

CHICKASAW COUNTY
New Hampton, Iowa

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
June 30, 2020

CHICKASAW COUNTY, IOWA
New Hampton, Iowa

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CHICKASAW COUNTY
New Hampton, Iowa

OFFICIALS

Name	Title	Term Expires
Tim Zoll.....	Board of Supervisors.....	January 2023
Jason Byrne.....	Board of Supervisors.....	January 2023
David Tilkes.....	Board of Supervisors.....	January 2021
Jacob Hackman.....	Board of Supervisors.....	January 2021
Steve Geerts.....	Board of Supervisors.....	January 2021
Joan Knoll.....	County Auditor.....	January 2021
Sue Breitbach.....	County Treasurer.....	January 2023
Shirley Troyna.....	County Recorder.....	January 2023
Martin Hemann.....	County Sheriff.....	January 2021
Jennifer L. Schwickerath.....	County Attorney.....	January 2023
Ray Armel.....	County Assessor.....	Appointed



GARDINER + COMPANY

Certified Public Accountants

Independent Auditor's Report

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

Management's Responsibility for the Financial Statements

Chickasaw County, Iowa's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America 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, Iowa, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 14 to the financial statements, Chickasaw County, Iowa adopted new accounting guidance related to Governmental Accounting Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America 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 - 13 and 55 - 61 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the 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 8, 2021, on our consideration of Chickasaw County, Iowa'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, Iowa'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, Iowa's internal control over financial reporting and compliance.

January 8, 2021

Pauline + Company, P.C.

Charles City, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2020 FINANCIAL HIGHLIGHTS

- ◆ The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, *Fiduciary Activities*, during fiscal year 2020. The beginning net position for fiduciary (custodial) funds was restated by \$981,366 to retroactively report fiduciary funds in accordance with the GASBS.
- ◆ Revenues of the County's governmental activities increased by \$2,225,795, or approximately 13.11% from 2019 to 2020. Property taxes increased approximately \$682,012, operating grants and contributions decreased approximately \$128,975 and capital grants and contributions increased by approximately \$1,518,323 from 2019 to 2020, largely due to an increase in DOT contributed infrastructure.
- ◆ Program expenses of the County's governmental activities were \$1,057,188 or approximately 6.62% less in fiscal year 2020 than in fiscal year 2019. Nonprogram expenses decreased approximately \$623,834 and Roads and Transportation expense decreased approximately \$531,865.
- ◆ The County's net position increased approximately \$4,287,556 or 13.48%, over the restated June 30, 2019 balance.

USING THIS ANNUAL REPORT

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

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

The Government-Wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Chickasaw County as a whole and present an overall view of the County's finances.

USING THIS ANNUAL REPORT (CONTINUED)

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. 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 (Custodial Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-Wide Financial Statements

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES (CONTINUED)

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2020	2019 (Not Restated)
Current and Other Assets	\$20,133	\$15,849
Capital Assets (Net of Accumulated Depreciation/Amortization)	32,046	25,942
Total Assets	52,179	41,791
Deferred Outflows of Resources	966	995
Long-Term Liabilities	7,240	3,204
Other Liabilities	2,484	1,293
Total Liabilities	9,724	4,497
Deferred Inflows of Resources	7,315	7,020
Net Position:		
Net Investment in Capital Assets	30,482	25,942
Restricted	6,258	4,728
Unrestricted	(634)	599
Total Net Position	\$36,106	\$31,269

Net position of Chickasaw County's governmental activities increased by 13.48%, \$36,105,663 compared to \$31,818,107, as restated.

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

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

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$599,496 to \$(633,724).

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year Ended June 30,	
	2020	2019 (Not Restated)
Revenues:		
Program Revenues:		
Charges for Service	\$ 2,125	\$ 1,711
Operating Grants, Contributions and Restricted Interest	4,110	4,238
Capital Grants, Contributions and Restricted Interest	4,563	3,045
General Revenues:		
Property Tax – General Purpose	5,687	5,495
Property Tax – Debt Service	490	0
Penalty and Interest on Property Tax	14	29
State Tax Credits	446	511
Local Option Sales Tax	783	696
Unrestricted Investment Earnings	133	146
Other General Revenues	843	1,107
Gain on Disposal of Capital Assets	11	0
Total Revenues	<u>19,205</u>	<u>16,978</u>
Program Expenses:		
Public Safety and Legal Services	2,428	2,077
Physical Health and Social Services	1,495	1,402
Mental Health	449	544
County Environment and Education	645	620
Roads and Transportation	6,880	7,412
Governmental Services to Residents	473	407
Administration	1,591	1,940
Non-Program	947	1,572
Interest on Long-Term Debt	9	0
Total Expenses	<u>14,917</u>	<u>15,974</u>
Change in Net Position	4,288	1,004
Net Position Beginning of Year, As Restated	<u>31,818</u>	<u>30,265</u>
Net Position End of Year	<u><u>\$36,106</u></u>	<u><u>\$31,269</u></u>

Revenues for Chickasaw County’s governmental activities increased 13.11%, while total expenses decreased 6.62%. The increase in net position in governmental activities totaled \$4,287,556 in fiscal 2020.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The cost of all governmental activities this year was \$14,916,825 compared to \$15,974,013 last year. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities was \$4,119,620 because some of the cost was paid by those directly benefitted from the programs \$2,124,679 or by other governments and organizations which subsidized certain programs with grants and contributions \$8,672,526. The net cost portion of governmental activities was financed with \$6,177,429 in property tax, \$445,575 in state tax credits, \$783,300 in local option sales tax, and \$133,112 in unrestricted interest income.

INDIVIDUAL MAJOR FUND ANALYSIS

As Chickasaw County completed the year, its governmental funds reported a combined fund balance of \$10,474,813, an increase of \$3,124,495 overall from last year's total of \$7,350,318. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues were decreased from last year. Expenditures increased by \$197,535 from last year. The ending fund balances showed a decrease of \$43,671 from the prior year.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$448,858, a decrease from the prior year. The Mental Health Fund balance at year end increased by approximately \$6,379 from the prior year.
- There were no significant changes in revenues, expenditures and the fund balance of the Rural Services Fund.
- Secondary Roads Fund expenditures decreased by approximately \$1,167,266 from the prior year. The ending fund balance showed an increase of \$52,710.
- During the year ended June 30, 2020, the County established the Debt Service fund to account for the collection of property taxes and subsequent principal and interest payments.
- During the year ended June 30, 2020, the County issued \$4,500,000 of general obligation capital loan notes to finance a tower project.

BUDGETARY HIGHLIGHTS

In accordance with the State of Iowa, the County annually adopts a budget following required public notice and hearing for all funds, except blended component units, internal service funds, and custodial funds. This is referred to as the certified budget. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures. The County's certified budget is prepared on the cash basis.

Over the course of the year, Chickasaw County amended its budget three times. These amendments resulted in an increase in budgeted revenue of \$5,656, and an increase in budgeted expenditures of \$1,567,289.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the County had \$54,085,578 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This amount represents a net increase (including additions and deletions) of approximately \$7,257,364, or 15.50% over last year's restated amount.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2020	2019 (Not Restated)
Land	\$ 2,688	\$ 2,546
Buildings and Improvements	4,343	4,242
Machinery and Equipment	7,803	8,082
Intangibles	312	0
Infrastructure	32,378	31,861
Construction in Progress	6,561	211
Totals	\$54,085	\$46,942
This year's major additions included (in thousands):		
Construction in Progress	\$ 6,350	
Secondary Road Equipment	222	
Infrastructure	517	
	\$ 7,089	

The County had depreciation expense of \$1,288,317 for the year ended June 30, 2020 and total accumulated depreciation of \$22,039,730.

The County's fiscal year 2020 capital budget included \$4,510,511 for capital projects, principally for continued upgrading of secondary roads and bridges and the tower project. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2020, Chickasaw County had approximately \$4,517,080 of general obligation notes and other debt outstanding, compared to approximately \$545,853 at June 30, 2019 as shown below.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt (Continued)

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2020	2019
General Obligation Notes	\$3,985	\$ 0
Compensated Absences	230	228
Postclosure Estimate	302	318
Totals	\$4,517	\$546

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Chickasaw County's outstanding general obligation debt is significantly below its constitutional debt limit of \$68.9 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Chickasaw County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2020 budget, tax rates, and the fees that were charged for various County activities. One of those factors is the current economic picture for Chickasaw County and its residents.

