,286	3,095,930	4,436,482	2,536,142	25,183,745
-	-	-	-	-	142,285
526,730	3,044,286	3,095,930	4,588,904	2,536,142	25,650,959
624,638	3,066,056	3,270,323	472,047	2,381,981	22,189,398

Guthrie County

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

For the Last Ten Years

	2020	2019	2018	2017
Revenues:				
Property and other county tax	\$ 6,420,517	4,818,188	4,623,872	4,488,117
Tax increment financing	807,926	578,610	432,759	287,178
Local option sales tax	615,618	610,378	515,094	530,523
Interest and penalty on property tax	23,919	52,615	50,140	46,383
Intergovernmental	6,719,784	5,701,362	6,075,339	5,372,099
Licenses and permits	50,785	46,801	48,843	45,045
Charges for service	551,081	1,159,687	672,402	674,518
Use of money and property	212,687	228,421	112,630	167,846
Miscellaneous	659,255	181,722	636,054	571,191
Total	<u>\$ 16,061,572</u>	<u>13,377,784</u>	<u>13,167,133</u>	<u>12,182,900</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,239,204	2,059,554	1,766,642	1,712,293
Physical health and social services	1,491,010	1,500,815	1,395,954	1,395,545
Mental health	324,733	435,456	307,303	335,089
County environment and education	1,773,360	1,653,176	1,492,944	1,383,553
Roads and transportation	6,022,708	5,925,603	5,452,035	4,903,720
Governmental services to residents	434,473	491,179	392,113	390,094
Administration	1,576,412	1,481,474	1,191,828	1,056,412
Non-program	3,994	9,276	-	-
Debt service	1,683,325	765,107	624,045	479,548
Capital projects	770,442	1,991,588	1,303,559	2,616,331
Total	<u>\$ 16,319,661</u>	<u>16,313,228</u>	<u>13,926,423</u>	<u>14,272,585</u>

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
4,418,392	4,586,285	4,429,125	4,335,067	4,232,348	4,189,632
135,304	-	-	-	-	-
530,357	504,511	498,415	561,385	525,498	447,849
50,288	44,699	49,047	36,341	44,506	49,783
6,494,138	4,499,604	4,466,851	4,405,487	4,806,612	5,696,343
36,441	27,277	31,704	36,984	42,174	40,177
554,052	435,197	541,214	472,846	491,693	498,294
77,106	108,109	99,321	110,187	114,732	113,871
747,811	657,061	548,971	1,655,991	632,565	653,706
13,043,889	10,862,743	10,664,648	11,614,288	10,890,128	11,689,655
1,699,775	1,242,327	1,190,718	1,159,338	1,050,787	1,043,756
1,341,910	1,324,009	1,298,228	1,182,182	1,151,263	1,127,994
220,795	193,919	213,092	304,595	1,392,632	1,136,658
1,187,191	1,149,952	1,190,396	1,090,511	1,096,408	1,151,976
5,088,141	4,148,555	5,195,687	4,597,880	4,733,890	3,765,347
443,828	406,891	377,838	356,534	337,121	331,458
930,557	925,966	907,134	1,000,813	855,899	966,037
14,941	-	26,705	14,566	-	14,452
301,572	97,683	98,070	132,930	480,893	444,997
5,234,322	1,534,683	1,296,524	78,226	251,293	823,209
16,463,032	11,023,985	11,794,392	9,917,575	11,350,186	10,805,884



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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 Guthrie 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 Guthrie 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 August 17, 2021.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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.

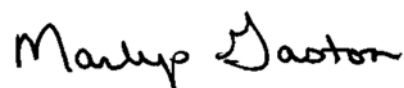
Guthrie County's Responses to the Findings

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

August 17, 2021

Guthrie County
 Schedule of Findings
 Year ended June 30, 2020

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

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

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

	<u>Applicable Offices</u>
(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Recorder, Treasurer, Transfer Station/Landfill
(2) An initial list of checks and money received is not prepared by the independent mail opener and then compared with the cash receipts records and the bank deposit by a person not preparing the list or involved in maintaining the accounting records.	Recorder, Treasurer, Transfer Station/ Landfill and Sheriff
(3) Bank accounts are not reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash. Reconciliations are not reviewed by an independent person, with the review being documented by the signature or initials of the reviewer and the date of the review.	Recorder, Sheriff’s Commissary Account, and Sheriff
(4) Collection and deposit preparation functions were not performed by an individual who does not record and account for cash receipts.	Recorder and Sheriff
(5) Checks or warrants are not signed by an individual who does not approve disbursements, record cash receipts or prepare checks.	Recorder and Sheriff’s Commissary Account
(6) The responsibility for the change fund is not assigned to only one person.	Recorder and Treasurer
(7) The individual responsible for the detailed record keeping of investments should not be the custodian of the investments.	Treasurer

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

Guthrie County

Schedule of Findings

Year ended June 30, 2020

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. 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.

Responses –

Recorder – We are an office with 2 full time and 2 part- time employees. We will try our best to follow the recommendations.

