

**CHICKASAW COUNTY  
NEW HAMPTON, IOWA**

**FINANCIAL REPORT**

**JUNE 30, 2019**

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CHICKASAW COUNTY

OFFICIALS  
June 30, 2019

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Tim Zoll	Board of Supervisors	December 2022
Jason Byrne	Board of Supervisors	December 2022
David Tilkes	Board of Supervisors	December 2020
Jacob Hackman	Board of Supervisors	December 2020
Steve Geerts	Board of Supervisors	December 2020
Joan Knoll	County Auditor	December 2020
Sue Breitbach	County Treasurer	December 2021
Cindy Messersmith	County Recorder	December 2021*
Shirley Troyna	County Recorder	December 2021
Martin Hemann	County Sheriff	December 2020
Jennifer L. Schwickerath	County Attorney	December 2021
Ray Armel	County Assessor	December 2021

\*Cindy Messersmith retired on November 12, 2018, and Shirley Troyna was sworn in by the Board of Supervisors.

INDEPENDENT AUDITOR'S REPORT  
ON THE FINANCIAL STATEMENTS

To the Board of Supervisors  
Chickasaw County  
New Hampton, Iowa

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 Chickasaw County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as 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 that 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 Chickasaw County, as of June 30, 2019, and the respective changes in financial position, and, where applicable, 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 that the management's discussion and analysis, the budgetary comparison information, the schedule of the County's proportionate share of the net pension liability, the schedule of County contributions and the schedule of changes in the County's total OPEB liability, related ratios and notes on pages 5 through 5f and pages 42 through 48 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chickasaw County's June 30, 2019 basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information shown on Schedules 1 through 7, 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 shown on Schedules 1 through 7, is fairly stated in all material respects in relation to the years ended June 30, 2010 through 2019 basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2020, on our consideration of Chickasaw County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chickasaw County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chickasaw County's internal control over financial reporting and compliance.

*Hacker, Nelson & Co., P.C.*

Decorah, Iowa  
January 16, 2020

CHICKASAW COUNTY  
NEW HAMPTON, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019

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

2019 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 26.92%, or approximately \$3,601,000 from fiscal year 2018 to fiscal year 2019. Capital grants increased approximately \$2,595,000 due to road and bridge projects, charges for services decreased approximately \$42,000, and operating grants increased approximately \$179,000.
- Program expenses were 31.76%, or approximately \$3,850,000 more in fiscal year 2019 than in fiscal year 2018. Physical health and social services expenses increased approximately \$304,000, and roads and transportation expenses increased approximately \$2,997,000.
- The County's net position increased 3.32%, or approximately \$1,004,000 over the June 30, 2018 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 Chickasaw 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 Chickasaw County's operations in more detail than the government-wide financial statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. For Chickasaw County, the general fund, and the mental health, the rural services, and the secondary roads-special revenue funds are the most significant funds. The remaining financial statements provide information about activities for which Chickasaw 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 funds, the special revenue funds, the individual agency funds, and compares governmental fund activity to prior years.

## 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.

In the statement of net position and statement of activities, the County is divided into two distinct kinds of activities:

- 1) **Governmental activities:** most of the County's programs and services are reported here, including 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 other non-program activities. Property tax, state tax credits, and state and federal grants finance most of these activities.
- 2) **Business-type activity:** the County records their health insurance as an internal service fund.

### *Fund Financial Statements*

The County has three kinds of funds:

- 1) **Governmental funds** account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the general fund, 2) the special revenue funds, such as mental health, rural services and secondary roads, and 3) the capital projects fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) **A proprietary fund** accounts for the County's internal service, employee group health insurance 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 net position and a statement of cash flows.



**REPORTING THE COUNTY'S FINANCIAL ACTIVITIES (Continued)**

*Fund Financial Statements (Continued)*

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 emergency management services, the County Assessor and E911 Service Board, 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:

Condensed Statement of Net Position (Expressed in Thousands)				
	2019		2018	Percent Change
Current and other assets	\$ 15,849	\$	16,651	-4.82%
Capital assets	25,942		23,673	9.58%
Total assets	41,791		40,324	3.64%
Deferred outflows of resources	995		1,135	-12.33%
Current liabilities	1,293		1,042	24.09%
Noncurrent liabilities	3,204		3,719	-13.85%
Total liabilities	4,497		4,761	-5.55%
Deferred inflows of resources	7,020		6,433	9.12%
Net position:				
Net investment in capital assets	25,942		23,673	9.58%
Restricted	4,728		5,808	-18.60%
Unrestricted	599		784	-23.60%
Total net position	\$ 31,269	\$	30,265	3.32%

Chickasaw County's net position for the governmental activities increased 3.32%, or approximately \$1,004,000 from the prior year. 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.

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

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased for the governmental activities due to an increase in the roads and transportation function.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

The following analysis shows the changes in net position for the years ended June 30, 2019 and 2018:

	Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	2019	2018	Percent Change
<b>Revenues:</b>			
Program revenue:			
Charges for service	\$ 1,711	\$ 1,753	-2.40%
Operating grants	4,238	4,059	4.41%
Capital grants	3,045	450	576.67%
General revenue:			
Property taxes	5,495	5,428	1.23%
Local option sales tax	696	652	6.75%
Penalty and interest on property taxes	29	28	3.57%
State tax credits	511	416	22.84%
Rents	22	29	-24.14%
Grants and contributions	879	65	1252.31%
Unrestricted investment earnings	146	98	48.98%
Gain on sale of capital assets		170	-100.00%
Other	206	229	-10.04%
Total revenues	<u>16,978</u>	<u>13,377</u>	<u>26.92%</u>
<b>Program expenses:</b>			
Public safety and legal services	2,077	1,944	6.84%
Physical health and social services	1,402	1,098	27.69%
Mental health	544	591	-7.95%
County environment and education	620	627	-1.12%
Roads and transportation	7,412	4,415	67.88%
Governmental services to residents	407	371	9.70%
Administration	1,940	1,988	-2.41%
Non-program	1,572	1,090	44.22%
Total expenses	<u>15,974</u>	<u>12,124</u>	<u>31.76%</u>
Increase in net position	1,004	1,253	19.87%
Net position, beginning of year	<u>30,265</u>	<u>29,012</u>	<u>4.32%</u>
Net position, end of year	<u>\$ 31,269</u>	<u>\$ 30,265</u>	<u>3.32%</u>

**INDIVIDUAL MAJOR FUND ANALYSIS**

As the County completed the year, its governmental funds reported a combined fund balance of \$7,350,000, a \$494,000 decrease from the 2018 fiscal year end balance of \$7,844,000.

- The general fund revenues increased 21.83% from the prior year and the expenditures increased by 8.68% from the prior year. The ending fund balance showed an increase of 8.78% from the prior year of \$2,577,000 to \$2,804,000.
- The County participates in a 28E agreement with 21 other counties to provide mental health services at a regional level. For the year, revenues increased .45% and expenditures decreased 7.68% from the prior year. The mental health fund balance at year-end decreased by \$47,000 from the prior year.
- Secondary roads fund revenues increased approximately \$972,000 over the prior year. For the year, expenditures totaled \$8,152,000, an increase of \$2,191,000. The secondary roads fund balance at year end decreased by \$805,000, or 20.88% due to an increase in spending for roads and transportation.

**INDIVIDUAL MAJOR FUND ANALYSIS (Continued)**

- The rural services fund revenues increased 3.27% from the prior year and the expenditures decreased by .14% from the prior year. The ending fund balance for the rural services fund increased by \$130,000 or 50.50% over the prior year.

**BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except the internal service fund and agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County's budget is prepared on the cash basis. Over the course of the year, the County amended its budget three times. The last amendment was made in May 2019 which resulted in an increase in budgeted receipts and an increase in budgeted disbursements. However, this did not require an increase in property taxes as the County received more revenue from intergovernmental revenue than originally projected.

The amendments made during the 2019 fiscal year should have no impact on the 2020 fiscal year's budget.

The following chart shows the original and final budget for fiscal year 2019 as well as the actual receipts and disbursements for the year:

	Budgetary Comparison Schedule			
	(Expressed in Thousands)			
	Budget Basis	Budgeted Amounts		Variance
	Original	Final		
<b>RECEIPTS</b>				
Property and other County taxes	\$ 6,618	\$ 6,595	\$ 6,595	\$ 23
Interest and penalty on property taxes	29	25	25	4
Intergovernmental	5,414	4,616	4,753	661
Licenses and permits	25	8	8	17
Charges for service	996	625	607	389
Use of money and property	178	80	80	98
Miscellaneous	678	170	173	505
<b>Total receipts</b>	<b>\$ 13,938</b>	<b>\$ 12,119</b>	<b>\$ 12,241</b>	<b>\$ 1,697</b>
<b>DISBURSEMENTS</b>				
Public safety and legal services	\$ 2,182	\$ 2,214	\$ 2,359	\$ 177
Physical health and social services	1,393	1,539	1,557	164
Mental health	537	602	584	47
County environment and education	674	722	725	51
Roads and transportation	6,393	5,641	6,447	54
Governmental services to residents	410	488	490	80
Administration	1,478	1,662	1,665	187
Capital projects	1,308	1,456	1,487	179
<b>Total disbursements</b>	<b>\$ 14,375</b>	<b>\$ 14,324</b>	<b>\$ 15,314</b>	<b>\$ 939</b>

## CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2019, Chickasaw County had approximately \$25,942,000 invested in a broad range of capital assets, including large road equipment and infrastructure for the governmental activities.

The County had depreciation expense of approximately \$1,281,000 for fiscal year 2019 and total accumulated depreciation of \$21,000,000 as of June 30, 2019 for the governmental activities. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### *Long-term Liabilities*

At June 30, 2019, Chickasaw County has approximately \$318,000 in estimated postclosure costs for the landfill. As postclosure expenses are incurred, such as engineering costs or the cost of leachate disposal, the estimated costs are reduced. For fiscal year 2018, the estimate was \$332,000. The County is required to demonstrate financial assurance for the estimated costs at a minimum. At June 30, 2019, the balance restricted for postclosure costs was approximately \$526,000.

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

Chickasaw County's elected and appointed officials and citizens have always considered many factors while setting each fiscal year's budget, tax rates, and the fees that will be charged for various County activities, with one of the largest considerations being the economy. The County's economy and tax base remains heavily dependent on the agriculture industry.

Some of the accomplishment of Chickasaw County:

- Chickasaw County Conservation added seven new camping sites at the Airport Lake Park.
- Radio Communication Tower Project - working on this countywide \$3.25 million project.
- Chickasaw County Conservation acquired 69.34 acres along the Wapsipinicon River.
- Chickasaw County is in the works of an office expansion to build an approximately 2,400 square foot addition at the Community Services Building to house EMA and the County Attorney.
- Chickasaw County passed an ordinance for no cliff diving at Chickasaw Park, along with no swimming as posted at other various Chickasaw County parks.

Farming and agriculture remain the largest segment of Chickasaw County's valuation and source of taxes within the County. Each year the Board of Supervisors meets with Farm Bureau for review and discussion of the proposed upcoming fiscal year budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Continued)

Following is a chart showing four years of tax asking, levies and taxable values.