Some of the accomplishments of Chickasaw County:

- Radio Communication Project: Additional \$1.25 million to the project for a total of \$4.5 million.
- Building/Renovation Project to house the County Attorney/EMA location is at 516 S. Linn to be completed by the summer of 2021.
- Passed an ordinance of special assessment of Wind Energy conversion property.
- Passed an ordinance for all terrain vehicles and off-road utility vehicles.
- Installed new north door in FY 2019-2020 and will install new south door in FY 2020-2021 at the Courthouse.

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 BUDGETS AND RATES (CONTINUED)

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

	2017-18	2018-19	2019-20	2020-21
General Basic	\$ 2,680,789	\$ 2,743,145	\$ 2,857,174	\$ 2,918,562
Pioneer Cemetery	4,496	4,499	4,343	4,636
General Supplemental	845,253	1,166,252	917,332	932,706
MH-DD Services	401,375	411,072	407,809	347,918
Debt Service	0	0	504,718	503,191
Rural Services Basic	1,670,863	1,730,012	1,745,275	1,911,156
Tax Asking	5,602,776	6,054,980	6,436,651	6,618,169
Levy Rate	8.19000	8.61826	8.74575	8.87572
Taxable Valuation	765,939,757	783,755,731	816,335,409	833,874,960

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 Chickasaw County Auditor's Office 8 E. Prospect Avenue, P.O. Box 311, New Hampton, IA 50659.

CHICKASAW COUNTY
New Hampton, Iowa

STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities
<hr/>	
ASSETS	
Cash, Cash Equivalents and Pooled Investments	\$11,400,475
Receivables:	
Property Tax:	
Delinquent	38,912
Succeeding Year	6,502,865
Interest and Penalty on Property Tax	361
Accounts	87,531
Notes Receivable	30,689
Due From Other Governments	793,698
Inventories	1,278,021
Prepaid Insurance	776
Capital Assets (Net of Accumulated Depreciation/Amortization)	32,045,848
TOTAL ASSETS	52,179,176
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Deferred Outflows	966,130
<hr/>	
LIABILITIES	
Accounts Payable	2,246,950
Accrued Interest Payable	5,490
Salaries and Benefits Payable	200,993
Due To Other Governments	31,076
Long-Term Liabilities:	
Portion Due Or Payable Within One Year:	
General Obligation Capital Loan Notes	450,000
Compensated Absences	230,386
Portion Due Or Payable After One Year:	
General Obligation Capital Loan Notes	3,535,000
Postclosure Care Costs	301,694
Net Pension Liability	2,660,825
Total OPEB Liability	62,449
TOTAL LIABILITIES	9,724,863

CHICKASAW COUNTY
New Hampton, Iowa

STATEMENT OF NET POSITION (CONTINUED)
June 30, 2020

	Governmental Activities
<hr/>	
DEFERRED INFLOWS OF RESOURCES	
Unavailable Property Tax Revenue	\$ 6,502,865
Pension Related Deferred Inflows	793,980
OPEB Related Deferred Inflows	17,935
TOTAL DEFERRED INFLOWS OF RESOURCES	7,314,780
NET POSITION	
Net Investment in Capital Assets	30,482,333
Restricted For:	
Supplemental Levy Purposes	997,421
Mental Health Purposes	49,566
Rural Services Purposes	419,829
Secondary Roads Purposes	3,031,316
Debt Service	9,115
Capital Projects	847,530
Other Purposes	902,277
Unrestricted	(633,724)
TOTAL NET POSITION	\$36,105,663

See Notes To Financial Statements

**CHICKASAW COUNTY
New Hampton, Iowa**

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2020**

	Expenses	Charges for Service	Program Revenues		Net (Expense) Revenue and Changes In Net Position
			Operating and Restricted Interest	Grants, Contributions, and Restricted Interest	
FUNCTIONS/PROGRAMS:					
Governmental Activities:					
Public Safety and Legal Services	\$ 2,428,167	\$ 319,049	\$ 8,448	\$ 0	\$ (2,100,670)
Physical Health and Social Services	1,494,645	795,562	138,406	0	(560,677)
Mental Health	449,413	28,312	0	0	(421,101)
County Environment and Education	644,817	39,910	10,363	109,211	(485,333)
Roads and Transportation	6,880,414	207,332	3,950,162	4,453,732	1,730,812
Governmental Services to Residents Administration	472,524	295,049	0	0	(177,475)
	1,590,949	249,321	2,204	0	(1,339,424)
Non-Program	946,954	190,144	0	0	(756,810)
Interest on Long-Term Debt	8,942	0	0	0	(8,942)
TOTAL	\$14,916,825	\$2,124,679	\$4,109,583	\$4,562,943	(4,119,620)
GENERAL REVENUES:					
Property and Other County Tax Levied For:					
General Purposes					5,687,182
Debt Service					490,247
Penalty and Interest on Property Tax					13,932
State Tax Credits and Replacements					445,575
Local Option Sales Tax					783,300
Unrestricted Investment Earnings					133,112
Miscellaneous					843,022
Gain on Disposal of Capital Assets					10,806
TOTAL GENERAL REVENUES					8,407,176
CHANGE IN NET POSITION					4,287,556
NET POSITION BEGINNING OF YEAR, AS RESTATED					31,818,107
NET POSITION END OF YEAR					\$36,105,663

See Notes To Financial Statements

CHICKASAW COUNTY
New Hampton, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2020

	General	Special Revenue	
		Mental Health	Rural Services
ASSETS			
Cash, Cash Equivalents and Pooled Investments	\$2,763,279	\$ 47,460	\$ 411,271
Receivables:			
Property Tax:			
Delinquent	24,413	2,638	8,558
Succeeding Year	3,759,405	339,621	1,913,371
Interest and Penalty on Property Tax	361	0	0
Accounts	80,053	0	0
Notes Receivable	0	0	0
Due From Other Governments	103,174	0	0
Inventories	0	0	0
Prepaid Insurance	776	0	0
TOTAL ASSETS	\$6,731,461	\$389,719	\$2,333,200
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 58,754	\$ 532	\$ 0
Salaries and Benefits Payable	110,230	0	0
Due To Other Governments	2,884	0	0
Compensated Absences	8,827	0	0
Total Liabilities	180,695	532	0
Deferred Inflows of Resources:			
Unavailable Revenues:			
Succeeding Year Property Tax	3,759,405	339,621	1,913,371
Other	34,180	2,158	6,421
Total Deferred Inflows of Resources	3,793,585	341,779	1,919,792

Exhibit C

<u>Special Revenue</u>				
<u>Secondary Roads</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$2,087,401	\$ 11,302	\$4,614,173	\$868,737	\$10,803,623
0	3,303	0	0	38,912
0	490,468	0	0	6,502,865
0	0	0	0	361
7,478	0	0	0	87,531
30,689	0	0	0	30,689
684,614	0	0	5,910	793,698
1,278,021	0	0	0	1,278,021
0	0	0	0	776
<u>\$4,088,203</u>	<u>\$505,073</u>	<u>\$4,614,173</u>	<u>\$874,647</u>	<u>\$19,536,476</u>
\$ 840,451	\$ 0	\$1,345,158	\$ 2,055	\$ 2,246,950
90,763	0	0	0	200,993
28,192	0	0	0	31,076
0	0	0	0	8,827
<u>959,406</u>	<u>0</u>	<u>1,345,158</u>	<u>2,055</u>	<u>2,487,846</u>
0	490,468	0	0	6,502,865
25,575	2,618	0	0	70,952
<u>25,575</u>	<u>493,086</u>	<u>0</u>	<u>0</u>	<u>6,573,817</u>

CHICKASAW COUNTY
New Hampton, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2020

	General	Special Revenue	
		Mental Health	Rural Services
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (CONTINUED)			
Fund Balances:			
Nonspendable:			
Inventories	\$ 0	\$ 0	\$ 0
Prepaid Insurance	776	0	0
Restricted For:			
Supplemental Levy Purposes	992,774	0	0
Mental Health Purposes	0	47,408	0
Rural Services Purposes	0	0	413,408
Secondary Roads Purposes	0	0	0
Landfill Postclosure	0	0	0
Conservation Land Acquisition	28,909	0	0
Debt Service	0	0	0
Capital Projects	0	0	0
Other Purposes	0	0	0
Assigned for Tobacco/Alcohol	61,739	0	0
Assigned for DARE	4,895	0	0
Unassigned	1,668,088	0	0
Total Fund Balances	2,757,181	47,408	413,408
TOTAL LIABILITIES, DEFERRED OF RESOURCES AND FUND BALANCES	\$6,731,461	\$389,719	\$2,333,200

