



CERRO GORDO COUNTY

IOWA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019**

CERRO GORDO COUNTY, IOWA

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

Prepared by: Cerro Gordo County Auditor's Office

INTRODUCTORY SECTION

CERRO GORDO COUNTY, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

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CERRO GORDO COUNTY, IOWA

OFFICIALS
June 30, 2019

(Before January 2019)

Board of Supervisors

<u>Name</u>	<u>Term Expires</u>	<u>Address</u>
Casey Callanan	January 2019	Clear Lake, Iowa
Tim Latham	January 2021	Mason City, Iowa
Chris Watts	January 2021	Mason City, Iowa

Officers

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>
Riley Dirksen*	January 2021	Auditor
Patricia Wright	January 2019	Treasurer
Colleen Pearce	January 2019	Recorder
Kevin Pals	January 2021	Sheriff
Katie Bennett	Appointed	County Assessor
Danielle Shipley	Appointed	City Assessor
Carlyle Dalen	January 2019	County Attorney

(After January 2019)

Board of Supervisors

<u>Name</u>	<u>Term Expires</u>	<u>Address</u>
Casey Callanan	January 2023	Clear Lake, Iowa
Tim Latham	January 2021	Mason City, Iowa
Chris Watts	January 2021	Mason City, Iowa

Officers

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>
Adam Wedmore	January 2021	Auditor
Patricia Wright	January 2023	Treasurer
Colleen Pearce	January 2023	Recorder
Kevin Pals	January 2021	Sheriff
Katie Bennett	Appointed	County Assessor
Danielle Shipley	Appointed	City Assessor
Carlyle Dalen	January 2023	County Attorney

* Riley Dirksen resigned effective August 9, 2018.

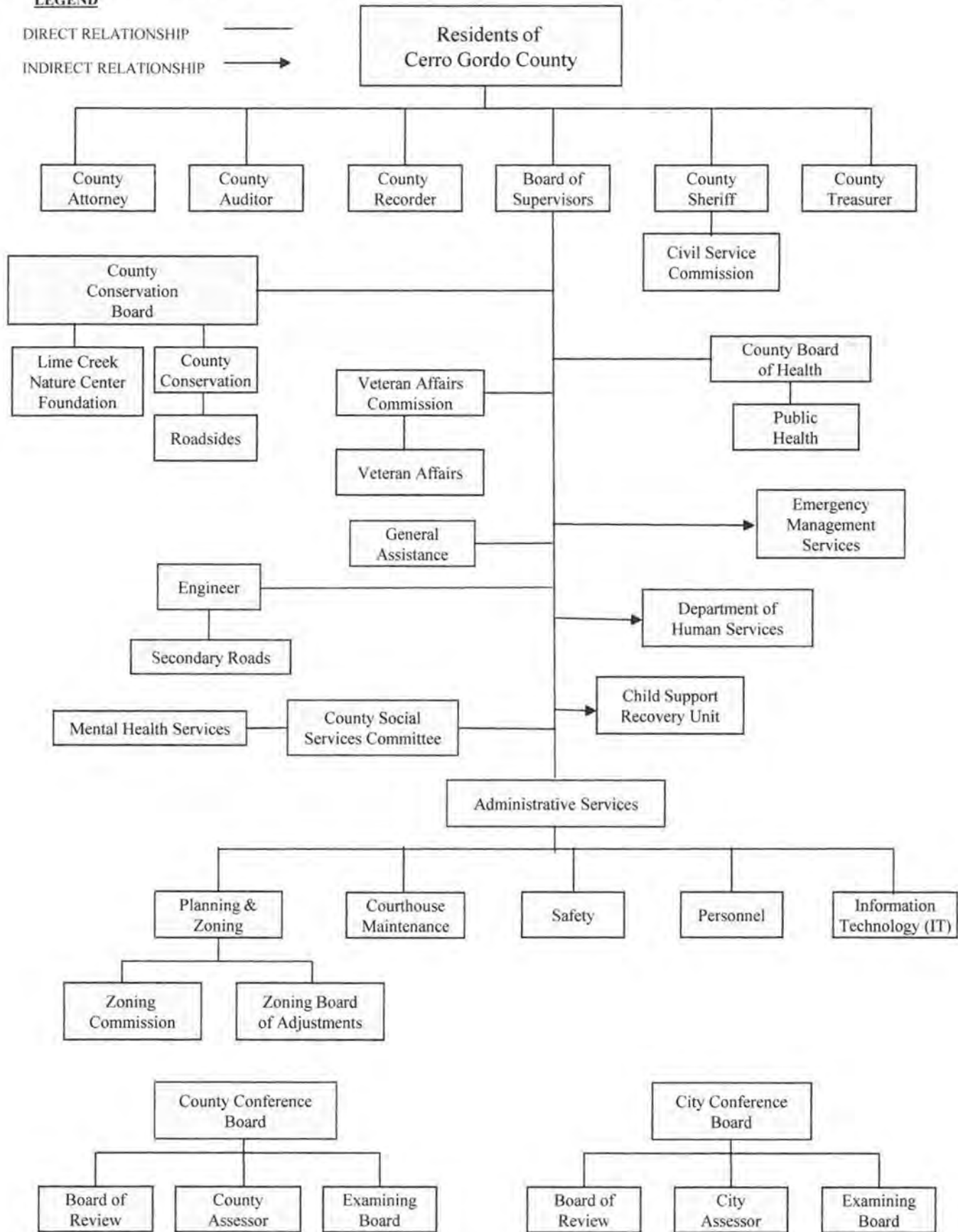
Patricia Wright served as the Interim Auditor effective August 9, 2018 to November 14, 2018.