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
General Basic	2,590,571	2,680,789	2,743,145	2,857,174
Pioneer Cemetery	4,004	4,496	4,499	4,343
General Supplemental	856,606	845,253	1,166,252	917,332
MH-DD Services	381,480	401,375	411,072	407,809
Debt Service				504,718
Rural Services Basic	1,598,307	1,670,863	1,730,012	1,745,275
Tax Asking	5,430,968	5,602,776	6,054,980	6,436,651
Levy Rate	8.20000	8.19000	8.61826	8.74575
Taxable Valuation	740,163,149	765,939,757	783,755,731	816,335,409

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the County's citizens, taxpayers, customers and creditors with a general overview of Chickasaw County's finances and to demonstrate the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the County Auditor's Office, Chickasaw County, 8 E. Prospect Avenue, P.O. Box 311, New Hampton, IA 50659.

CHICKASAW COUNTY  
STATEMENT OF NET POSITION  
June 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash, cash equivalents and pooled investments	\$ 7,470,016
Receivables:	
Property tax:	
Delinquent	150,351
Succeeding year	6,436,651
Accounts	365,194
Notes, short-term	5,115
Accrued interest	17,256
Due from other governments	452,216
Inventories	848,006
Prepaid expenses	53,897
Notes receivable, long-term	30,689
Non-depreciable assets	2,757,456
Capital assets, net of accumulated depreciation	23,184,726
Investment in insurance pool	20,054
Total assets	41,791,627
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related deferred outflows	995,256
Total assets and deferred outflows of resources	\$ 42,786,883
<b>LIABILITIES</b>	
Accounts payable	\$ 880,189
Salaries and benefits payable	148,755
Due to other governments	35,248
Long-term liabilities:	
Portion due within one year:	
Compensated absences	227,681
Portion due after one year:	
Postclosure costs	318,172
Net pension liability	2,823,312
Total OPEB liability	63,434
Total liabilities	4,496,791
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable property tax revenue	6,436,651
Unavailable notes receivable	30,689
OPEB related deferred inflows	14,576
Pension related deferred inflows	538,326
Total deferred inflows of resources	7,020,242
<b>NET POSITION</b>	
Net investment in capital assets	25,942,182
Restricted for:	
Mental health purposes	42,284
Rural services purposes	391,466
Secondary roads purposes	3,050,512
Landfill postclosure costs purposes	526,042
Capital projects	264,016
Other special revenue purposes	327,079
Other purposes	126,773
Unrestricted	599,496
Total net position	31,269,850
Total liabilities, deferred inflows of resources and net position	\$ 42,786,883

See Notes to Financial Statements.

CHICKASAW COUNTY  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019

Functions and Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
<b>Governmental activities:</b>					
Public safety and legal services	\$ 2,077,360	\$ 147,150	\$ 67,996		\$ (1,862,214)
Physical health and social services	1,402,489	701,135	365,267		(336,087)
Mental health	543,550	44,471			(499,079)
County environment and education	620,472	33,887	8,575		(578,010)
Roads and transportation	7,412,279	138,951	3,796,720	\$ 3,044,620	(431,988)
Governmental services to residents	407,369	439,941			32,572
Administration	1,939,706	19,352			(1,920,354)
Non-program	1,570,788	185,866			(1,384,922)
<b>Total governmental activities</b>	<b>\$ 15,974,013</b>	<b>\$ 1,710,753</b>	<b>\$ 4,238,558</b>	<b>\$ 3,044,620</b>	<b>(6,980,082)</b>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes					5,495,417
Local option sales tax					696,020
Penalty and interest on property taxes					28,906
State tax credits					510,971
Rents					22,340
Grants and contributions					879,451
Unrestricted investment earnings					146,006
Gain on sale of capital assets					40,387
Miscellaneous					165,157
<b>Total general revenues</b>					<b>7,984,655</b>
<b>Change in net position</b>					<b>1,004,573</b>
<b>Net position, beginning of year</b>					<b>30,265,277</b>
<b>Net position, end of year</b>					<b>\$ 31,269,850</b>

CHICKASAW COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2019

	General	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
		Mental Health	Rural Services	Secondary Roads		
<b>ASSETS</b>						
Cash, cash equivalents and pooled investments	\$ 2,749,089	\$ 36,405	\$ 388,089	\$ 2,296,291	\$ 1,114,764	\$ 6,584,638
Receivables:						
Property tax:						
Delinquent	145,719	1,255	3,377			150,351
Succeeding year	3,778,849	407,809	1,745,275		504,718	6,436,651
Accounts	77,545			287,481	168	365,194
Notes				35,804		35,804
Accrued interest	17,256					17,256
Due from other governments	97,623	6,947		343,220	4,426	452,216
Inventories				848,006		848,006
Investment in insurance pool	20,054					20,054
Prepaid insurance	36,215			17,682		53,897
<b>Total assets</b>	<b>\$ 6,922,350</b>	<b>\$ 452,416</b>	<b>\$ 2,136,741</b>	<b>\$ 3,828,484</b>	<b>\$ 1,624,076</b>	<b>\$ 14,964,067</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 102,566	\$ 504		\$ 657,184	\$ 51,801	\$ 812,055
Salaries and benefits payable	84,685	1,737		62,333		148,755
Due to other governments	6,980	82		27,766	420	35,248
<b>Total liabilities</b>	<b>194,231</b>	<b>2,323</b>	<b>\$ -</b>	<b>747,283</b>	<b>52,221</b>	<b>996,058</b>
Deferred inflows of resources:						
Succeeding year property tax	3,778,849	407,809	1,745,275		504,718	6,436,651
Other	145,719	1,255	3,377	30,689		181,040
<b>Total deferred inflows of resources</b>	<b>3,924,568</b>	<b>409,064</b>	<b>1,748,652</b>	<b>30,689</b>	<b>504,718</b>	<b>6,617,691</b>
Fund balances:						
Nonspendable:						
Inventories				848,006		848,006
Prepaid expenditures	36,215			17,682		53,897
Restricted for:						
Mental health purposes		41,029				41,029
Rural services purposes			388,089			388,089
Secondary roads purposes				2,184,824		2,184,824
Landfill postclosure costs purposes					526,042	526,042
Other special revenue purposes					327,079	327,079
Capital projects					264,016	264,016
Other purposes	14,408					14,408
Assigned for economic development	76,150					76,150
Unassigned (deficit)	2,676,778				(50,000)	2,626,778
<b>Total fund balances</b>	<b>2,803,551</b>	<b>41,029</b>	<b>388,089</b>	<b>3,050,512</b>	<b>1,067,137</b>	<b>7,350,318</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,922,350</b>	<b>\$ 452,416</b>	<b>\$ 2,136,741</b>	<b>\$ 3,828,484</b>	<b>\$ 1,624,076</b>	<b>\$ 14,964,067</b>

See Notes to Financial Statements.



CHICKASAW COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2019

Reconciliation of governmental fund balances to net position:	
Total governmental fund balances	\$ 7,350,318
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 as assets	
in the governmental funds, net of accumulated depreciation of:	
\$ 21,000,125	25,942,182
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.	
	150,351
The internal service fund is used by management to charge the costs of the partial	
self-funding of the County's health insurance benefit plan to individual funds.	
The assets and liabilities of the internal service fund are included with	
governmental activities in the statement of net position.	
	817,244
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	995,256
Deferred inflows of resources	(552,902)
Other liabilities, including bonds payable and accrued interest,	
compensated absences payable, net pension liability, total OPEB liability,	
are not due and payable in the current year and, therefore,	
are not reported as liabilities in the governmental funds:	
Postclosure costs	(318,172)
Compensated absences	(227,681)
Net pension liability	(2,823,312)
Total OPEB liability	(63,434)
	<u>31,269,850</u>
Net position of governmental activities, per Exhibit A	<u>\$ 31,269,850</u>

CHICKASAW COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2019

	General	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
		Mental Health	Rural Services	Secondary Roads		
<b>REVENUES</b>						
Property and other County taxes	\$ 3,781,489	\$ 407,054	\$ 1,710,366		\$ 14,954	\$ 5,913,863
Local option sales tax				\$ 629,089	66,931	696,020
Interest and penalty on property taxes	29,082					29,082
Intergovernmental	1,209,579	66,983	103,402	4,682,192	8,575	6,070,731
Licenses and permits	10,428			15,155		25,583
Charges for service	889,852	50	400	117,052	24,211	1,031,565
Use of money and property	141,342				6,817	148,159
Miscellaneous	152,526			724	69	153,319
<b>Total revenues</b>	<b>6,214,298</b>	<b>474,087</b>	<b>1,814,168</b>	<b>5,444,212</b>	<b>121,557</b>	<b>14,068,322</b>
<b>EXPENDITURES</b>						
<b>Current:</b>						
Public safety and legal services	2,131,088		6,220		50,000	2,187,308
Physical health and social services	1,461,571					1,461,571
Mental health		537,338				537,338
County environment and education	438,976		107,724		141,391	688,091
Roads and transportation			110,000	6,823,298		6,933,298
Governmental services to residents	410,321					410,321
Administration	1,514,519					1,514,519
Non-program	4,678			1,329,046		1,333,724
Capital projects					30,126	30,126
<b>Total expenditures</b>	<b>5,961,153</b>	<b>537,338</b>	<b>223,944</b>	<b>8,152,344</b>	<b>221,517</b>	<b>15,096,296</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>253,145</b>	<b>(63,251)</b>	<b>1,590,224</b>	<b>(2,708,132)</b>	<b>(99,960)</b>	<b>(1,027,974)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	230,431	11,642		1,869,846	102,000	2,213,919
Proceeds from disposal of capital assets	2,823	4,150		33,414		40,387
Transfers out	(260,000)		(1,460,000)			(1,720,000)
	(26,746)	15,792	(1,460,000)	1,903,260	102,000	534,306
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>226,399</b>	<b>(47,459)</b>	<b>130,224</b>	<b>(804,872)</b>	<b>2,040</b>	<b>(493,668)</b>
<b>FUND BALANCES, beginning of year</b>	<b>2,577,152</b>	<b>88,488</b>	<b>257,865</b>	<b>3,855,384</b>	<b>1,065,097</b>	<b>7,843,986</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 2,803,551</b>	<b>\$ 41,029</b>	<b>\$ 388,089</b>	<b>\$ 3,050,512</b>	<b>\$ 1,067,137</b>	<b>\$ 7,350,318</b>

See Notes to Financial Statements.