See Notes To Financial Statements

Exhibit C (Continued)

<u>Special Revenue</u>				
Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
\$1,278,021	\$ 0	\$ 0	\$ 0	\$ 1,278,021
0	0	0	0	776
0	0	0	0	992,774
0	0	0	0	47,408
0	0	0	0	413,408
1,825,201	0	0	0	1,825,201
0	0	0	524,675	524,675
0	0	0	0	28,909
0	11,987	0	0	11,987
0	0	3,269,015	0	3,269,015
0	0	0	347,917	347,917
0	0	0	0	61,739
0	0	0	0	4,895
0	0	0	0	1,668,088
<u>3,103,222</u>	<u>11,987</u>	<u>3,269,015</u>	<u>872,592</u>	<u>10,474,813</u>
<u>\$4,088,203</u>	<u>\$505,073</u>	<u>\$4,614,173</u>	<u>\$874,647</u>	<u>\$19,536,476</u>

**CHICKASAW COUNTY
New Hampton, Iowa**

**RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

June 30, 2020

Total Governmental Fund Balances - Page 20 \$10,474,813

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$54,085,578 and the accumulated depreciation/amortization is \$22,039,730. 32,045,848

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. 70,952

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 596,852

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 fund, as follows:

Deferred Outflows of Resources	\$ 966,130	
Deferred Inflows of Resources	<u>(811,915)</u>	154,215

Long-term liabilities, including notes payable, compensated absences payable, total OPEB liability, net pension liability, accrued interest payable and postclosure care costs payable are not due and payable in the current year and, therefore, are not reported in the governmental funds. (7,237,017)

Net Position of Governmental Activities - Page 15 \$36,105,663

See Notes To Financial Statements.

CHICKASAW COUNTY
New Hampton, Iowa

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	General	Special Revenue	
		Mental Health	Rural Services
REVENUES:			
Property and Other County Tax	\$3,669,945	\$396,418	\$ 1,740,875
Local Option Sales Tax	0	0	0
Interest and Penalty on Property Tax	14,146	0	0
Intergovernmental	1,157,571	58,819	98,397
Licenses and Permits	9,848	0	0
Charges for Service	783,840	0	1,300
Use of Money and Property	132,590	0	0
Miscellaneous	345,629	0	0
Total Revenues	<u>6,113,569</u>	<u>455,237</u>	<u>1,840,572</u>
EXPENDITURES:			
Operating:			
Public Safety and Legal Services	2,225,804	0	6,220
Physical Health and Social Services	1,481,626	0	0
Mental Health	0	448,858	0
County Environment and Education	425,755	0	150,115
Roads and Transportation	0	0	110,000
Governmental Services to Residents	446,025	0	0
Administration	1,542,784	0	0
Debt Service	0	0	0
Capital Projects	36,694	0	0
Total Expenditures	<u>6,158,688</u>	<u>448,858</u>	<u>266,335</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(45,119)</u>	<u>6,379</u>	<u>1,574,237</u>
OTHER FINANCING SOURCES (USES):			
Sale of Capital Assets	5,256	0	0
Transfers In	51,192	0	0
Transfers Out	(55,000)	0	(1,548,918)
General Obligation Notes Issued	0	0	0
Total Other Financing Sources (Uses)	<u>1,448</u>	<u>0</u>	<u>(1,548,918)</u>
Change in Fund Balances	(43,671)	6,379	25,319
Fund Balances Beginning of Year	2,800,852	41,029	388,089
Increase in Reserve for Inventories	0	0	0
Fund Balances End of Year	<u>\$2,757,181</u>	<u>\$ 47,408</u>	<u>\$ 413,408</u>

See Notes to Financial Statements

Exhibit E

<u>Special Revenue</u>				
<u>Secondary Roads</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 0	\$490,247	\$ 0	\$ 12,955	\$ 6,310,440
704,969	0	0	78,331	783,300
0	0	0	0	14,146
4,266,961	37,988	0	10,363	5,630,099
17,785	0	0	0	27,633
119,075	0	0	2,202	906,417
0	2,204	15,514	5,782	156,090
31,565	0	568,000	50,030	995,224
<u>5,140,355</u>	<u>530,439</u>	<u>583,514</u>	<u>159,663</u>	<u>14,823,349</u>
0	0	0	165,000	2,397,024
0	0	0	0	1,481,626
0	0	0	0	448,858
0	0	0	70,391	646,261
6,482,732	0	0	0	6,592,732
0	0	0	0	446,025
0	0	0	0	1,542,784
0	518,452	0	0	518,452
502,346	0	2,027,323	0	2,566,363
<u>6,985,078</u>	<u>518,452</u>	<u>2,027,323</u>	<u>235,391</u>	<u>16,640,125</u>
<u>(1,844,723)</u>	<u>11,987</u>	<u>(1,443,809)</u>	<u>(75,728)</u>	<u>(1,816,776)</u>
6,000	0	0	0	11,256
1,461,418	0	0	225,000	1,737,610
0	0	(51,192)	(82,500)	(1,737,610)
0	0	4,500,000	0	4,500,000
<u>1,467,418</u>	<u>0</u>	<u>4,448,808</u>	<u>142,500</u>	<u>4,511,256</u>
(377,305)	11,987	3,004,999	66,772	2,694,480
3,050,512	0	264,016	805,820	7,350,318
430,015	0	0	0	430,015
<u>\$ 3,103,222</u>	<u>\$ 11,987</u>	<u>\$ 3,269,015</u>	<u>\$872,592</u>	<u>\$10,474,813</u>

**CHICKASAW COUNTY
New Hampton, Iowa**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020**

Change in Fund Balance – Total Governmental Funds – Page 23 \$ 2,694,480

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

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

Expenditures for Capital Assets	\$ 3,154,581	
Capital Assets Contributed by Iowa Department of Transportation	4,150,270	
Capital Assets Contributed by Others	109,211	
Depreciation/Amortization Expense	<u>(1,288,317)</u>	6,125,745

In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (450)

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	(120,053)	
Other	<u>40,654</u>	(79,399)

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

Issued	(4,500,000)	
Repaid	<u>531,478</u>	(3,968,522)

CHICKASAW COUNTY
New Hampton, Iowa

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (CONTINUED)**
Year Ended June 30, 2020

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. \$ 443,585

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 governmental funds as follows:

Compensated Absences	\$ 6,122	
Pension Expense	(565,878)	
OPEB Expense	(2,374)	
Interest on Long-Term Debt	<u>(5,490)</u>	(567,620)

Inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities will report these items as expenditures in the period that the corresponding net position is exhausted. 430,015

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. (790,278)

Change in Net Position of Governmental Activities – Page 16 \$4,287,556

**CHICKASAW COUNTY
New Hampton, Iowa**

**STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2020**

	Internal Service Employee Group Health
	<hr/>
ASSETS	
Cash, Cash Equivalents and Pooled Investments	\$596,852
	<hr/> <hr/>
NET POSITION	
Unrestricted	\$596,852
	<hr/> <hr/>

See Notes To Financial Statements

CHICKASAW COUNTY
New Hampton, Iowa

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2020

	Internal Service Employee Group Health
<hr/>	
OPERATING REVENUES:	
Reimbursements From Operating Funds	\$ 706,629
Reimbursements From Employees	66,182
Other Reimbursements	71,751
Total Operating Revenues	<hr/> 844,562 <hr/>
OPERATING EXPENSES:	
Claims Paid	47,148
Insurance Premiums	821,430
Administrative Fees	9,843
Miscellaneous	756,419
Total Operating Expenses	<hr/> 1,634,840 <hr/>
Net Loss	(790,278)
Net Position Beginning of Year, As Restated	<hr/> 1,387,130 <hr/>
Net Position End of Year	<hr/> <hr/> \$ 596,852 <hr/> <hr/>