Sheriff and Sheriff Commissary Account – I will have our volunteer compare or incoming mail list of checks with the receipt records and bank deposit slips. I will have a reconciliation prepared by an independent person who does not sign the checks or handle or record cash. I will have one of the deputies approve disbursements and the Sheriff or the chief Deputy will sign the checks.

Treasurer – Segregation of duties is always a challenge in our small office. Although we don’t have someone in our office that can open mail that doesn’t make entries into the accounting records, we do take turns opening the mail. We have a second person recount and sign off on all deposits. The person that counts the money to balance at the end of the day is a different person that recounts the money in the morning to make sure we are starting the day with \$920. We also have another office initial our end of month bank reconciliations.

Transfer Station/Landfill – In order to correct the segregation of duties at the transfer station, we will be having our Transfer /Station Onsite Supervisor open all mail and randomly make an accounting of checks that come in. Our scale operator will make an accounting of all mail coming in including checks. Once a month we will then verify the random audit of our supervisor with the mail accounting to verify accuracy.

Conclusion – Responses acknowledged. For those offices with limited staff, County personnel from other offices could be used to provide additional control through review of financial transactions. The reviews performed by an independent person should be documented by the signature or initials of the reviewer and the date of the review.

Guthrie County
Schedule of Findings
Year ended June 30, 2020

(B) Financial Reporting

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

Condition – Material amounts of receivables, prepaid expenses and 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 end cut-off transactions to ensure the County’s financial statements are accurate and reliable.

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

Recommendation – The County should establish procedures to ensure all receivables, prepaid expenses and capital asset additions and deletions are identified and properly reported in the County’s financial statements.

Response – These accruals have been fixed. The Auditor will educate all elected officials and departments about prepaid expenses. In addition, a policy will be instituted prohibiting all departments from prepaying expenses and mandating the departments pay expenses in the appropriate fiscal year. The County Auditor is working with the Board of Supervisors to establish a capital asset policy. In addition, the County Auditor will continue to facilitate a process by which all departments shall notify the County Auditor’s office of any additions, modification and deletions to the capital asset listing.

Conclusion – Response accepted.

Guthrie County
Schedule of Findings
Year ended June 30, 2020

(C) Buy Money – Sheriff’s Office

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and performing cash counts.

Condition – No cash counts are performed on the drug buy and tobacco buy money. The fund logs are not used and the movement of cash to and from the fund is not properly tracked.

Cause – Procedures have not been established and implemented to ensure appropriate accounting records are maintained or to ensure cash counts are performed.

Effect – Inadequate accounting records and a lack of cash counts can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – Cash counts of drug buy and tobacco buy money should be performed. A log should be used to track the movement of cash to and from the fund.

Response – A log will be prepared of the drug buy money. A cash count will be done by the Sheriff and Chief Deputy and both initial the log showing the current cash amount. A log will also be prepared for the tobacco buy money and a cash count will be done by the Sheriff and Chief Deputy. The Sheriff and/or the Chief Deputy will record disbursements and receipt to the buy money.

Conclusion – Response accepted.

(D) Sheriff’s Office

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

Condition – The Sheriff’s Office does not prepare a year-to-date spreadsheet of all receipts and disbursements, including reconciling the beginning and ending book balances each month. Also, book balances are not reconciled to the trust account listings.

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

Effect – Inadequate accounting records and a lack of accurately reconciled books can result in unrecorded transactions, undetected errors and the opportunity for misappropriation.

Recommendation – A year-to-date spreadsheet of all receipts and disbursements, including reconciling the beginning and ending book balances should be completed each month. Also, book balances should be reconciled to the trust account listings each month.

Guthrie County

Schedule of Findings

Year ended June 30, 2020

Response – The Sheriff’s Office will reconcile the list of trusts on hand along with a worksheet summarizing the monthly receipts and disbursements for the year.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Guthrie County
 Schedule of Findings
 Year ended June 30, 2020

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2020 exceeded the amount budgeted in the mental health, debt service, and capital projects functions.

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

Response – Auditor will monitor budgeted and actual expenditures.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Cheryl Jensen, employee, son-in-law is owner of Jensen’s Sanitation	Garbage pickup	\$ 4,404

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Jensen Sanitation do not appear to represent a conflict of interest since the transactions were competitively bid.

- (5) Restricted Donor Activity – No transactions were noted between the City, City officials, city employees and restricted donors in compliance with Chapter 68B of the Code of Iowa
- (6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to ensure the coverage remains adequate for current operations.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

Guthrie County

Schedule of Findings

Year ended June 30, 2020

- (9) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (10) 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 and no exceptions were noted.
- (11) Financial Condition – The Special Revenue, Tax Increment Financing Fund had a deficit of \$80,033 at June 30, 2020.

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

Response – The County will work to return the fund to a sound financial position.

Conclusion – Response accepted.

Guthrie County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy
Deborah J. Moser, CPA, Manager
Erin J. Sietstra, Senior Auditor
Corey Hauptman, Staff Auditor
April R. Davenport, Staff Auditor
Sarah D Roemer, Assistant Auditor
Mariama Jammeh, Assistant Auditor