CHICKASAW COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2019

Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities:		
Net change in fund balances - total governmental funds	\$	(493,668)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the current year, as follows:		
Capital outlays	\$ 545,911	
Capital assets contributed by the Iowa Department of Transportation	3,044,620	
Depreciation	<u>(1,281,085)</u>	2,309,446
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	(489,093)	
Other	<u>150,344</u>	(338,749)
The net effect of disposal of capital assets.		(40,461)
The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the statement of net position.		437,770
The internal service fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the internal service fund is reported with governmental activities.		(501,633)
Postclosure landfill costs.		13,748
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	3,567	
Pension expense	(376,479)	
OPEB expense	<u>(8,968)</u>	(381,880)
Change in net position of governmental activities, per Exhibit B	\$	<u><u>1,004,573</u></u>

CHICKASAW COUNTY  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
June 30, 2019

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	ASSETS		<u>Internal Service - Employee Group Health Insurance</u>
Cash and cash equivalents		\$	<u>885,378</u>
<b>Total assets</b>		<b>\$</b>	<b><u>885,378</u></b>
	<b>LIABILITIES AND NET POSITION</b>		
<b>Liabilities:</b>			
Deferred revenue		\$	<u>68,134</u>
<b>Total liabilities</b>			<u>68,134</u>
<b>Net position:</b>			
Unrestricted			<u>817,244</u>
<b>Total liabilities and net position</b>		<b>\$</b>	<b><u>885,378</u></b>

CHICKASAW COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
For the Year Ended June 30, 2019

	Internal Service - Employee Group Health Insurance
<b>OPERATING REVENUES</b>	
Charges for service	\$ 834,507
<b>OPERATING EXPENSES</b>	
Insurance claims paid	831,007
Administrative fees	29,807
Total operating expenses	860,814
Operating loss	(26,307)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	18,593
<b>OTHER FINANCING USES</b>	
Transfers out	(493,919)
Change in net position	(501,633)
NET POSITION, beginning of year	1,318,877
NET POSITION, end of year	\$ 817,244

CHICKASAW COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended June 30, 2019

	Internal Service - Employee Group Health Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from interfund services provided	\$ 810,455
Cash paid to suppliers for services	(838,658)
Net cash used in operating activities	(28,203)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	18,593
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Transfer to other funds	(493,919)
Net decrease in cash and cash equivalents	(503,529)
CASH and CASH EQUIVALENTS, beginning of year	1,388,907
CASH and CASH EQUIVALENTS, end of year	\$ 885,378
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (26,307)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in deferred revenue	(1,896)
Net cash used in operating activities	\$ (28,203)

CHICKASAW COUNTY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
June 30, 2019

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## ASSETS

Cash, cash equivalents and pooled investments:		
County Treasurer	\$	1,453,182
Other County officials		57,773
Receivables:		
Property tax:		
Delinquent		69,635
Succeeding year		13,687,053
Accounts		45,473
Due from other governments		50
Prepaid insurance		3,576
		<hr/>
Total assets		15,316,742

## LIABILITIES

Accounts payable		4,372
Salaries and benefits payable		6,747
Due to other governments		1,569,440
Trusts payable		44,373
Unavailable property tax revenue		13,687,053
Deferred revenue - other		4,707
Other		50
		<hr/>
Total liabilities		15,316,742

## NET POSITION

\$      None

# CHICKASAW COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of Operations and Significant Accounting Policies

#### a. Nature of Operations

Chickasaw County (the 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.

#### b. Significant Accounting Policies

##### *Scope of Reporting Entity*

For financial reporting purposes, Chickasaw County has included all funds, organizations, account groups, 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; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature of significance of their relationship with the County should be included in the financial statements as component units. The County has no component units which meet the Governmental Accounting Standards Board criteria.

##### *Jointly Governed Organizations*

The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Chickasaw County Assessor's Conference Board, Chickasaw County Emergency Management Commission, Chickasaw County Joint E911 Service Board and the Floyd-Mitchell-Chickasaw Solid Waste Management Agency. 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.

##### *Government-wide Financial Statements*

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.



1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Government-wide Financial Statements (Continued)*

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, proprietary 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 internal service fund is presented in a single column on the face of the proprietary fund statements.

The major funds of the financial reporting entity are described below:

*Governmental*

*General Fund*

The general fund accounts for all the financial resources of the County, except for those required to be accounted for by other funds. The revenues of the general fund are primarily derived from general property taxes, charges for services, licenses and permits, and certain revenues from state and federal sources. The expenditures of the general fund primarily relate to general administration of public safety and legal services, physical health and social services, county environment and education, governmental services to residents and administration.

*Special Revenue Funds*

The special revenue funds are used to account for revenues derived from specific sources which are restricted or committed for expenditure for specified purposes other than debt service or capital projects. The major funds in this category are mental health, rural services and secondary roads.

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

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

The secondary roads fund is used to account for the road use tax allocation from the State of Iowa, transfers from the general fund and the special revenue, rural services fund and other revenues to be used for secondary roads construction and maintenance.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Fund Financial Statements (Continued)*

*Proprietary Fund*

*Internal Service 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 Fund*

*Agency Funds*

The agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency funds are custodial in nature, assets equal liabilities and do not involve measurement of results of operations.

*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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Measurement Focus and Basis of Accounting (Continued)*

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 nonoperating 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 other funds and employees for health insurance. 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 nonoperating 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.

*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. All of the investments carried in the financial statements which consist of bank time deposits and bank certificates of deposit, are stated at cost. Cost approximates market value for investments at June 30, 2019.

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 receivable represents 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 receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)*

*Property Tax Receivable (Continued)*

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, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2018.

*Interest and Penalty on Property Tax Receivable*

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

*Grants*

Federal and state grants, primarily capital grants, are recorded as revenue when the expenditures for the purpose of the grant have been incurred. Substantially all other shared revenues are recorded during the period when received from the collecting authority, the State of Iowa.

*Due from and Due to Other Funds*

During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2019, balances of interfund amounts receivable 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 in the special revenue funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.

*Prepaid Expenditures*

Payments made for insurance for a future period beyond June 30, 2019 are recorded as prepaid insurance. The fund balances in the governmental fund types have been reserved for the prepaid expenditures recorded in those funds. This reflects the amount of net position not currently available for expenditure.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)*

*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. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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 an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful Lives (in Years)
Buildings and improvements	20-50
Infrastructure, road networks	30-50
Equipment	2-20
Intangibles	5-20
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 contributions from the County after the measurement date but before the end of the County's reporting period.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)*

*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 and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2019. The compensated absences liability attributable to the governmental activities will be paid primarily by the general fund and the secondary roads fund.

*Long-term Liabilities*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)*

*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 the Chickasaw County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the general fund and the special revenue, mental health, rural services and secondary roads funds.

*Deferred Inflows of Resources*

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

Deferred inflows of resources in the statement of net position consist of succeeding year property tax receivable that will not be recognized until the year for which it is 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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)*

*Fund Balance (Continued)*

Assigned - amounts the Board of Supervisors intend to use for specific purposes.

Unassigned - all amounts not included in the preceding classifications.

*Net Position*

Net investment in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net position consists of net position with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net position is used first when an expense is incurred for purposes for both restricted and unrestricted net positions.

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

*Budgets and Budgetary Accounting*

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2019, disbursements did not exceed the amounts budgeted in any function.

*Management Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash, Cash Equivalents and Pooled Investments

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

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



NOTES TO FINANCIAL STATEMENTS

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2. Cash, Cash Equivalents and Pooled Investments (Continued)

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

Interest Rate Risk

The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

3. Fund Balance Deficit

As of June 30, 2019, the ambulance fund has a deficit fund balance. The deficit in the ambulance fund is due to timing of payments.

4. Due from Other Governments

Due from other governments consist of the following at June 30, 2019:

Governmental:	
General fund:	
Medicare	\$ 33,923
Medicaid	57,832
Other	5,868
	<hr/>
	97,623
	<hr/>
Mental health fund:	
Miscellaneous state grants and reimbursements	6,947
	<hr/>
Secondary roads fund:	
Road use tax	287,361
Other	55,859
	<hr/>
	343,220
	<hr/>
Nonmajor governmental	4,426
	<hr/>
Total governmental funds	\$ 452,216
	<hr/>

NOTES TO FINANCIAL STATEMENTS

5. **Capital Assets**

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

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b>Governmental activities:</b>				
Land	\$ 2,736,056	\$ 21,400	\$ None	\$ 2,757,456
Total capital assets not being depreciated	2,736,056	21,400	None	2,757,456
<b>Capital assets being depreciated:</b>				
Buildings and improvements	4,300,354	None	58,000	4,242,354
Equipment	5,720,598	497,393	226,800	5,991,191
Vehicles	2,057,407	48,518	15,750	2,090,175
Infrastructure	28,837,911	3,023,220	None	31,861,131
Total capital assets being depreciated	40,916,270	3,569,131	300,550	44,184,851
<b>Less accumulated depreciation:</b>				
Buildings and improvements	1,766,546	77,783	21,476	1,822,853
Equipment	2,690,865	342,489	226,800	2,806,554
Vehicles	1,712,512	149,519	11,813	1,850,218
Infrastructure	13,809,206	711,294	None	14,520,500
Total accumulated depreciation	19,979,129	1,281,085	260,089	21,000,125
Total capital assets being depreciated, net	20,937,141	2,288,046	40,461	23,184,726
<b>Governmental activities:</b>				
Capital assets, net	\$ 23,673,197	\$ 2,309,446	\$ 40,461	\$ 25,942,182

For the year ended June 30, 2019, depreciation expense was charged to functions of the primary government as follows:

<b>Governmental activities:</b>	
Public safety and legal services	\$ 69,974
Physical health and social services	8,468
Mental health	9,372
County environment and education	37,801
Roads and transportation	1,050,614
Governmental services to residents	19,864
Administration	84,992
	\$ 1,281,085

NOTES TO FINANCIAL STATEMENTS

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. The agency fund collections also include accruals of property tax for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments for the year ended June 30, 2019 is as follows:

Fund	Description	Amount
<b>Governmental:</b>		
General fund	Services	\$ 6,862
General supplemental	Services	118
		6,980
<b>Special revenue funds:</b>		
Mental health	Services	82
Secondary roads	Services	27,766
		27,848
<b>Nonmajor funds:</b>		
Landfill postclosure	Services	420
<b>Total governmental funds</b>		<b>\$ 35,248</b>
<b>Fiduciary fund:</b>		
<b>Agency funds:</b>		
County offices	Collections	\$ 13,400
Agricultural extension education		3,251
County Assessor		390,360
Schools		122,021
Community colleges		11,143
Corporations		44,073
Townships		2,729
City special assessment		17,336
Auto license and use tax		376,380
Other		588,747
<b>Total agency funds</b>		<b>\$ 1,569,440</b>

7. Pension Plan

*Plan Description*

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

7. Pension Plan (Continued)

*Plan Description (Continued)*

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

*Pension Benefits*

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

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

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

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

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

*Disability and Death Benefits*

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

7. Pension Plan (Continued)

*Contributions*

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

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

The County's contributions to IPERS for the year ended June 30, 2019 totaled \$437,770.

*Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2019, the County reported a liability of \$2,823,312 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the County's collective proportion was 0.0446145%, which was a decrease of .0053193% from its collective proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$376,479. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Total of all Groups</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 26,404	\$ 87,136
Changes of assumptions	521,797	109,642
Net difference between projected and actual earnings on IPERS' investments	None	109,391
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	9,285	232,157
County contributions subsequent to the measurement date	437,770	None
<b>Total</b>	<b>\$ 995,256</b>	<b>\$ 538,326</b>

7. **Pension Plan (Continued)**

*Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

\$437,770 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 161,794
2021	47,876
2022	(110,085)
2023	(62,649)
2024	<u>(17,776)</u>
Total	<u>\$ 19,160</u>

There were no non-employer contributing entities to IPERS.