See Notes to Financial Statements

CHICKASAW COUNTY
New Hampton, Iowa

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2020

	Internal Service Employee Group Health
<hr/>	
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received From Operating Fund Reimbursements	\$ 706,629
Cash Received From Employees and Others	137,934
Cash Payments To Suppliers for Services	(1,634,841)
Net Cash Used in Operating Activities	<u>(790,278)</u>
Cash, Cash Equivalents and Pooled Investments Beginning of Year, As Restated	<u>1,387,130</u>
Cash, Cash Equivalents and Pooled Investments End of Year	<u><u>\$ 596,852</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating Loss	<u><u>\$ (790,278)</u></u>

See Notes To Financial Statements

**CHICKASAW COUNTY
New Hampton, Iowa**

**STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2020**

ASSETS

Cash, Cash Equivalents and Pooled Investments:	
County Treasurer	\$ 1,765,663
Other County Officials	37,328
Receivables:	
Property Tax:	
Delinquent	105,064
Succeeding Year	14,039,901
Accounts	8,693
Due From Other Governments	46,435
Total Assets	<u>16,003,084</u>

LIABILITIES

Accounts Payable	3,659
Salaries and Benefits Payable	10,055
Due To Other Governments	688,959
Trusts Payable	23,210
Compensated Absences	7,377
Total Liabilities	<u>733,260</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenues	<u>14,123,825</u>
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NET POSITION

\$ 1,145,999

See Notes To Financial Statements

CHICKASAW COUNTY
New Hampton, Iowa

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
Year Ended June 30, 2020

ADDITIONS:

Property and Other County Tax	\$13,656,619
911 Surcharge	217,468
State Tax Credits	1,222,660
Office Fees and Collections	801,551
Auto Licenses, Use Tax and Postage	5,474,343
Assessments	3,214
Trusts	621,426
Miscellaneous	314,939

Total Additions 22,312,220

DEDUCTIONS:

Agency Remittances:	
To Other Funds	596,861
To Other Governments	20,719,663
Trusts Paid Out	831,063

Total Deductions 22,147,587

CHANGES IN NET POSITION 164,633

NET POSITION BEGINNING OF YEAR, AS RESTATED 981,366

NET POSITION END OF YEAR \$ 1,145,999

See Notes To Financial Statements

CHICKASAW COUNTY
New Hampton, Iowa

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Chickasaw County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. REPORTING ENTITY

For financial reporting purposes, Chickasaw County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The Chickasaw 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 Custodial Funds of the County.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

B. BASIS OF PRESENTATION

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

B. BASIS OF PRESENTATION (CONTINUED)

Special Revenue:

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

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

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

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

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

Additionally the County reports the following funds:

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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 the cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

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

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION (CONTINUED)

Cash, Cash Equivalents and Pooled Investments (Continued) - 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 that 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 deferred inflows of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION (CONTINUED)

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

Capital Assets - Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$50,000
Land, Buildings and Improvements	5,000
Intangibles	5,000
Equipment and Vehicles	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 - 65
Building Improvements	20 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	3 - 10

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. 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, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue Secondary Roads Fund.

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

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

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

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on 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.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION (CONTINUED)

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

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

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

Unassigned - All amounts not included in the preceding classifications.

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, disbursements did not exceed the amounts budgeted.

Note 2: Cash, Cash Equivalents and Pooled Investments

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

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

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

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.

Note 3: Interfund Transfers

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Capital Projects	\$ 51,192
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	1,461,418
Ambulance	General Fund	50,000
	Special Revenue:	
	Rural Services	82,500
	County Betterment	82,500
Landfill Postclosure Costs	General	5,000
	Special Revenue:	
	Rural Services	5,000
Total		<u>\$1,737,610</u>

Notes to Financial Statements (Continued)

Note 3: Interfund Transfers (Continued)

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

Note 4: Capital Assets

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

	Balance as Reported June 30, 2019	Adjustments	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:						
Capital Assets, Not Being Depreciated/Amortized:						
Land	\$ 2,757,456	\$ (245,056)	\$ 2,512,400	\$ 175,842	\$ 0	\$ 2,688,242
Construction in Progress	0	211,222	211,222	6,897,619	547,526	6,561,315
Total Capital Assets, Not Being Depreciated/Amortized	2,757,456	(33,834)	2,723,622	7,073,461	547,526	9,249,557
Capital Assets, Being Depreciated/Amortized:						
Buildings	3,993,217	93,115	4,086,332	0	0	4,086,332
Improvements Other than Buildings	249,137	0	249,137	7,118	0	256,255
Machinery and Equipment	5,991,191	(36,257)	5,954,934	256,189	74,250	6,136,873
Vehicles	2,090,175	(449,214)	1,640,961	107,522	82,448	1,666,035
Infrastructure	31,861,131	0	31,861,131	517,298	0	32,378,429
Intangibles	0	312,097	312,097	0	0	312,097
Total Capital Assets, Being Depreciated/Amortized	44,184,851	(80,259)	44,104,592	888,127	156,698	44,836,021
Less Accumulated Depreciation/Amortization for:						
Buildings	1,781,803	55,627	1,837,430	71,434	0	1,908,864
Improvement Other than Buildings	41,050	1,403	42,453	10,329	0	52,782
Machinery and Equipment	2,806,554	261,654	3,068,208	378,860	73,800	3,373,268
Vehicles	1,850,218	(634,133)	1,216,085	117,014	82,448	1,250,651
Infrastructure	14,520,500	0	14,520,500	685,432	0	15,205,932
Intangibles	0	222,985	222,985	25,248	0	248,233
Total Accumulated Depreciation/Amortization	21,000,125	(92,464)	20,907,661	1,288,317	156,248	22,039,730
Total Capital Assets, Being Depreciated/Amortized, Net	23,184,726	12,205	23,196,931	(400,190)	450	22,796,291
Governmental Activities Capital Assets, Net	\$25,942,182	\$ (21,629)	\$25,920,553	\$6,673,271	\$547,976	\$32,045,848

Notes to Financial Statements (Continued)

Note 4: Capital Assets (Continued)

Depreciation/Amortization expense was charged to the following functions:

Governmental Activities:		
Public Safety and Legal Services		\$ 72,984
Physical Health and Social Services		32,073
County Environment and Education		39,982
Roads and Transportation		1,069,934
Governmental Services to Residents		20,069
Administration		<u>53,275</u>
Total Depreciation/Amortization Expense - Governmental Activities		<u>\$1,288,317</u>

Note 5: Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 2,884
Special Revenue:		
Secondary Roads	Services	<u>28,192</u>
Total for Governmental Funds		<u>\$ 31,076</u>
Custodial:		
County Offices	Collections	\$ 1,566
Agricultural Extension Education		3,785
Schools		144,013
Community Colleges		12,793
Corporations		48,042
Townships		2,897
City Special Assessments		225
Auto License and Use Tax		471,669
All Other		<u>3,969</u>
Total for Custodial Funds		<u>\$688,959</u>

Notes to Financial Statements (Continued)

Note 6: Long-Term Liabilities

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

	General Obligation Capital Loan Notes	Estimated Liability for Landfill Post-Closure Care Costs	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance Beginning of Year	\$ 0	\$318,172	\$227,681	\$2,823,312	\$63,434	\$3,432,599
Increases	4,500,000	0	230,386	0	8,291	4,738,677
Decreases	515,000	16,478	227,681	162,487	9,276	930,922
Balance End of Year	\$3,985,000	\$301,694	\$230,386	\$2,660,825	\$62,449	\$7,240,354
Due Within One Year	\$ 450,000	\$ 0	\$230,386	\$ 0	\$ 0	\$ 680,386

General Obligation Capital Loan Notes Payable

On May 14, 2020, the County issued \$4,500,000 of General Obligation Capital Loan Notes, Series 2020 with interest rates ranging from 1.45% to 1.85% per annum. The notes were issued to provide funds for a radio tower project. A summary of the County's June 30, 2020 general obligation capital loan notes indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2021	1.45%	\$ 450,000	\$ 65,885	\$ 515,885
2022	1.50%	420,000	59,360	479,360
2023	1.55%	425,000	53,060	478,060
2024	1.60%	430,000	46,473	476,473
2025	1.65%	435,000	39,592	474,592
2026-2029	1.70-1.85%	1,825,000	82,935	1,907,935
		\$3,985,000	\$347,305	\$4,332,305

During the year, the County retired \$515,000 of the capital loan notes.