Adam Wedmore was elected Auditor effective November 14, 2018.

CERRO GORDO COUNTY ORGANIZATIONAL CHART

LEGEND

DIRECT RELATIONSHIP ———
INDIRECT RELATIONSHIP ———>





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Cerro Gordo County
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



County Auditor
Cerro Gordo County Courthouse

220 N Washington Ave
Mason City, IA 50401
Adam Wedmore, Auditor

Ph: 641-421-3028
Fax: 641-421-3139
www.cgcounty.org

December 19, 2019

County Board of Supervisors and Citizens
Cerro Gordo County, Iowa

The Comprehensive Annual Financial Report (CAFR) for the County of Cerro Gordo, Iowa (the "County") for the fiscal year ended June 30, 2019, is hereby submitted in accordance with the provisions of Section 331.403 of the Code of Iowa.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Gardiner Thomsen PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor issued an unmodified opinion on the County's financial statements for the fiscal year ended June 30, 2019, indicating that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of Cerro Gordo County

Organized in 1855, Cerro Gordo County is governed by a three-member board, each board member elected by citizens in one of the three districts. Board members serve overlapping four-year terms, with elections held every two years. The Board is the legislative body of the County, which annually adopts a budget and establishes tax rates to support County programs.

The County provides a full range of services to its citizens. These services include public safety, parks, planning and zoning, service to people with mental disabilities, construction and maintenance of secondary roads, physical health and social services, property assessment, taxation, and general administrative services. The County also provides an information technology department utilized by other governmental entities.

The Board of Supervisors is required to adopt a final budget by no later than March 15th for the fiscal year beginning the following July 1st. This annual budget serves as the foundation for the County's financial planning and control. The State of Iowa requires the adoption of an annual budget with total County operating expenditures listed by major program service area. Activities of the general fund, special revenue funds, capital projects funds, and the debt service fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total function/program service area level. In addition, individual County officials' expenditures cannot exceed the amounts appropriated by the Board.

Local Economy

Cerro Gordo County, with the Cities of Mason City, Clear Lake, and eight smaller cities, has the fourteenth largest population of ninety-nine counties in the state, and serves as a regional center for north central Iowa in the areas of commerce, industry, retail shopping, higher education, and health care services. The surrounding area has an economic base that is historically agricultural in nature, but Cerro Gordo County also has several strong industries and commercial enterprises. With a usually low rate of unemployment and the lack of a single, dominant employer, the economy of the area is generally dynamic, robust, and broad-based. The City of Mason City is the largest city in Cerro Gordo County, with about two-thirds of the County's 42,000-plus population. Tourism is an important industry in Cerro Gordo County, largely due to Clear Lake, which, at 3,865 acres, is the third largest natural lake in Iowa, and is the namesake of the surrounding city.

Although educational systems in the entire north central Iowa area are well known for their quality of education, Cerro Gordo County has become a regional center for higher learning. Drake University of Des Moines offers several programs at the Masters level in coordination with the North Iowa Area Community College (NIACC). This adds to the wide range of baccalaureate programs offered at NIACC by Buena Vista College of Storm Lake.

Cerro Gordo County serves as a regional hub for transportation with an airport, three railroad branch lines, Interstate 35, which runs north-south the length of the County, and the "Avenue of the Saints", the link between Interstates 35 and 80.

The County is a regional center for health care services. Cerro Gordo County has the second highest number of primary care physicians per capita in the State, trailing only to Johnson County. MercyOne North Iowa Medical Center is the County's largest employer with two facilities and with affiliated clinics and hospitals in a 14-county region.

In general economic news for the fiscal year, the number of persons employed in the county went from 23,220 to 23,660, an increase of 1.9% from June 2018 to June 2019, according to figures from Iowa

Workforce Development. With high land prices the agricultural economy of the area has been strong and stable.

The City of Mason City's cost of living for 2018 was 88.5% of the national average, according to the ACCRA Cost of Living Index, ranking it the second lowest cost of living for all Iowa communities that participate in the ACCRA index.