*Actuarial Assumptions*

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

7. **Pension Plan (Continued)**

*Actuarial Assumptions (Continued)*

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	100.0%	

*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	\$ 5,439,436	\$ 2,823,312	\$ 629,313

*IPERS' Fiduciary Net Position*

Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

*Payables to IPERS*

At June 30, 2019, the County had no payables to report for the defined benefit pension plan for legally required County contributions and legally required employee contributions, which had been withheld from employee wages but not yet remitted to IPERS.

NOTES TO FINANCIAL STATEMENTS

8. Construction, Purchase and Other Commitments

At June 30, 2019, the total outstanding construction and purchase commitments of the County amounted to \$1,908,061. Of these commitments, none will be funded by state and federal grants.

9. Leases

The County is renting various county owned properties to other parties under operating leases. The leases vary in term but are typically short-term in nature.

Future minimum lease payments under the lease agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ 16,910
2021	6,710
2022	5,166
2023	<u>2,734</u>
Total	<u>\$ 31,520</u>

Total lease expense for the year ended June 30, 2019 was \$10,910.

10. Long-term Liabilities

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

	Estimated Liability for Landfill Postclosure Costs	Compensated Absences	Notes Payable	Total
Balance, beginning of year	\$ 331,920	\$ 231,248	\$ None	\$ 563,168
Additions	None	227,681	None	227,681
Reductions	(13,748)	(231,248)	None	(244,996)
Balance, end of year	<u>\$ 318,172</u>	<u>\$ 227,681</u>	<u>\$ None</u>	<u>\$ 545,853</u>
Due within one year	<u>\$ None</u>	<u>\$ 227,681</u>	<u>\$ None</u>	<u>\$ 227,681</u>

At June 30, 2019, the debt issued by the County did not exceed its legal debt margin compiled as follows:

Total assessed valuation	<u>\$1,361,308,154</u>
Debt limit - 5% of total assessed valuation	\$ 68,065,408
Debt applicable to debt limit:	
Notes payable	<u>None</u>
Legal debt margin	<u>\$ 68,065,408</u>



10. Long-term Liabilities (Continued)

Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County has stopped accepting waste at the landfill. The \$318,172 reported as estimated liability for landfill postclosure care costs at June 30, 2019, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care during the year ended June 30, 2019. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

In anticipation of state regulations requiring municipal solid waste landfills to demonstrate financial responsibility for the costs of closure and postclosure care, the County has restricted \$526,042 as of June 30, 2019 for such purposes. These funds are reflected as a restriction of fund balance within the special revenue - landfill postclosure costs fund.

11. Interfund Transfers

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

	Transfers In	Transfers Out
General fund	\$ 230,431	\$ 260,000
Special revenue funds:		
Mental health	11,642	
Rural services		1,460,000
Secondary roads	1,869,846	
Nonmajor governmental:		
Ambulance	50,000	
Landfill post closure	20,000	
Capital projects	32,000	
Internal service fund		493,919
Total	\$ 2,213,919	\$ 2,213,919

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfer from the internal service (health insurance) fund was made due to the resolution that was approved by Board of Supervisors on October 1, 2018.

12. 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.

12. Other Postemployment Benefits (OPEB) (Continued)

*OPEB Benefits*

Individuals who are employed by Chickasaw 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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>86</u>
 Total	 <u>87</u>

*Total OPEB Liability*

The County's total OPEB liability of \$63,434 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

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

Rate of inflation (effective June 30, 2019)	3.00% per annum.
Rates of salary increase (effective June 30, 2019)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2019)	3.58% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2019)	8.50% 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 3.58% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. 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, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

NOTES TO FINANCIAL STATEMENTS

12. Other Postemployment Benefits (OPEB) (Continued)

*Changes in the Total OPEB Liability*

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 60,668
Changes for the year:	
Service cost	8,212
Interest cost	2,562
Difference between expected and actual experiences	(8,008)
Changes in assumptions	-
Benefit payments	-
Net changes	2,766
Total OPEB liability end of year	\$ 63,434

Changes of assumptions reflect no change in the discount rate of 3.72% in fiscal years 2018 and 2019.

*Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.72%) or 1% higher (4.72%) than the current discount rate.

	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB liability	\$ 69,115	\$ 63,434	\$ 58,336

*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.

	Healthcare Cost Trend Rate		
	1% Decrease (5.00%)	Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$ 55,217	\$ 63,434	\$ 73,305

NOTES TO FINANCIAL STATEMENTS

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12. Other Postemployment Benefits (OPEB) (Continued)

*OPEB Expense and Deferred Outflows of Resources Related to OPEB*

For the year ended June 30, 2019, the County recognized OPEB expense of \$8,968. At June 30, 2019, the County reported deferred inflows of resources related to OPEB from the following resources:

		<u>Deferred Inflows of Resources</u>
Difference between expected and actual experiences	\$	14,576
Changes in assumptions		<u>-</u>
 Total	 \$	 <u>14,576</u>

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

	<u>Year Ending June 30,</u>		<u>Amount</u>
2020		\$	1,806
2021			1,806
2022			1,806
2023			1,806
2024			1,806
Thereafter			<u>5,546</u>
		\$	<u>14,576</u>

13. Contingent Liabilities

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of June 30, 2019, significant amounts of grant expenditures have not been audited by granting authorities, but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

14. Risk Management

Chickasaw County is a member in the Heartland Insurance Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Insurance Risk Pool (pool) is a local government risk-sharing pool whose members include ten counties throughout the State of Iowa. The pool was formed July 1, 1987 to provide workers' compensation and property/casualty insurance for its members. The risk pool was created for the purpose of providing and maintaining self-insurance benefits on a group basis substantially at cost.

14. Risk Management (Continued)

Each member County is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery. The risk pool is responsible for paying the reinsurance premiums on the insurance policies when due, to pay claims in accordance with the various coverages and to make other payments as required by applicable law, to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool, and to pay all reasonable and necessary expenses for administering the risk pool and fund.

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2019, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers compensation, and in excess of \$400,000 per occurrence, up to a maximum of \$8,000,000 per occurrence, including the retention of the pool, for general liability, police professional, errors and omissions and automobile liability. The risk pool records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustment expenses. At June 30, 2019 and 2018, the risk pool reported a surplus of assets over liabilities.

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool by means of an assessment that would be charged to the member County in addition to the premium contributions. At June 30, 2019, settled claims have not exceeded the risk pool reinsurance coverage since commencement of the risk pool.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the pool for the year ended June 30, 2019 were \$381,007.

Initial membership into the risk pool was for a mandatory three-year period. Subsequent to the initial term, a member county may withdraw at the end of the fifth fiscal year of any five-year term, with a minimum of ninety (90) days written notice to the Chairman of the Board of Trustees. The initial membership period for Chickasaw County commenced July 1, 1987. The County extended their membership for a five-year period, commencing July 1, 2010, until July 1, 2015. The County has subsequently extended their membership for another five-year period, commencing July 1, 2015 through July 1, 2020. The County also carries commercial insurance purchased by the risk pool from other insurers for coverage associated with boiler/machinery and cyber liability. The Public Officials Bond and crime coverage is purchased through a local broker. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pool also purchased a reinsurance policy for property coverage for losses in excess of \$100,000 to a maximum \$30,000,000 in covered property, based upon scheduled values (including the retention).

15. Employee Health Insurance Plan

The County uses a partially self-funded health insurance plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Two Rivers Insurance. The agreement is subject to automatic renewal provisions. Monthly payments of service fees and plan contributions to the Chickasaw County health self-funding fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid by EBS Employees Benefit System from the Chickasaw County health insurance fund. The County records the plan assets and related liabilities of the Chickasaw County health insurance funding as an internal service fund. The County’s contribution to the fund for the year ended June 30, 2019 was \$698,596.

Amounts payable from the health insurance fund at June 30, 2019 totaled \$None, which is for incurred but unpaid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. An analysis of claims activity in the internal service fund follows:

The County established a partially self-funded group medical plan which is on a fiscal year basis. The plan allows the County lower monthly premiums for coverage in exchange for the potential of claims actually filed. If all the covered individuals submitted the maximum claim to be paid by the County, the total would be \$513,600. As of June 30, 2019, \$69,392 in claims had been paid. As of June 30, 2019, the County had a balance of \$501,752 in their self-fund cash account maintained by EBS Employees Benefit System to pay for claims.

16. Tax Abatements

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

*Tax Abatements of Other Entities*

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of New Hampton	Urban renewal and economic development projects	\$ 38,308
City of Nashua	Urban renewal and economic development projects	6,155

NOTES TO FINANCIAL STATEMENTS

17. **Chickasaw County Financial Information Included in the County Social Services Mental Health Region**

County Social Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth and Wright. The financial activity of Chickasaw County's special revenue, mental health fund is included in the County Social Services Mental Health Region for the year ended June 30, 2019, as follows:

<b>Revenues:</b>		
Property and other County taxes	\$	407,054
<b>Intergovernmental revenues:</b>		
State tax credits	\$	22,514
Other intergovernmental revenues	<u>44,469</u>	66,983
Charges for service		<u>50</u>
Total revenues		<u>474,087</u>
 <b>Expenditures:</b>		
<b>General administration:</b>		
Direct administration	44,508	
Distribution to regional fiscal agent	<u>492,830</u>	<u>537,338</u>
Total expenditures		<u>537,338</u>
Deficiency of revenues under expenditures		<u>(63,251)</u>
 <b>Other financing sources:</b>		
Transfers in		11,642
Proceeds from disposal of capital assets		<u>4,150</u>
Total other financing sources		<u>15,792</u>
Fund balance, beginning of the year		<u>88,488</u>
Fund balance, end of the year	\$	<u>41,029</u>

NOTES TO FINANCIAL STATEMENTS

18. **Fund Balance**

The government-wide statement of net position reports \$4,728,172 of restricted net position, of which \$4,601,399 is restricted by enabling legislation. The amounts restricted at June 30, 2019 are as follows:

<b>Restricted net position:</b>	
Mental health	\$ 42,284
Rural services	391,466
Secondary roads	3,050,512
Landfill postclosure costs	526,042
Capital projects	264,016
Other special revenue	327,079
Other	126,773
	<u>\$ 4,728,172</u>

The governmental fund balances as of June 30, 2019 are as follows:

<b>Nonspendable:</b>	
General fund	\$ 36,215
<b>Special revenue funds:</b>	
Secondary roads	865,688
	<u>\$ 901,903</u>
<b>Restricted:</b>	
<b>General fund:</b>	
K-9 Unit	\$ 10,804
DARE	858
Pioneer Cemetery	47
County Attorney forfeiture	2,052
County Sheriff forfeiture	647
<b>Special revenue funds:</b>	
Mental health	41,029
Rural services	388,089
Secondary roads	2,184,824
<b>Nonmajor funds:</b>	
Landfill postclosure costs	526,042
REAP Grant	36,909
Capital projects	264,016
Recorder's Records Management	9,038
County Betterment	153,328
Economic Development	80,175
Tourism	47,629
	<u>\$ 3,745,487</u>
<b>Assigned:</b>	
<b>General fund:</b>	
Economic Development	\$ 76,150



19. Prospective Accounting Changes

The Governmental Accounting Standards Board (GASB) has issued two statements not yet implemented by the County. These statements which might impact the County are as follows:

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the fiscal year ending June 30, 2020. The revised requirements of this Statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing the specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the fiscal year ending June 30, 2021. The Statement increases the usefulness of governments' financial statement by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

The County's management has not yet determined the effect these statements will have on the County's financial statements.