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 \$301,694 reported as an estimated liability for landfill postclosure costs at June 30, 2020, represents the cumulative amount reported to date based on the use of 100 percent 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, 2020. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Notes to Financial Statements (Continued)

Note 6: Long-Term Liabilities

Postclosure Care Costs (Continued)

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 \$524,675 as of June 30, 2020 for such purposes. These funds are reflected as a restriction of fund balance within the Special Revenue – Landfill Postclosure Costs fund.

Note 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 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.

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.

Notes to Financial Statements (Continued)

Note 7: Pension Plan (Continued)

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

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

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

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

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

The County's contributions to IPERS for the year ended June 30, 2020 totaled \$443,585.

Notes to Financial Statements (Continued)

Note 7: Pension Plan (Continued)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the County reported a liability of \$2,660,825 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the County's proportion was 0.0459503%, which was an increase of 0.001336% over its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$565,878. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 17,682	\$115,040
Changes of Assumptions	380,682	90,602
Net Difference Between Projected and Actual Earnings on IPERS' Investments	0	424,855
Changes in Proportion and Differences Between County Contributions and the County's Proportionate Share of Contributions	124,181	163,483
County Contributions Subsequent to the Measurement Date	443,585	0
Total	<u>\$966,130</u>	<u>\$793,980</u>

\$443,585 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 20,385
2022	(145,681)
2023	(97,022)
2024	(50,586)
2025	1,469
Total	<u>\$(271,435)</u>

There were no non-employer contributing entities at IPERS.

Notes to Financial Statements (Continued)

Note 7: Pension Plan (Continued)

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

Rate of Inflation (Effective June 30, 2017)	2.60% Per Annum.
Rates of Salary Increase (Effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term Investment Rate of Return (Effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage Growth (Effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

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

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.00%	5.60%
International Equity	15.00	6.08
Global Smart Beta Equity	3.00	5.82
Core Plus Fixed Income	27.00	1.71
Public Credit	3.50	3.32
Public Real Assets	7.00	2.81
Cash	1.00	(0.21)
Private Equity	11.00	10.13
Private Real Assets	7.50	4.76
Private Credit	3.00	3.01
Total	100.00%	

Notes to Financial Statements (Continued)

Note 7: Pension Plan (Continued)

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 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 that is 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	\$5,492,731	\$2,660,825	\$286,081

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.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2020.

Note 8: Other Postemployment Benefits (OPEB)

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

OPEB Benefits – Individuals who are employed by 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 subsidy and an OPEB liability.

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

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	81
	<hr/>
Total	83
	<hr/> <hr/>

Notes to Financial Statements (Continued)

Note 8: Other Postemployment Benefits (OPEB) (Continued)

Total OPEB Liability – The County’s total OPEB liability of \$62,449 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

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

Rate of Inflation (Effective July 1, 2019)	2.50% per annum.
Rates of Salary Increase (Effective July 1, 2019)	3.25% per annum.
Discount Rate (Effective July 1, 2019)	3.50% compounded annually, including inflation.
Healthcare Cost Trend Rate (Effective July 1, 2019)	6.00% initial rate.

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

Mortality rates are from the RP2014 Annuity Mortality Table fully generational using Scale MP-2018. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB Liability Beginning of Year	\$63,434
Changes for the Year:	
Service Cost	4,075
Interest	2,135
Differences Between Expected and Actual Experiences	(7,868)
Changes in Assumptions	2,081
Benefits Payments	(1,408)
Net Changes	<u>(985)</u>
Total OPEB Liability End of Year	<u>\$62,449</u>

Changes of assumptions reflect a change in the discount rate from 3.72% in fiscal year 2019 to 3.50% in fiscal year 2020.

Notes to Financial Statements (Continued)

Note 8: Other Postemployment Benefits (OPEB) (Continued)

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$66,599	\$62,449	\$58,603

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.

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB Liability	\$57,490	\$62,449	\$68,107

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of \$2,374. At June 30, 2020, the County reported deferred inflows of resources related to OPEB from the following resources:

Differences between expected and actual experience	Deferred Inflows of Resources \$(17,935)
----------------------------------------------------	------------------------------------------------

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

Year Ending June 30,	Amount
2021	\$ (2,428)
2022	(2,428)
2023	(2,428)
2024	(2,428)
2025	(2,428)
Thereafter	(5,795)
	\$(17,935)

Notes to Financial Statements (Continued)

Note 9: Risk Management

The County is a member of 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 membership includes ten counties throughout the State of Iowa. The Pool was formed in July 1987 to provide workers' compensation and property/casualty insurance for its members. The risk pool was created for the purposes of providing and maintaining self-insurance benefits on a group basis substantially at cost.

Each member county is responsible for the payment of member contributions to the Pool on an annual basis. Member contributions to the Pool are recorded as expenditures from the operating funds at the time of payment to the Pool. In the event of payment of any loss by the Pool, the 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 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 purpose of the Pool, and to pay all reasonable and necessary expenses for administering the Pool and fund.

Initial risk of loss for the self-insured coverages is retained by the Pool. The Pool obtained a reinsurance policy for the year ended June 30, 2020, 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 Pool records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustments expenses. At June 30, 2020, 2019 and 2018, the Pool reported a surplus of asset over liabilities.

Each member retains the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the Pool by means of an assessment that would be charged to the Member County in addition to the premium contributions. At June 30, 2020, settled claims have not exceeded the Pool or reinsurance coverage since commencement of the Pool.

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2020 were \$377,544.

Notes to Financial Statements (Continued)

Note 9: Risk Management (Continued)

Initial membership into the Pool is 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 90 days written notice to the Chairman of the Board of Trustees. The initial membership period for Chickasaw County commenced July 1, 1987, and is subject to renewal every five years. The County also carries commercial insurance purchased by the Pool from other insurers for coverages associated with the employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10: Employee Health Insurance Plan

The Internal Service, Employee Health Plan Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Employee Benefit Services. The agreement is subject to automatic renewal provisions.

Administrative service fees and plan contributions are paid monthly from the County's operating funds to a separate account administered by Employee Benefit Systems. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2020 was \$706,629.

Amounts payable from the Employee Health Plan Fund at June 30, 2020 total \$0 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on 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 Number 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Note 11: Tax Abatements

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

Tax Abatements of Other Entities

Other entities within the County provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa.

Notes to Financial Statements (Continued)

Note 11: Tax Abatements (Continued)

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of New Hampton	Urban renewal and economic development projects	\$36,057
City of Nashua	Urban renewal and economic development projects	2,428

Note 12: Construction Commitments

Chickasaw County has entered into a contract totaling \$321,780 for a bridge replacement project. As of June 30, 2020, costs of \$319,434 on the project have been incurred. The balance remaining on the contract at June 30, 2020 will be paid as work on the project progresses.

The Iowa Department of Transportation has entered into contracts totaling \$4,831,952 on behalf of Chickasaw County for bridge replacement and roadway paving projects. As of June 30, 2020, costs of \$3,908,142 on the projects have been incurred. The balances remaining on the contracts at June 30, 2020 will be paid as work on the projects progress.

The County has also entered into contracts for a radio communications tower project, a renovation project at 516 South Linn Street, and a new cold storage building for secondary roads. As of June 30, 2020, costs of \$2,011,321, \$169,034 and \$153,384, respectively, have been incurred. The balances remaining on the contracts at June 30, 2020 will be paid as work on the projects progress.

Note 13: 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 County, Black Hawk County, Butler County, Cerro Gordo County, Chickasaw County, Clayton County, Emmet County, Fayette County, Floyd County, Grundy County, Hancock County, Howard County, Humboldt County, Kossuth County, Mitchell County, Pocahontas County, Tama County, Webster County, Winnebago County, Winneshiek County, Worth County and Wright County. 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, 2020 as follows:

Notes to Financial Statements (Continued)

Note 13: Chickasaw County Financial Information Included in the County Social Services Mental Health Region (Continued)

Revenues:		
Property and Other County Tax		\$396,418
Intergovernmental Revenues:		
State Tax Credits	\$30,506	
Payments from Regional Fiscal Agents	28,313	58,819
Total Revenues		<u>455,237</u>
Expenditures:		
Services to Persons With:		
Mental Illness		26,522
General Administration:		
Distribution to Regional Fiscal Agent		422,336
Total Expenditures		<u>448,858</u>
Excess of Revenues Over Expenditures		6,379
Fund Balance - Beginning of the Year		<u>41,029</u>
Fund Balance - End of the Year		<u><u>\$ 47,408</u></u>

Note 14: Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2020. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. Beginning net position for fiduciary funds was restated to retroactively report the change in net position, as follows:

	Fiduciary Activities
Net Position June 30, 2019, as Previously Reported	<u>\$ 0</u>
Change to Implement GASBS No. 84	<u>981,366</u>
Net position July 1, 2019, as Restated	<u><u>\$981,366</u></u>

During the audit of the financial statements for the fiscal year ended June 30, 2020, it was noted that the beginning balance for the Internal Service Fund did not include the funds held in the County's name at Two Rivers Bank. It was also noted that the beginning net position for the Governmental Activities included capital assets that did not meet the threshold requirements for financial reporting.