20. Subsequent Events

Management has evaluated subsequent events through January 16, 2020, the date on which the financial statements were available to be issued.

Chickasaw County Board of Supervisors have approved to initiate and file litigation regarding obligation by municipal entities to fund ambulance services for Chickasaw County ambulance services.

**Required Supplementary Information**

CHICKASAW COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE OF  
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS  
June 30, 2019

	Actual/Budget	Budgeted Amounts		Final to Actual Variance-Positive (Negative)
		Original	Final	
<b>RECEIPTS</b>				
Property and other County taxes	\$ 6,618,123	\$ 6,594,796	\$ 6,594,796	\$ 23,327
Interest and penalty on property taxes	28,906	25,112	25,112	3,794
Intergovernmental	5,413,642	4,615,883	4,752,883	660,759
Licenses and permits	25,365	7,550	7,550	17,815
Charges for service	996,217	625,364	607,364	388,853
Use of money and property	178,172	79,815	79,815	98,357
Miscellaneous	677,986	170,400	172,900	505,086
<b>Total receipts</b>	<b>13,938,411</b>	<b>12,118,920</b>	<b>12,240,420</b>	<b>1,697,991</b>
<b>DISBURSEMENTS</b>				
Public safety and legal services	2,182,149	2,214,245	2,359,065	176,916
Physical health and social services	1,392,581	1,538,702	1,556,702	164,121
Mental health	537,176	602,336	584,336	47,160
County environment and education	673,591	722,038	724,538	50,947
Roads and transportation	6,393,316	5,641,046	6,446,546	53,230
Governmental services to residents	409,967	487,501	489,701	79,734
Administration	1,477,843	1,662,303	1,664,803	186,960
Capital projects	1,308,492	1,455,954	1,487,954	179,462
<b>Total disbursements</b>	<b>14,375,115</b>	<b>14,324,125</b>	<b>15,313,645</b>	<b>938,530</b>
<b>(DEFICIENCY) EXCESS OF RECEIPTS (UNDER) OVER DISBURSEMENTS</b>	<b>(436,704)</b>	<b>(2,205,205)</b>	<b>(3,073,225)</b>	<b>2,636,521</b>
<b>OTHER FINANCING SOURCES, NET</b>	<b>6,973</b>	<b>-</b>	<b>-</b>	<b>6,973</b>
<b>(DEFICIENCY) EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES (UNDER) OVER DISBURSEMENTS AND OTHER FINANCING USES</b>	<b>(429,731)</b>	<b>(2,205,205)</b>	<b>(3,073,225)</b>	<b>2,643,494</b>
<b>BALANCE, beginning of year</b>	<b>7,014,369</b>	<b>6,401,146</b>	<b>7,014,369</b>	<b>-</b>
<b>BALANCE, end of year</b>	<b>\$ 6,584,638</b>	<b>\$ 4,195,941</b>	<b>\$ 3,941,144</b>	<b>\$ 2,643,494</b>

See Notes to Required Budgetary Information and Independent Auditor's Report.

CHICKASAW COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 BUDGET TO GAAP RECONCILIATION  
 For the Year Ended June 30, 2019

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	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 13,938,411	\$ 129,911	\$ 14,068,322
Expenditures	14,375,115	721,181	15,096,296
Net	(436,704)	(591,270)	(1,027,974)
Other financing sources, net	6,973	527,333	534,306
Beginning fund balance	7,014,369	829,617	7,843,986
Ending fund balance	\$ 6,584,638	\$ 765,680	\$ 7,350,318

See Notes to Required Budgetary Information and Independent Auditor's Report.

**CHICKASAW COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING**  
**Year Ended June 30, 2019**

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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 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:

1. Public safety and legal services
2. Physical health and social services
3. Mental health
4. County environment and education
5. Roads and transportation
6. Governmental services to residents
7. Administration
8. Non-program
9. Debt service
10. Capital projects

Function disbursements required to be budgeted include disbursements for the general fund, the special revenue funds, the debt service fund, and the capital projects fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted receipts by \$121,500 and increased budgeted disbursements by \$989,520. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

See Independent Auditor's Report.

CHICKASAW COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 For the Last Five Years\*  
 (In Thousands)

	2019	2018	2017	2016	2015
County's collective proportion of the net pension liability (asset)	0.0446145%	0.0499338%	0.0521084%	0.0506395%	0.0502389%
County's collective proportionate share of the net pension liability (asset)	\$ 2,823	\$ 3,326	\$ 3,279	\$ 2,502	\$ 1,992
County's covered payroll	\$ 4,265	\$ 4,335	\$ 4,234	\$ 4,124	\$ 4,028
County's collective proportionate share of the net pension liability as a percentage of its covered payroll	66.19%	76.72%	77.44%	60.67%	49.45%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

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

See Notes to Required Pension Liability Information and Independent Auditor's Report.

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CHICKASAW COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF COUNTY CONTRIBUTIONS  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 For the Last Ten Years  
 (In Thousands)

	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 438	\$ 387	\$ 394	\$ 385	\$ 375
Contributions in relation to the statutorily required contribution	(438)	(387)	(394)	(385)	(375)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 4,586	\$ 4,265	\$ 4,335	\$ 4,234	\$ 4,124
Contributions as a percentage of covered payroll	9.55%	9.07%	9.09%	9.09%	9.09%

See Notes to Required Pension Liability Information and Independent Auditor's Report.



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<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 366	\$ 344	\$ 326	\$ 276	\$ 254
<u>(366)</u>	<u>(344)</u>	<u>(326)</u>	<u>(276)</u>	<u>(254)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,028	\$ 3,873	\$ 3,887	\$ 3,754	\$ 3,011
9.09%	8.88%	8.39%	7.35%	8.44%

CHICKASAW COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
Year Ended June 30, 2019

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Changes of Benefit Terms:

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

Changes of Assumptions:

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

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

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

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

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

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

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

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

See Independent Auditor's Report.

CHICKASAW COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES  
 For the Last Two Years

	2019	2018
Service cost	\$ 8,212	\$ 8,212
Interest cost	2,562	2,553
Difference between expected and actual experiences	(8,008)	(9,303)
Changes in assumptions	-	-
Benefit payments	-	(2,395)
Net change in total OPEB liability	2,766	(933)
Total OPEB liability beginning of year	60,668	61,601
Total OPEB liability end of year	<u>\$ 63,434</u>	<u>\$ 60,668</u>
Covered-employee payroll	\$ 4,237,016	\$ 3,971,302
Total OPEB liability as a percentage of covered-employee payroll	1.50%	1.53%

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

*Changes in Benefit Terms:*

There were no significant changes in benefit terms.

*Changes in Assumptions:*

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

Year Ended June 30, 2019	3.72%
Year Ended June 30, 2018	3.72%
Year Ended June 30, 2017	2.50%

See Independent Auditor's Report.

**Other Supplementary Information**

CHICKASAW COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2019

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash, cash equivalents and pooled investments	\$ 850,748		\$ 264,016	\$ 1,114,764
Receivables:				
Property tax:				
Succeeding year		\$ 504,718		504,718
Accounts	168			168
Due from other governments	4,426			4,426
<b>Total assets</b>	<b>\$ 855,342</b>	<b>\$ 504,718</b>	<b>\$ 264,016</b>	<b>\$ 1,624,076</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 51,801			\$ 51,801
Due to other governments	420			420
<b>Total liabilities</b>	<b>52,221</b>	<b>\$ -</b>	<b>\$ -</b>	<b>52,221</b>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax		504,718		504,718
Fund balances:				
Restricted for:				
REAP Grant	36,909			36,909
Landfill	526,042			526,042
Capital projects			264,016	264,016
Other purposes	290,170			290,170
Unassigned (deficit)	(50,000)			(50,000)
<b>Total fund balances</b>	<b>803,121</b>	<b>-</b>	<b>264,016</b>	<b>1,067,137</b>
<b>Total liabilities and fund balances</b>	<b>\$ 855,342</b>	<b>\$ 504,718</b>	<b>\$ 264,016</b>	<b>\$ 1,624,076</b>

CHICKASAW COUNTY  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2019

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Property and other County taxes	\$ 14,954		\$ 14,954
Local option sales tax	66,931		66,931
Intergovernmental	8,575		8,575
Charges for service	1,871	\$ 22,340	24,211
Use of money and property	6,817		6,817
Miscellaneous	69		69
	<u>99,217</u>	<u>22,340</u>	<u>121,557</u>
<b>Total revenues</b>			
<b>EXPENDITURES</b>			
Operating:			
Public safety and legal services	50,000		50,000
County environment and education	141,391		141,391
Capital projects		30,126	30,126
	<u>191,391</u>	<u>30,126</u>	<u>221,517</u>
<b>Total expenditures</b>			
<b>(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>(92,174)</u>	<u>(7,786)</u>	<u>(99,960)</u>
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	70,000	32,000	102,000
	<u>70,000</u>	<u>32,000</u>	<u>102,000</u>
<b>(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES</b>	<u>(22,174)</u>	<u>24,214</u>	<u>2,040</u>
<b>FUND BALANCES, beginning of year</b>	<u>825,295</u>	<u>239,802</u>	<u>1,065,097</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 803,121</u>	<u>\$ 264,016</u>	<u>\$ 1,067,137</u>

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CHICKASAW COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2019

	<u>REAP</u>	<u>Recorder's Records Management</u>	<u>County Betterment</u>	<u>Economic Development</u>
<b>ASSETS</b>				
Cash, cash equivalents and pooled investments	\$ 36,909	\$ 8,870	\$ 153,328	\$ 80,175
Receivables:				
Accounts		168		
Due from other governments				
<b>Total assets</b>	<b><u>\$ 36,909</u></b>	<b><u>\$ 9,038</u></b>	<b><u>\$ 153,328</u></b>	<b><u>\$ 80,175</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable				
Due to other governments				
<b>Total liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
Fund balances:				
Restricted for:				
REAP Grant	36,909			
Landfill				
Other purposes		9,038	153,328	80,175
Unassigned (deficit)				
<b>Total fund balances (deficit)</b>	<b><u>36,909</u></b>	<b><u>9,038</u></b>	<b><u>153,328</u></b>	<b><u>80,175</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 36,909</u></b>	<b><u>\$ 9,038</u></b>	<b><u>\$ 153,328</u></b>	<b><u>\$ 80,175</u></b>

See Independent Auditor's Report.



SCHEDULE 3

Ambulance	Tourism	Landfill Postclosure Costs	Total Special Revenue Funds
	\$ 44,374	\$ 527,092	\$ 850,748
	4,426		168 4,426
<u>\$ -</u>	<u>\$ 48,800</u>	<u>\$ 527,092</u>	<u>\$ 855,342</u>
\$ 50,000	\$ 1,171	\$ 630 420	\$ 51,801 420
<u>50,000</u>	<u>1,171</u>	<u>1,050</u>	<u>52,221</u>
			36,909 526,042 290,170 (50,000)
(50,000)	47,629	526,042	(50,000)
<u>(50,000)</u>	<u>47,629</u>	<u>526,042</u>	<u>803,121</u>
<u>\$ -</u>	<u>\$ 48,800</u>	<u>\$ 527,092</u>	<u>\$ 855,342</u>

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CHICKASAW COUNTY  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended June 30, 2019

	REAP	Recorder's Records Management	County Betterment	Economic Development
<b>REVENUES</b>				
Property and other County taxes				
Local option sales tax			\$ 66,931	
Intergovernmental	\$ 8,575			
Charges for service		\$ 1,871		
Use of money and property	272	88		
Miscellaneous				
<b>Total revenues</b>	<u>8,847</u>	<u>1,959</u>	<u>66,931</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Operating:				
Public safety and legal services				
County environment and education	<u>18,269</u>		<u>75,000</u>	<u>7,775</u>
<b>Total expenditures</b>	<u>18,269</u>	<u>-</u>	<u>75,000</u>	<u>7,775</u>
<b>(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES</b>	<u>(9,422)</u>	<u>1,959</u>	<u>(8,069)</u>	<u>(7,775)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES</b>	<u>(9,422)</u>	<u>1,959</u>	<u>(8,069)</u>	<u>(7,775)</u>
<b>FUND BALANCES, beginning of year (deficit)</b>	<u>46,331</u>	<u>7,079</u>	<u>161,397</u>	<u>87,950</u>
<b>FUND BALANCES, end of year (deficit)</b>	<u>\$ 36,909</u>	<u>\$ 9,038</u>	<u>\$ 153,328</u>	<u>\$ 80,175</u>

See Independent Auditor's Report.

SCHEDULE 4

<u>Ambulance</u>	<u>Tourism</u>	<u>Landfill Postclosure Costs</u>	<u>Total Special Revenue Funds</u>
	\$ 14,954		\$ 14,954
			66,931
			8,575
			1,871
		\$ 6,457	6,817
	69		69
<u>\$ -</u>	<u>15,023</u>	<u>6,457</u>	<u>99,217</u>
50,000			50,000
	13,930	26,417	141,391
<u>50,000</u>	<u>13,930</u>	<u>26,417</u>	<u>191,391</u>
(50,000)	1,093	(19,960)	(92,174)
<u>50,000</u>	<u>-</u>	<u>20,000</u>	<u>70,000</u>
-	1,093	40	(22,174)
<u>(50,000)</u>	<u>46,536</u>	<u>526,002</u>	<u>825,295</u>
<u>\$ (50,000)</u>	<u>\$ 47,629</u>	<u>\$ 526,042</u>	<u>\$ 803,121</u>

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CHICKASAW COUNTY  
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2019

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>ASSETS</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer		\$ 2,511	\$ 391,786	\$ 94,614
Other County officials	\$ 57,773			
Receivables:				
Property tax:				
Delinquent		740	1,370	27,407
Succeeding year		249,129	318,420	9,060,777
Accounts Due from other governments				
Prepaid insurance			2,954	
Total assets	<u>\$ 57,773</u>	<u>\$ 252,380</u>	<u>\$ 714,530</u>	<u>\$ 9,182,798</u>
<b>LIABILITIES</b>				
Accounts payable			\$ 188	
Salaries and benefits payable			5,562	
Due to other governments	\$ 13,400	\$ 3,251	390,360	\$ 122,021
Trusts payable	44,373			
Unavailable property tax revenue		249,129	318,420	9,060,777
Deferred revenue - other				
Other				
Total liabilities	<u>\$ 57,773</u>	<u>\$ 252,380</u>	<u>\$ 714,530</u>	<u>\$ 9,182,798</u>

See Independent Auditor's Report.

SCHEDULE 5

<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessment</u>	<u>Auto License and Use Tax</u>	<u>Other</u>	<u>Total</u>
\$ 8,674	\$ 25,162	\$ 2,428		\$ 376,380	\$ 551,627	\$ 1,453,182 57,773
2,469	18,911	301	\$ 17,336		1,101	69,635
854,456	2,951,673	194,474			58,124	13,687,053
					45,473	45,473
					50	50
					622	3,576
<u>\$ 865,599</u>	<u>\$ 2,995,746</u>	<u>\$ 197,203</u>	<u>\$ 17,336</u>	<u>\$ 376,380</u>	<u>\$ 656,997</u>	<u>\$ 15,316,742</u>
					\$ 4,184	\$ 4,372
					1,185	6,747
\$ 11,143	\$ 44,073	\$ 2,729	\$ 17,336	\$ 376,380	588,747	1,569,440
						44,373
854,456	2,951,673	194,474			58,124	13,687,053
					4,707	4,707
					50	50
<u>\$ 865,599</u>	<u>\$ 2,995,746</u>	<u>\$ 197,203</u>	<u>\$ 17,336</u>	<u>\$ 376,380</u>	<u>\$ 656,997</u>	<u>\$ 15,316,742</u>

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CHICKASAW COUNTY  
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2019

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>	<u>Schools</u>
ASSETS AND LIABILITIES				
BALANCE, beginning of year	\$ 41,197	\$ 243,575	\$ 712,410	\$ 8,571,539
ADDITIONS				
Property taxes		232,941	371,687	9,383,491
E911 surcharge				
State tax credits		27,124	30,351	724,666
Office fees and collections	349,968			
Auto licenses, use tax and postage				
Trusts	111,432			
Miscellaneous	286,722		23,926	
<b>Total additions</b>	<u>748,122</u>	<u>260,065</u>	<u>425,964</u>	<u>10,108,157</u>
DEDUCTIONS				
Agency remittances:				
To other funds	109,296			
To other governments	224,096	251,260	423,844	9,496,898
Miscellaneous	111,432			
Trusts paid out	286,722			
<b>Total deductions</b>	<u>731,546</u>	<u>251,260</u>	<u>423,844</u>	<u>9,496,898</u>
BALANCE, end of year	<u>\$ 57,773</u>	<u>\$ 252,380</u>	<u>\$ 714,530</u>	<u>\$ 9,182,798</u>

See Independent Auditor's Report.

SCHEDULE 6

<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessment</u>	<u>Auto License and Use Tax</u>	<u>Other</u>	<u>Total</u>
\$ 861,146	\$ 2,913,100	\$ 199,250	\$ -	\$ 376,105	\$ 523,162	\$ 14,441,484
815,058	2,692,602	193,554	17,992		322,037	14,029,362
67,126	376,500	12,204			213,082	213,082
					40,732	1,278,703
					2,167	352,135
				5,253,727		5,253,727
						111,432
					344,048	654,696
<u>882,184</u>	<u>3,069,102</u>	<u>205,758</u>	<u>17,992</u>	<u>5,253,727</u>	<u>922,066</u>	<u>21,893,137</u>
877,731	2,986,456	207,805	656	5,180,015	629,024	20,277,129
				73,437	159,207	271,295
						286,722
<u>877,731</u>	<u>2,986,456</u>	<u>207,805</u>	<u>656</u>	<u>5,253,452</u>	<u>788,231</u>	<u>21,017,879</u>
<u>\$ 865,599</u>	<u>\$ 2,995,746</u>	<u>\$ 197,203</u>	<u>\$ 17,336</u>	<u>\$ 376,380</u>	<u>\$ 656,997</u>	<u>\$ 15,316,742</u>

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CHICKASAW COUNTY  
 COMPARATIVE SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 All GOVERNMENTAL FUNDS  
 Years Ended June 30,

	Modified Accrual Basis			
	2019	2018	2017	2016
<b>REVENUES</b>				
Property and other County taxes	\$ 5,913,863	\$ 5,470,557	\$ 5,292,840	\$ 5,167,370
Local option sales tax	696,020	652,432	671,941	605,398
Interest and penalty on property taxes	29,082	28,470	32,290	24,692
Intergovernmental	6,070,731	4,955,998	5,930,437	5,268,597
Licenses and permits	25,583	21,696	23,954	21,387
Charges for service	1,031,565	1,052,787	1,253,162	1,094,977
Use of money and property	148,159	127,048	112,598	113,637
Miscellaneous	153,319	218,130	190,315	246,912
<b>Total revenues</b>	<b>\$ 14,068,322</b>	<b>\$ 12,527,118</b>	<b>\$ 13,507,537</b>	<b>\$ 12,542,970</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Public safety and legal services	\$ 2,187,308	\$ 2,018,205	\$ 2,106,573	\$ 1,881,655
Physical health and social services	1,461,571	1,200,482	1,401,413	1,438,314
Mental health	537,338	582,044	735,876	752,030
County environment and education	688,091	668,771	672,756	791,925
Roads and transportation	6,933,298	5,416,207	5,796,016	5,926,818
Governmental services to residents	410,321	408,032	458,743	426,921
Administration	1,514,519	1,474,372	1,471,452	1,484,522
Non-program	1,333,724	662,014	184,756	267,131
Capital projects	30,126	164,599	198,522	7,985
<b>Total expenditures</b>	<b>\$ 15,096,296</b>	<b>\$ 12,594,726</b>	<b>\$ 13,026,107</b>	<b>\$ 12,977,301</b>

See Independent Auditor's Report.

Modified Accrual Basis					
2015	2014	2013	2012	2011	2010
\$ 5,101,686	\$ 5,152,765	\$ 4,217,734	\$ 4,181,641	\$ 3,968,101	\$ 3,969,501
725,287	605,166	597,359	651,622	611,641	536,539
32,579	27,319	23,279	26,836	30,306	27,705
4,528,661	4,277,651	4,197,677	4,649,596	4,611,574	4,288,108
18,436	17,319	16,954	17,822	13,844	36,460
1,130,493	1,160,899	1,008,065	1,308,426	874,227	899,135
70,844	132,194	129,289	126,804	148,427	274,230
250,284	203,356	188,247	188,405	185,010	219,724
<u>\$ 11,858,270</u>	<u>\$ 11,576,669</u>	<u>\$ 10,378,604</u>	<u>\$ 11,151,152</u>	<u>\$ 10,443,130</u>	<u>\$ 10,251,402</u>
\$ 1,917,371	\$ 1,609,925	\$ 1,517,186	\$ 1,368,905	\$ 1,428,216	\$ 1,368,322
1,410,731	1,411,998	1,392,454	1,238,753	1,202,121	1,333,575
775,060	496,960	773,331	1,267,928	1,056,831	980,503
692,056	577,079	530,822	538,901	496,085	488,552
5,169,828	4,171,555	4,266,309	4,613,869	4,586,521	4,085,263
416,291	481,327	679,124	332,623	331,642	394,067
1,423,842	1,406,241	1,375,678	1,379,868	1,253,406	1,044,423
4,526	161,203	2,013	2,022	2,024	
110,524	128,762	623,961	510,377	306,314	196,445
<u>\$ 11,920,229</u>	<u>\$ 10,445,050</u>	<u>\$ 11,160,878</u>	<u>\$ 11,253,246</u>	<u>\$ 10,663,160</u>	<u>\$ 9,891,150</u>

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 Board of Supervisors  
Chickasaw County  
New Hampton, Iowa

We have audited, in accordance with the 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 Chickasaw County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Chickasaw County's basic financial statements, and have issued our report thereon dated January 16, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Chickasaw County's internal control over financial reporting (internal control) to determine the audit procedures that are 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 Chickasaw County's internal control. Accordingly, we do not express an opinion on the effectiveness of Chickasaw County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control discussed below that we consider to be a significant deficiency.