Notes to Financial Statements (Continued)

Note 14: Accounting Change/Restatement (Continued)

Beginning net position for the Internal Service Fund and the Governmental Activities were restated to properly include these amounts as follows:

	Internal Service	Governmental Activities
Net Position June 30, 2019, as Previously Reported	\$ 817,244	\$31,269,850
Change for Two Rivers Bank Account	569,886	569,886
Change for Capital Assets	0	(21,629)
	<hr/>	<hr/>
Net Position July 1, 2019, as Restated	<u>\$1,387,130</u>	<u>\$31,818,107</u>

Note 15: COVID-19

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

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

Note 16: Subsequent Events

Management evaluated subsequent events through January 8, 2021, the date the financial statements were available to be issued.

CHICKASAW COUNTY
New Hampton, Iowa

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN BALANCES
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2020**

	Actual	Budgeted Amounts		Final to
		Original	Final	Net Variance
RECEIPTS:				
Property and Other County Tax	\$ 7,030,456	\$ 7,009,011	\$ 7,009,011	\$ 21,445
Interest and Penalty on Property Tax	13,785	21,000	21,000	(7,215)
Intergovernmental	5,637,844	4,798,913	4,798,913	838,931
Licenses and Permits	31,326	7,750	7,750	23,576
Charges for Service	902,262	885,601	891,257	11,005
Use of Money and Property	173,445	48,165	48,165	125,280
Miscellaneous	993,820	149,225	149,225	844,595
Total Receipts	14,782,938	12,919,665	12,925,321	1,857,617
DISBURSEMENTS:				
Public Safety and Legal Services	2,422,815	2,356,135	2,588,997	166,182
Physical Health and Social Services	1,446,099	1,536,703	1,560,703	114,604
Mental Health	450,649	508,152	508,152	57,503
County Environment and Education	642,193	685,307	710,307	68,114
Roads and Transportation	6,330,811	5,714,735	6,414,735	83,924
Governmental Services to Residents	441,623	493,892	510,894	69,271
Administration	1,569,199	1,667,718	1,736,143	166,944
Debt Service	518,452	522,548	522,548	4,096
Capital Projects	1,253,321	4,010,511	4,510,511	3,257,190
Total Disbursements	15,075,162	17,495,701	19,062,990	3,987,828
Excess (Deficiency) of Receipts Over (Under) Disbursements	(292,224)	(4,576,036)	(6,137,669)	5,845,445
Other Financing Sources, Net	4,511,256	3,251,000	3,251,000	1,260,256
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements	4,219,032	(1,325,036)	(2,886,669)	7,105,701
Balance Beginning of Year	6,584,591	5,403,411	6,584,595	(4)
Balance End of Year	\$10,803,623	\$ 4,078,375	\$ 3,697,926	\$7,105,697

See Accompanying Independent Auditor's Report

CHICKASAW COUNTY
New Hampton, Iowa

BUDGETARY COMPARISON SCHEDULE - BUDGET TO GAAP RECONCILIATION

REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2020

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$14,782,938	\$ 40,411	\$14,823,349
Expenditures	15,075,162	1,564,963	16,640,125
Net	(292,224)	(1,524,552)	(1,816,776)
Other Financing Sources, Net	4,511,256	0	4,511,256
Beginning Fund Balances	6,584,591	765,727	7,350,318
Increase in Reserve For:			
Inventories	0	430,015	430,015
Ending Fund Balances	\$10,803,623	\$ (328,810)	\$10,474,813

See Accompanying Independent Auditor's Report

CHICKASAW COUNTY
New Hampton, Iowa

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2020

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,567,289. The budget amendments are reflected in the final budgeted amounts.

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

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

CHICKASAW COUNTY
New Hampton, Iowa

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SIX YEARS***
(In Thousands)

REQUIRED SUPPLEMENTARY INFORMATION

	2020	2019	2018	2017	2016	2015
County's Proportion of the Net Pension Liability	0.0459503%	0.0446145%	0.0499338%	0.0521084%	0.0506395%	0.0502389%
County's Proportionate Share of the Net Pension Liability	\$2,661	\$2,823	\$3,326	\$3,279	\$2,502	\$1,992
County's Covered Payroll	\$4,586	\$4,265	\$4,335	\$4,234	\$4,124	\$4,028
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	58.02%	66.19%	76.72%	77.44%	60.67%	49.45%
IPERS' Net Position as a Percentage of the Total Pension Liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

See Accompanying Independent Auditor's Report.

CHICKASAW COUNTY
New Hampton, Iowa

SCHEDULE OF COUNTY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS
(In Thousands)

REQUIRED SUPPLEMENTARY INFORMATION

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily Required Contribution	\$ 444	\$ 438	\$ 387	\$ 394	\$ 385	\$ 375	\$ 366	\$ 344	\$ 326	\$ 276
Contributions in Relation to the Statutorily Required Contribution	(444)	(438)	(387)	(394)	(385)	(375)	(366)	(344)	(326)	(276)
Contribution Deficiency	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
County's Covered Payroll	\$4,671	\$4,586	\$4,265	\$4,335	\$4,234	\$4,124	\$4,028	\$3,873	\$3,887	\$3,754
Contributions as a Percentage of Covered Payroll	9.50%	9.55%	9.07%	9.09%	9.09%	9.09%	9.09%	8.88%	8.39%	7.35%

See Accompanying Independent Auditor's Report

CHICKASAW COUNTY
New Hampton, Iowa

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

Year Ended June 30, 2020

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

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

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

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

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

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

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

CHICKASAW COUNTY
New Hampton, Iowa

SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
FOR THE LAST THREE YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	2020	2019	2018
Service Cost	\$ 4,075	\$ 8,212	\$ 8,212
Interest Cost	2,135	2,562	2,553
Differences Between Expected and Actual Experiences	(7,868)	(8,008)	(9,303)
Changes in Assumptions	2,081	0	0
Benefit Payments	(1,408)	0	(2,395)
Net Changes in Total OPEB Liability	(985)	2,766	(933)
Total OPEB Liability Beginning of Year	63,434	60,668	61,601
Total OPEB Liability End of Year	\$ 62,449	\$ 63,434	\$ 60,668
Covered Employee Payroll	\$4,098,142	\$4,237,016	\$3,971,302
Total OPEB Liability as a Percentage of Covered Employee Payroll	1.52%	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, 2020	3.50%
Year Ended June 30, 2019	3.72%
Year Ended June 30, 2018	3.72%

See Accompanying Independent Auditor's Report

CHICKASAW COUNTY
New Hampton, Iowa

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2020

	Special Revenue			
	REAP	Recorder's Records Management	County Betterment	Economic Development
ASSETS				
Cash, Cash Equivalents and Pooled Investments	\$47,583	\$11,280	\$112,965	\$73,425
Due From Other Governments	0	0	5,910	0
TOTAL ASSETS	\$47,583	\$11,280	\$118,875	\$73,425
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances:				
Restricted For:				
Landfill Postclosure	0	0	0	0
Other Purposes	47,583	11,280	118,875	73,425
Total Fund Balances	47,583	11,280	118,875	73,425
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$47,583	\$11,280	\$118,875	\$73,425

See Accompanying Independent Auditor's Report

Schedule 1

Special Revenue					
Tourism	Landfill Postclosure Costs	Attorney Forfeiture	Sheriff's Forfeiture	Twin Ponds Nature Center	Total
\$44,740	\$525,782	\$2,057	\$648	\$50,257	\$868,737
0	0	0	0	0	5,910
\$44,740	\$525,782	\$2,057	\$648	\$50,257	\$874,647
\$ 948	\$ 1,107	\$ 0	\$ 0	\$ 0	\$ 2,055
0	524,675	0	0	0	524,675
43,792	0	2,057	648	50,257	347,917
43,792	524,675	2,057	648	50,257	872,592
\$44,740	\$525,782	\$2,057	\$648	\$50,257	\$874,647

CHICKASAW COUNTY
New Hampton, Iowa

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2020**

	Special Revenue			
	REAP	Recorder's Records Management	County Betterment	Economic Development
REVENUES:				
Property and Other County Tax	\$ 0	\$ 0	\$ 0	\$ 0
Local Option Sales Tax	0	0	78,331	0
Intergovernmental	10,363	0	0	0
Charges for Service	0	2,202	0	0
Use of Money and Property	311	40	0	0
Miscellaneous	0	0	0	0
Total Revenues	10,674	2,242	78,331	0
EXPENDITURES:				
Operating:				
Public Safety and Legal Services	0	0	0	0
County Environment and Education	0	0	30,284	6,750
Total Expenditures	0	0	30,284	6,750
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,674	2,242	48,047	(6,750)
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	0	0	(82,500)	0
Total Other Financing Sources (Uses)	0	0	(82,500)	0
Change in Fund Balances	10,674	2,242	(34,453)	(6,750)
Fund Balances Beginning of Year	36,909	9,038	153,328	80,175
Fund Balances End of Year	\$47,583	\$11,280	\$118,875	\$73,425

See Accompanying Independent Auditor's Report

Schedule 2

Special Revenue							
Landfill							
Ambulance	Tourism	Postclosure Costs	Attorney Forfeiture	Sheriff's Forfeiture	Twin Ponds Nature Center	Total	
\$ 0	\$ 12,955	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,955	
0	0	0	0	0	0	78,331	
0	0	0	0	0	0	10,363	
0	0	0	0	0	0	2,202	
0	0	5,168	5	1	257	5,782	
0	30	0	0	0	50,000	50,030	
0	12,985	5,168	5	1	50,257	159,663	
<hr/>							
165,000	0	0	0	0	0	165,000	
0	16,822	16,535	0	0	0	70,391	
165,000	16,822	16,535	0	0	0	235,391	
<hr/>							
(165,000)	(3,837)	(11,367)	5	1	50,257	(75,728)	
<hr/>							
215,000	0	10,000	0	0	0	225,000	
0	0	0	0	0	0	(82,500)	
215,000	0	10,000	0	0	0	142,500	
<hr/>							
50,000	(3,837)	(1,367)	5	1	50,257	66,772	
(50,000)	47,629	526,042	2,052	647	0	805,820	
<hr/>							
\$ 0	\$43,792	\$524,675	\$2,057	\$648	\$50,257	\$872,592	

CHICKASAW COUNTY
New Hampton, Iowa

COMBINING SCHEDULE OF FIDUCIARY
NET POSITION
CUSTODIAL FUNDS
June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 0	\$ 3,442	\$362,089	\$ 131,165
Other County Officials	37,328	0	0	0
Receivables:				
Property Tax:				
Delinquent	0	1,611	2,059	61,463
Succeeding Year	0	243,300	471,501	9,020,200
Accounts	0	0	0	0
Due From Other Governments	0	0	0	0
TOTAL ASSETS	<u>\$37,328</u>	<u>\$248,353</u>	<u>\$835,649</u>	<u>\$9,212,828</u>
LIABILITIES				
Accounts Payable	\$ 0	\$ 0	\$ 1,548	\$ 0
Salaries and Benefits Payable	0	0	8,343	0
Due to Other Governments	1,566	3,785	0	144,013
Trusts Payable	94	0	0	0
Compensated Absences	0	0	5,214	0
TOTAL LIABILITIES	<u>1,660</u>	<u>3,785</u>	<u>15,105</u>	<u>144,013</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	0	244,568	472,894	9,068,815
NET POSITION				
Restricted for Individuals, Organizations and Other Governments	<u>\$35,668</u>	<u>\$ 0</u>	<u>\$347,650</u>	<u>\$ 0</u>

See Accompanying Independent Auditor's Report

Schedule 3

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
\$ 11,682	\$ 42,159	\$ 2,643	\$225	\$471,669	\$ 740,589	\$ 1,765,663
0	0	0	0	0	0	37,328
5,503	30,087	1,177	0	0	3,164	105,064
803,434	2,968,086	198,918	0	0	334,462	14,039,901
0	0	0	0	0	8,693	8,693
0	0	0	0	0	46,435	46,435
\$820,619	\$3,040,332	\$202,738	\$225	\$471,669	\$1,133,343	\$16,003,084
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,111	\$ 3,659
0	0	0	0	0	1,712	10,055
12,793	48,042	2,897	225	471,669	3,969	688,959
0	0	0	0	0	23,116	23,210
0	0	0	0	0	2,163	7,377
12,793	48,042	2,897	225	471,669	33,071	733,260
807,826	2,992,290	199,841	0	0	337,591	14,123,825
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 762,681	\$ 1,145,999

CHICKASAW COUNTY
New Hampton, Iowa

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
NET POSITION - CUSTODIAL FUNDS
Year Ended June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools
ADDITIONS:				
Property and Other County Tax	\$ 0	\$242,220	\$308,447	\$9,188,201
911 Surcharge	0	0	0	0
State Tax Credits	0	18,636	23,820	708,388
Office Fees and Collections	801,551	0	0	0
Auto Licenses, Use Tax and Postage	0	0	0	0
Assessments	0	0	0	0
Trusts	536,645	0	0	0
Miscellaneous	0	0	5,318	0
Total Additions	1,338,196	260,856	337,585	9,896,589
DEDUCTIONS:				
Agency Remittances:				
To Other Funds	426,849	0	0	0
To Other Governments	173,571	260,856	377,341	9,896,589
Trusts Paid Out	746,282	0	0	0
Total Deductions	1,346,702	260,856	377,341	9,896,589
CHANGES IN NET POSITION	(8,506)	0	(39,756)	0
NET POSITION BEGINNING OF YEAR, AS RESTATED	44,174	0	387,406	0
NET POSITION END OF YEAR	\$ 35,668	\$ 0	\$347,650	\$ 0

See Accompanying Independent Auditor's Report

Schedule 4

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
\$825,663	\$2,682,756	\$190,781	\$ 0	\$ 0	\$218,551	\$13,656,619
0	0	0	0	0	217,468	217,468
63,724	369,538	11,184	0	0	27,370	1,222,660
0	0	0	0	0	0	801,551
0	0	0	0	5,474,343	0	5,474,343
0	0	0	3,214	0	0	3,214
0	0	0	0	0	84,781	621,426
0	0	0	0	0	309,621	314,939
889,387	3,052,294	201,965	3,214	5,474,343	857,791	22,312,220
0	0	0	0	170,012	0	596,861
889,387	3,052,294	201,965	3,214	5,304,331	560,115	20,719,663
0	0	0	0	0	84,781	831,063
889,387	3,052,294	201,965	3,214	5,474,343	644,896	22,147,587
0	0	0	0	0	212,895	164,633
0	0	0	0	0	549,786	981,366
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$762,681	\$ 1,145,999

CHICKASAW COUNTY
New Hampton, Iowa

**SCHEDULE OF REVENUES BY SOURCE AND
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS**

For the Last Ten Years

	Modified Accrual Basis			
	2020	2019	2018	2017
REVENUES:				
Property and Other County Tax	\$ 6,310,440	\$ 5,913,863	\$ 5,470,557	\$ 5,292,840
Local Option Sales Tax	783,300	696,020	652,432	671,941
Interest and Penalty On Property Tax	14,146	29,082	28,470	32,290
Intergovernmental	5,630,099	6,070,731	4,955,998	5,930,437
Licenses and Permits	27,633	25,583	21,696	23,954
Charges For Service	906,417	1,031,565	1,052,787	1,253,162
Use of Money and Property	156,090	148,159	127,048	112,598
Miscellaneous	995,224	153,319	218,130	190,315
Total	\$14,823,349	\$14,068,322	\$12,527,118	\$13,507,537
EXPENDITURES:				
Operating:				
Public Safety and Legal Services	\$ 2,397,024	\$ 2,187,308	\$ 2,018,205	\$ 2,106,573
Physical Health and Social Services	1,481,626	1,461,571	1,200,482	1,401,413
Mental Health	448,858	537,338	582,044	735,876
County Environment and Education	646,261	688,091	668,771	672,756
Roads and Transportation	6,592,732	6,933,298	5,416,207	5,796,016
Governmental Services To Residents	446,025	410,321	408,032	458,743
Administration	1,542,784	1,514,519	1,474,372	1,471,452
Non-Program	0	1,333,724	662,014	184,756
Debt Service	518,452	0	0	0
Capital Projects	2,566,363	30,126	164,599	198,522
Total	\$16,640,125	\$15,096,296	\$12,594,726	\$13,026,107