## Overlapping Duties

### Condition

The County's Offices are not large enough to permit an adequate segregation of duties for effective internal controls. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

### 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.

### Cause

The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.

### Effect

This deficiency results in a reasonable possibility that the County would not be able to detect misstatements that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

### Recommendation

The County should review the operating procedures of the County Offices to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. While we do recognize that the County is not large enough to permit a segregation of duties for effective internal controls, we believe it is important the Board be aware that this condition does exist.

### Views of Responsible Officials and Planned Corrective Actions

Management is cognizant of this limitation and will implement additional procedures whenever possible.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chickasaw County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Chickasaw County's Response to Finding

Chickasaw County's response to the finding identified in our audit is described above. Chickasaw County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

*Hacker, Nelson & Co., P.C.*

Decorah, Iowa  
January 16, 2020



MANAGEMENT LETTER

To the Board of Supervisors  
 Chickasaw County  
 New Hampton, Iowa

In planning and performing our audit of the basic financial statements of Chickasaw County for the year ended June 30, 2019, we considered the County's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the County's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 through 11 below are compliance comments required by the Iowa Auditor of State. A separate report dated January 16, 2020, contains our report on the County's internal control over financial reporting. This letter does not affect our report dated January 16, 2020, on the basic financial statements of Chickasaw County. Comment numbers 13 and 16 are unresolved comments from the prior year. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

1. Certified Budget

Disbursements for the year ended June 30, 2019 did not exceed the amounts budgeted for any function.

2. EMA Questionable Expenditures

In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General's Opinion dated April 25, 1979, public funds may only be spent for public benefit. Certain expenditures were noted which we believe may not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. These expenditures from EMA are detailed as follows:

Paid to	Purpose	Amount
Kwik Star	Two cases of water	\$ 7.98
Fareway	Meat tray and crackers	\$ 39.98
Blue Iris LLC	Lantern for memorial	\$ 47.95
Blue Iris LLC	Chimes for memorial	\$ 49.95

2. EMA Questionable Expenditures (Continued)

We also noted payments to various vendors for EMS meals at various meetings, these could also be considered questionable expenditures.

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation

The Board of Supervisors should determine and document the public purpose served by these types of expenditures prior to authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including requirements for proper public purpose documentation.

EMA Response and Corrective Action Planned

Drinking water is purchased for emergency responders who respond to the public's call for help. The drinking water is used to fight dehydration during the rehabilitation phase of an emergency incident. This water was not purchased to benefit any one member of EMA/Rescue but all members of emergency response in Chickasaw County.

The meat tray and crackers were purchased by a Rescue Squad member on a day during National Telecommunicator Week as a sign of appreciation for the hard work they endure during the public's call for help. We understand the mental toll that job has on a person and a simple gesture to show we appreciate them goes a long way in retention, and have had a chance to speak with this individual and explained that "gifts" such as this need to come out of private association or personal funds.

The lantern and chimes purchased were for former members of EMA/Rescue Squad that have passed away. We recognize their dedication and sacrifice they gave to serve the citizens of Chickasaw County and pay our respects to their families. These purchases were not made for personal gain of any member of EMA/Rescue Squad. These purchases were reimbursed to the County on receipt of the bill. Going forward any recognition of our volunteers will be paid for by private association or personal funds and will not reflect any participation by the County they served.

EMA/Rescue Squad conduct two monthly meetings, the first is the business meeting and the second is the training meeting. Given the fact that we specialize in technical rescue and emergency medical services our trainings take a little bit more time to execute. We found that when our meetings started at 7 p.m. we were not able to get everything completed. We then moved our meeting times up to 6 p.m. to try to get everything done. We have members freckled throughout the County and with working until 5 p.m., there is no time to get home, eat, and get back to the station. We believe that if these people have such great dedication for operational business and training to be the best that they can be for the citizens they serve, then the least we can do is provide a meal. These meals are not extravagant, most of the time we eat left over brats and hamburgers from Heartland Days. On occasion or for special trainings/meetings we do order pizza. We believe this helps in recruitment and retention, a very high priority in today's volunteer world. In the future, meals for our dedicated volunteers will be paid for by the Rescue Squad Association.

Chickasaw County's Response and Corrective Action Planned

The County will implement a written policy for future expenditures including requirements for proper public purpose documentation before authorizing any further payments.

Conclusion

Responses accepted.

3. Travel Expense

No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.

4. Business Transactions

We noted no business transactions between the County and County officials and/or employees for the year ended June 30, 2019.

5. Bond Coverage

Surety bond coverage of County officials and employees is in accordance with statutory provisions.

6. Board Minutes

No transactions were found that we believe should have been approved in the Board minutes but were not. The minutes were published as required by Chapter 349.18 of the Code of Iowa and Attorney General's Opinions dated December 10, 1985, December 31, 1986, and May 2, 1989.

Recommendation

We do have a suggestion regarding claims being approved in the Board minutes by County Board of Supervisors and for the separate autonomous boards. To be clear on what claims are being approved by the Board, Board minutes should state total dollar amount being approved by motion, which would then match to the list of claims detail to better document what claims are approved.

Chickasaw County's Response and Corrective Action Planned

Chickasaw County Board of Supervisors and separate autonomous boards are implementing in the Board minutes for the claims, the total dollar amount being approved by motion and it matches the list of claims detail.

Conclusion

Response accepted.

7. Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

8. Resource Enhancement and Protection Certification

The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with Subsections (b)(2) and (b)(3).

9. County Extension Office

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

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

The surety bond covering the Treasurer of the County Extension Council was in compliance with statutory provisions.

9. County Extension Office (Continued)

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

Recommendation

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

County Extension Office Response and Corrective Action Planned

The Chickasaw County Extension Council is aware of their responsibilities and is working towards the full integration of all 4-H Club accounts in the Extension accounting system, as well as following the recommendations for including Club accounts in the specified financial reports.

Conclusion

Response accepted.

10. Financial Assurance

The County is required to demonstrate financial assurance for postclosure care costs for the landfill. The County has chosen local government dedicated fund as provided in Chapter 567-111.6(8) of the Iowa Administrative Code. The County is in compliance with the Code.

11. Tax Increment Financing (TIF)

For the year ended June 30, 2019, the County Auditor's Office performed their duties in accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa and completed reconciliations of each City's TIF receipts and TIF debt certified.

12. 28E Agreements

The list of 28E agreements on the Iowa Secretary of State website has not been updated and appears to list outdated agreements for Chickasaw County.

Recommendation

We recommend that the Iowa Secretary of State website is updated to reflect the most current list of 28E agreements that the County is responsible for. This task should be appointed to a specific County employee that would be responsible for this every year.

Chickasaw County's Response and Corrective Action Planned

Chickasaw County will forward all future 28E agreements to the Secretary of State's website and will review and research the past 28E agreements.

Conclusion

Response accepted.

13. Employee Vacation and Sick Leave

There appears to be an inconsistent policy regarding how vacation and sick leave hours are allowed to be submitted by County employees.

Recommendation

We recommend vacation and sick leave hours be turned in consistently among all departments in the County. The employee handbook should be updated to address this for all employees, which would include exempt and non-exempt employees.

Chickasaw County's Response and Corrective Action Planned

Chickasaw County is currently making revisions to its employee handbook. The County will revise its handbook to state the following:

"All County employees, both exempt and non-exempt, are required to submit a timesheet in writing for each work period. The timesheet must be accurately completed to show what hours were actually worked by the employee and what hours are taken as sick leave or vacation leave or other authorized leave. If time worked was for a specific grant, the timesheet must note what hours were spent on what grants. Failure to accurately record time worked may be cause for discipline."

Conclusion

Response accepted.

14. Public Health Board Minutes

It was noted during our audit that the Public Health Board minutes do not include a motion to approve the actual claims. There should be appropriate documentation stating what was approved by the Board.

There are also no details when it comes to any votes being taken. Per Iowa Code Section 21.3 votes should state the detail of how each member voted.

Recommendation

We recommend that Board minutes include a motion to approve claims, along with total dollar amount, so it is clear to the public what is actually being approved for payment. Details of votes taken during Board meetings should clearly state how each Board member voted.

Public Health Response and Corrective Action Planned

This has been corrected. The Board of Health minutes now include approval of the total amount of claims being submitted for payment. We also are now including details of the votes taken during the meeting and how each member voted.

Conclusion

Response accepted.

15. Payroll/Timecards

There were several issues noted with payroll and timecards being submitted. These expenditures are detailed as follows:

An EMA County employee did not fill in actual hours worked on the timesheet, but had already calculated comp time, subsequently was overpaid by the extra hours.

There were three Public Health employees that were not being paid at the correct pay rates due to raises being handled inconsistently. An additional \$5,373.72 was paid out to the three employees to correct under payment. This error was caught and corrected prior to audit.

We also suggest timecards should document time being spent on a specific grant so that there is clear documentation for each grant.

Recommendation

We recommend that only actual hours worked is put on timecards, that employees are being paid and raises are handled consistently. We further recommend that timecards also document when specific grants are being spent on.

EMA Response and Corrective Action Planned

When a Deputy EMA employee filled out the timecard, in the comp time column, the employee put the number calculated at the 1.5 times instead of the hours worked. EMA Office was advised by the Auditor's Office that the Deputy EMA employee did not need to do the calculating because the software program that they used did the calculating for them. The employee was advised of this and now enters only the actual hours.

Public Health Response and Corrective Action Planned

Public Health will include a note on the timecard that states total hours worked on the grant with the corresponding day and which grant the work is related to. Staff raises will be on the start of the fiscal year except those that reach a five-year milestone of employment with Public Health, that will occur on the employee's anniversary date and at the discretion of the Administrator. The Administrator and Assistant Administrator will track the anniversary dates of the employees, so they receive them on time.

Chickasaw County's Response and Corrective Action Planned

The three Public Health employee's payroll was caught prior to audit and the Auditor's Office went back and correctly paid them.

Chickasaw County is currently making revisions to its employee handbook. The County will revise its handbook to state the following:

"All County employees, both exempt and non-exempt, are required to submit a timesheet in writing for each work period. The timesheet must be accurately completed to show what hours were actually worked by the employee and what hours are taken as sick leave or vacation leave or other authorized leave. If time worked was for a specific grant, the timesheet must note what hours were spent on what grants. Failure to accurately record time worked may be cause for discipline."