See Accompanying Independent Auditor's Report

Schedule 5

Modified Accrual Basis					
2016	2015	2014	2013	2012	2011
\$ 5,167,370	\$ 5,101,686	\$ 5,152,765	\$ 4,217,734	\$ 4,181,641	\$ 3,968,101
605,398	725,287	605,166	597,359	651,622	611,641
24,692	32,579	27,319	23,279	26,836	30,306
5,268,597	4,528,661	4,277,651	4,197,677	4,649,596	4,611,574
21,387	18,436	17,319	16,954	17,822	13,844
1,094,977	1,130,493	1,160,899	1,008,065	1,308,426	874,227
113,637	70,844	132,194	129,289	126,804	148,427
246,912	250,284	203,356	188,247	188,405	185,010
\$12,542,970	\$11,858,270	\$11,576,669	\$10,378,604	\$11,151,152	\$10,443,130
\$ 1,881,655	\$ 1,917,371	\$ 1,609,925	\$ 1,517,186	\$ 1,368,905	\$ 1,428,216
1,438,314	1,410,731	1,411,998	1,392,454	1,238,753	1,202,121
752,030	775,060	496,960	773,331	1,267,928	1,056,831
791,925	692,056	577,079	530,822	538,901	496,085
5,926,818	5,169,828	4,171,555	4,266,309	4,613,869	4,586,521
426,921	416,291	481,327	679,124	332,623	331,642
1,484,522	1,423,842	1,406,241	1,375,678	1,379,868	1,253,406
267,131	4,526	161,203	2,013	2,022	2,024
0	0	0	0	0	0
7,985	110,524	128,762	623,961	510,377	306,314
\$12,977,301	\$11,920,229	\$10,445,050	\$11,160,878	\$11,253,246	\$10,663,160



GARDINER + COMPANY
Certified Public Accountants

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

To the Officials of Chickasaw County:
New Hampton, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America 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, Iowa, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Chickasaw County, Iowa's basic financial statements and have issued our report thereon dated January 8, 2021.

Internal Control Over Financial Reporting

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

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

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

A *significant deficiency* is a deficiency, or 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. We consider the deficiency described in the accompanying Schedule of Findings as item B to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chickasaw County, Iowa's financial statements are free of 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*. However, we noted certain immaterial instances of noncompliance or other matters which are described in the accompanying Schedule of Findings.

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

Chickasaw County, Iowa's Responses to Findings

Chickasaw County, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Chickasaw County, Iowa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

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

Gardner + Company, P.C.

Charles City, Iowa
January 8, 2021

CHICKASAW COUNTY
New Hampton, Iowa

SCHEDULE OF FINDINGS
Year Ended June 30, 2020

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES

A Segregation of Duties

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

Condition – Various functions of the County Offices are performed by the same person.

Cause – Limited staff available to segregate duties.

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned – We have reviewed procedures as suggested and plan to make improvements to internal control.

Conclusion – Response accepted.

B Preparation of Full Disclosure Financial Statements

Criteria – Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements for external reporting in conformity with the U.S. generally accepted accounting principles.

Condition – During the audit, we noted that Chickasaw County does not have the internal resources to prepare the full disclosure financial statements required by generally accepted accounting principles.

Cause – The County does not have the internal resources to prepare the full disclosure financial statements required by generally accepted accounting principles.

Effect – Gardiner + Company, P.C. assists in the preparation of the full disclosure financial statements. Management of Chickasaw County thoroughly reviews them and accepts responsibility for their completeness and accuracy.

CHICKASAW COUNTY
New Hampton, Iowa

SCHEDULE OF FINDINGS (CONTINUED)
Year Ended June 30, 2020

Findings Related to the Financial Statements: (Continued)

B Preparation of Full Disclosure Financial Statements (Continued)

Recommendation – We realize that with a limited number of office employees, gaining sufficient knowledge and expertise to properly select and apply accounting principles and prepare full disclosure financial statements for external reporting is difficult. However, we recommend that County officials continue to review operating procedures and obtain the internal expertise needed to handle all the aspects of external financial reporting, rather than rely on external assistance.

Response – We recognize our limitations, however, it is not fiscally responsible to add additional staff at this time.

Conclusion – Response acknowledged.

C Financial Reporting

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

Condition – Material amount of accounts receivable, accounts payable and infrastructure were not properly recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

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

Recommendation – The County should establish procedures to ensure all accounts receivable, accounts payable and infrastructure amounts are identified and properly reported in the County’s financial statements.

Response – We will review our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

CHICKASAW COUNTY
New Hampton, Iowa

SCHEDULE OF FINDINGS (CONTINUED)
Year Ended June 30, 2020

Other Findings Related to Required Statutory Reporting:

1. **Certified Budget** – Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted.

2. **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 the Attorney General’s opinion since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

Paid To	Purpose	Amount
Cardmember Services	Conservation – Late Fee	\$16

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

Response – We will document this in the future.

Conclusion – Response accepted.

3. **Travel Expenses** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

4. **Business Transaction** – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Steve Geerts, Supervisor Geerts Plumbing & Heating, son owns the business	Plumbing and Heating Services	\$4,359
Brenda Schnoebelen, Drivers License Clerk Margie Zipse, Mother	Election Worker	70
Toni Schwickerath, Assessor Clerk Linda Schwickerath, Mother-in-law	Election Worker	508

CHICKASAW COUNTY
New Hampton, Iowa

SCHEDULE OF FINDINGS (CONTINUED)
Year Ended June 30, 2020

Other Findings Related to Required Statutory Reporting: (Continued)

4. Business Transaction (Continued)

Name, Title and Business Connection	Transaction Description	Amount
Brian Moore, Conservation Director Cindy Moore, Wife	Election Worker	\$ 15
Joan Knoll, Auditor Kurt Knoll, Husband	Election Worker	37
Kathy Lechtenberg, Auditor Clerk Don Lechtenberg, Husband	Election Worker	18
Patti Rosauer, Treasurer Clerk Craig Rosauer, Husband	Election Worker	11
Patti Rosauer, Treasurer Clerk Bonnie Jendro, Mother	Election Worker	83
Jason Byrne, Supervisor Ryan Byrne, Brother	Election Worker	190

In accordance with Chapter 331.342 of the Code of Iowa, the transactions with Geerts Plumbing & Heating, Margie Zipse, Linda Schwickerath, Cindy Moore, Kurt Knoll, Don Lechtenberg, Craig Rosauer, Bonnie Jendro, and Ryan Byrne do not appear to represent conflicts of interest since each had total transactions less than \$6,000 during the fiscal year.

5. **Restricted Donor Activity** – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
6. **Bond Coverages** – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed periodically to ensure that coverage is adequate for current operations.
7. **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.
8. **Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County’s investment policy were noted, except for the depository resolution maximum was exceeded for the Luana Savings Bank in June 2020.

CHICKASAW COUNTY
New Hampton, Iowa

SCHEDULE OF FINDINGS (CONTINUED)
Year Ended June 30, 2020

Other Findings Related to Required Statutory Reporting: (Continued)

8. Deposits and Investments (Continued)

Recommendation – The County should adopt a new resolution with maximums sufficient for the County’s need or implement policies and procedures to ensure the maximums set by the depository resolution are not exceeded.

Response – We will watch this closely in the future so the maximums approved in the depository resolution are not exceeded.

Conclusion – Response accepted.

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

10. Economic Development – During the year ended June 30, 2020, the County paid \$53,856 for Economic Development, which appears to be an appropriate expenditure of public funds since the public benefits to be derived have been clearly documented.

11. Tax Increment Financing – For the year ended June 30, 2020, the County Auditor prepared reconciliations for each city reconciling TIF receipts with total outstanding TIF debt.