Conclusion

Responses accepted.

16. Disbursements

There are inconsistencies among various departments on how to handle disbursements. Policies should be updated so there is a clear understanding by all County employees as to what kind of documentation is needed, why it is important to have all claims reviewed and signed off on prior to payment, and public purpose needs to either be obvious or specifically stated. Before invoices are submitted to the Auditor's Office to pay, actual invoices should be reviewed and approved for payment. These expenditures are detailed as follows:

<u>Paid To</u>	<u>Department</u>	<u>Amount</u>	<u>Summary of Issue</u>
Samaritan AED	EMA	\$ 2,490.00	Purchased with County credit card and it was overcharged by \$248.22 by vendor. Invoice was signed off on to pay by EMA Department even though it was incorrect. Auditor's Office did catch before payment was made.
Card Services	EMA	\$ 75.03	There are late charges and finance fees on credit cards for EMA.
Fareway	EMA	\$ 1.68	Sales tax was paid. It was noted that you have to charge in order for Fareway to recognize there is an exemption certificate on file.
Racom Corporation	EMA	\$ 12,538.00	Claim was over \$10,000 and was submitted for payment without EMA Board approval. Auditor's Office contacted EMA Director and Board Member prior to payment.
Windstream	Public Health	\$ 238.94	Invoice is split between EMA and Public Health. Public Health did not approve prior to payment, signatures were received after.
Board of Public Health Member	Public Health	\$ 12.86	Mileage was submitted twice for the same meeting. Auditor's Office did catch before payment was made.
Board of Public Health Member	Public Health	\$ 157.17	Mileage was submitted twice for the same training meeting. Auditor's Office did catch before payment was made.
Dogs for Law Enforcement	Sheriff	\$ 765.00	There were two invoices that were submitted twice for payment by Sheriff's Office. Auditor's Office did catch before second payment was made.
Dungey's Furniture	Sheriff	\$ 519.90	Invoice was submitted twice and paid twice, Dungey's Furniture caught and sent second payment back and that check was voided.
Two County Conservation Board Members	Conservation	\$ 62.64	Two County Conservation Board Members submitted mileage for volunteer work that was being done at Twin Ponds Nature Center. The policy is to only get paid mileage for Conservation Board meetings. Auditor's Office did not pay mileage.

16. Disbursements (Continued)

Recommendation

Prior to payment, we recommend actual invoices are reviewed, not just a listing. The appropriate personnel reviewing the invoices should be looking for items already paid or inconsistencies that would not show up on a list. Policies should be followed for expenditures over certain dollar amounts and invoices should be approved prior to payment.

EMA Response and Corrective Action Planned

AED equipment was purchased for the New Hampton Light Plant (NHLP) to have at their facility and in their truck. EMA was approached by NHLP personnel and asked to purchase two AEDs. EMA has an account with an AED vendor and purchased two AEDs for NHLP. NHLP advised they would reimburse upon receipt, which they did. The AED vendor did not have our tax-exempt paperwork on file and charged tax for this purchase. Upon EMA calling AED vendor in reference to the tax and faxing our tax-exempt form to them, the tax was removed.

The late fees on card services were accrued for purchases of EMA/Rescue Squad where itemized receipts were not readily available. The time it took to track down the itemized receipts put the account overdue date. Moving forward all receipts are to be placed in the lockbox or claims folder immediately.

Fareway requires that customers “charge” their purchase before the tax-exempt will show up on the purchase. All members with purchasing authority have been notified of this.

The Racom Corporation invoice did not get signature of the Chairman. Moving forward will get signature of the Chairman on all purchases over \$10,000.00.

Public Health Response and Corrective Action Planned

Public Health has the Administrator and the Board of Health Chair review the claims prior to the Board of Health meeting. The claims are listed together on a spreadsheet with the total amount due of each claim and the grand total amount due of all claims. Any Board of Health member can review the claims prior to the meeting. The claims are also available for viewing at the meeting. We will provide as much detail information about the public purpose that we can and that it does not violate any HIPAA protected information. Public Health plans to track billing invoices to prevent any invoice from being presented twice for payment.

Sheriff Response and Corrective Action Planned

The Sheriff’s Department will review the claims for processing more closely and check with the Auditor’s Office.

Conservation Response and Corrective Action Planned

We are aware that volunteer hours are not eligible for reimbursement. This will not be done in the future.

Conclusion

Responses accepted.



17. Rescue Squad Verses Rescue Association

There appears to be some confusion as to what the County should be responsible for when it comes to expenditures for the Rescue Squad and the Rescue Association. The Association was intended to handle all fundraising. The confusion comes from fundraising events expenses being turned in to the County to be paid, this includes actual supplies and time for employees to participate in the fundraisers. If the Association is a separate entity and has its own EIN number, then all fundraising expenses should be paid for out of the Association from the profit of the fundraiser. We noted the following questionable expenditures:

<u>Paid To</u>	<u>Amount</u>	<u>Description</u>
County employee	\$ 45.12	Mileage to Cedar Falls for Heartland Days, which is a Rescue Association Fundraiser.
Signs By Tomorrow	\$ 48.00	Signs for Rescue Association Fundraiser.

There was also 15 hours of payroll for time worked at the Rescue Association Fundraiser, which could be considered a questionable expenditure.

Recommendation

We recommend that there are some clear guidelines set up so that it is clear what expenses the County is responsible for and also if employees should be getting paid by the County while working at fundraisers for the Rescue Association.

EMA Response and Corrective Action Planned

Rescue Squad is an emergency response department specializing in technical rescue and emergency medical services throughout all of Chickasaw County. Rescue Squad provides support to all fire departments and is the base station for the county-wide first responders. In order to be on Rescue Squad, one must possess either an EMS certification from the Iowa Department of Public Health-Bureau of Emergency and Trauma Services and/or a minimum Firefighter 1 certification. All must be current in CPR. Rescue Squad has had full support from Chickasaw County from its inception. Some items budgeted for Rescue Squad include; equipment, insurance, training, and payroll.

Chickasaw Rescue Association is a group that works together on fundraising events. Some of the events handled by Chickasaw Rescue Association are: Heartland Days food tent, Rise and Shine Breakfast, and the CRA Golf Outing. Anyone can be a member of Chickasaw Rescue Association (public, retired Rescue Squad members, current Rescue Squad member, economic development, Chamber of Commerce, etc.) Money raised by Chickasaw Rescue Association goes into its own account and is used to purchase equipment for Rescue Squad and/or medical First Responders. Expenses incurred by the Chickasaw Rescue Association will be paid out of the Chickasaw Rescue Association account.

Conclusion

Response accepted.

18. EMA Budget

EMA budget was not certified to the County Auditor until after February 28, 2019.

Recommendation

We recommend in order to stay in compliance, EMA budget should be certified to the County Auditor by February 28 each year as recommended by the Iowa Department of Management.

EMA Response and Corrective Action Planned

This was the first budget the Director had ever done and with the help of the Auditor's Office was able to complete. Once the budget was complete and we set public hearing, there was inclement weather that forced us to postpone the public hearing, which put us past the deadline. Budgets will be completed early enough to be certified by February 28.

Conclusion

Response accepted.

19. EMA Handbook

It appears that the EMA Board did not follow their handbook when hiring the Deputy EMA in regard to compensation and employee benefits. The handbook should be updated to reflect what the Board's actual intentions are.

Recommendation

We recommend that the employee handbook is followed or updated to correctly reflect what the Board's true intentions are.

EMA Response and Corrective Action Planned

The EMA handbook will be reviewed by the EMA for updates needed. The EMA may also entrust the help of Ahlers & Cooney, Chickasaw County HR consultant.

Conclusion

Response accepted.

20. Township Clerks and Trustees

It was determined prior to audit that Chickasaw County Township Clerks and Trustees should be paid the same amount according to Chapters 359.46 and 359.47 of the Code of Iowa, which they had not been paid the same amount during fiscal year 2019.

Recommendation

We recommend that Township Clerks and Trustees are paid the same according to the Code.

Chickasaw County's Response and Corrective Action Planned

Chickasaw County had discovered this prior to the audit and had completed an adjustment. An additional \$1,440 was paid out to the Trustees in order to correct. Township Clerks and Trustees will be paid the same going forward.

Conclusion

Response accepted.

21. County Policy for Purchases over \$2,500

The County has a policy that states if there is a purchase being made over \$2,500, it needs to be approved prior to purchasing by the department head and the authorized board or notify the chairperson of the governing board if meeting less than six times per year. This policy is not always being followed.

Recommendation

We recommend that County policies for purchases be followed.

Chickasaw County's Response and Corrective Action Planned

Chickasaw County will inform all departments of the County policy for purchases over \$2,500.

Conclusion

Response accepted.

22. Cash Procedures

We noted various departments that could benefit from increased cash controls when cash is collected. Procedures should include but not limited to the following:

- Cash should be locked up if unable to get it to the Treasurer's Office daily.
- Whenever cash is counted, more than one person should be present.
- A receipt should be created to show the total cash collected and both personnel present should sign.
- Cash should be brought to Treasurer's Office as much as possible.

Recommendation

We recommend that cash procedures are reviewed in each department to determine if controls could be increased. It appears that there are several departments that could benefit from updating the cash procedures. We realize with a small office sometimes it is not possible, but the more controls that are in place the less likely that an issue would arise.

Chickasaw County's Response and Corrective Action Planned

Chickasaw County does have a cash handling policy in effect. The cash handling policy will be reviewed and update the cash procedures. Each department will receive an updated cash handling policy. Departments will try to have two people present when counting cash and have signed receipts to verify cash counted.

Conclusion

Response accepted.

23. Land for Lease

It was brought to our attention that the County owns land that is being used by farmers for crop ground with no written lease in place and without the approval of the Board of Supervisors. It appears this may result in a loss of revenue to the County. The Board of Supervisors previously authorized the Board of Supervisor Chair as the County's representative to sign documents at the USDA office, however, it is reported that USDA documents have been signed by persons other than the Board of Supervisors' authorized representative.

Recommendation

We recommend that the County reviews this land use and if it is determined to be rented out as crop ground, a lease be documented and used for proper payment. We further recommend that only the County Board Chairperson should sign documents on the County's behalf for lease of County owned land.

Response and Corrective Action Planned

We are continuing to investigate this matter and improve controls in this area.

Conclusion

Response accepted.

We have also provided you under separate cover a listing of general steps that you should review and consider implementing to strengthen controls. This list is not all inclusive. You should review all aspects of your operations and implement appropriate controls as deemed necessary. Some of these items may not be applicable or you may have already implemented them.

This report, a public record by law, is intended solely for the information and use of the Board of Supervisors, management and citizens of Chickasaw County, and federal awarding agencies and pass-through entities to whom the County may report. The report is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Chickasaw County during the course of our audit. If you have any questions concerning these or other matters, we would be happy to discuss them with you at your convenience.

*Hacker, Nelson & Co., P.C.*

Decorah, Iowa  
January 16, 2020