Major Initiatives

The Prairie Land Trail is a 21-mile rails to trails project in Cerro Gordo County. The trail begins at 240th Street, the SW edge of Mason City, to 100th Street, the SW edge of the City of Meservey. The condition of the trail when received by Cerro Gordo County was the old railroad bed with the rails and ties removed.

During 2018, Cerro Gordo County converted six miles of the railroad bed to a crushed limestone biking and hiking trail. Engineering and construction costs for the initial six miles were \$473,550. Funding for the construction costs to convert the railbed and bridges have come from several sources: Transportation Alternatives Program grant \$347,348, Wellmark Foundation grant \$75,000, Cerro Gordo County Department of Public Health \$30,000, Cerro Gordo County Conservation Budget \$7,777 and Resource and Enhancement Program (REAP) \$13,425.

Two miles of trail surface and bridge repair was completed in 2019 at a cost of \$430,314. Funding sources for the two miles were Transportation Alternatives Program grant \$283,000, Wellmark Foundation \$40,000, Cerro Gordo Public Health \$20,000, Resource Enhancement and Protection \$20,000 and In-Kind \$67,314.

Phase 3 & 4 of development has been programmed to be completed in 2020 and will include three miles of trail and one bridge at an estimated cost of \$506,323. Many of the same funding sources will be utilized. The initial plans have been sent to the Iowa Department of Transportation, with an anticipated bid letting of April 2020.

Phase 5 of the trail, a two-mile section connecting to Phase 4, has been awarded Transportation Alternatives Program funds for development in 2021. The remaining miles of the trail will be developed as additional funding sources become available.

The Cerro Gordo County Department of Public Health (CG Public Health) is leading the way of becoming the Chief Health Strategist, an initiative in the newly adopted CG Public Health Strategic Plan. Taking on the role as the Chief Health Strategist is all about serving the public the best way possible by diversifying CG Public Health's funding base, equipping staff with relevant skills, integrated the expertise of public health with other agencies that influence health outcomes, enhancing information technology to analyze and share real-time data and planning, developing and implementing health reform.

Through the lens of Chief Health Strategist, Department staff are convening a group of stakeholders to plan for and address substance use disorder including opioids. This federally-funded project focuses on addressing the root causes of substance use disorder and preventing the national opioid epidemic from seizing this community.

CG Public Health continues to serve as the fiscal agent for the All Hazards Emergency Preparedness and Response System Development Grant. This grant provides the opportunity for local hospitals, public health agencies and EMS organizations to work together to build upon their preparedness, response, recovery, and mitigation activities related to healthcare disaster operations. As the fiscal agent, CG Public Health manages nearly half a million-dollar budget on behalf of 12 counties in the north-central Iowa area. There are currently 12 local public health agencies, nine hospitals, and 63 EMS services that make-up the north-central Iowa area.

This past fiscal year, staff are winding down on the three-year, \$1,384,000 million-dollar grant from the U.S. Department of Housing & Urban Development to prevent lead poisoning for young children of low-income status in rental and owner-occupied properties in Cerro Gordo County. Fifty-seven homes were remediated for lead paint and safety issues like moisture/mold, electrical hazards and other safety hazards in homes. Shortly after the end of the fiscal year, CG Public Health learned they were awarded another HUD grant for the same purpose.

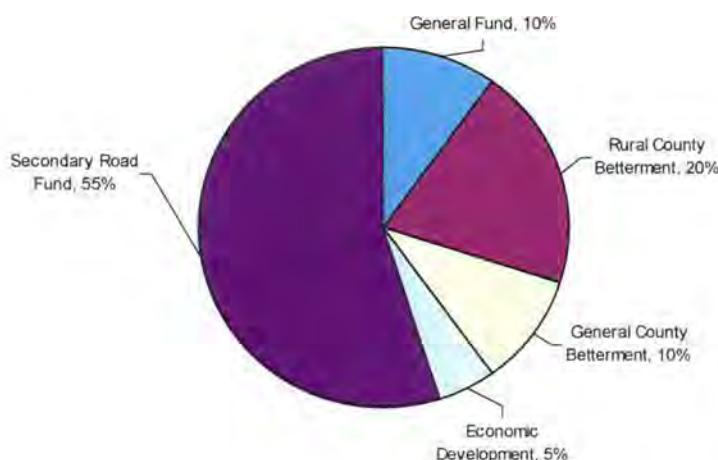
In May of 2019, CG Public Health's office space was severely damaged over a weekend and was rendered immediately inhabitable. CG Public Health began to implement its response by activating its Continuity of Operations Plan, determining essential services that needed to continue to be provided to the public the following morning, as well as the essential staff needed to deliver services. Employees began the week with the incident command system in place along with borrowed paper, pens, and one phone. Alternate locations were found for staff to provide services from over the course of three months' time. Prioritization had to be made with re-deploying staff and requisitioning resources (e.g. computers, phones and equipment). Alternate methods to access data were arranged through a backup server and alternate methods for electronic health records, primary databases, and correspondence. Emergency spending processes were implemented immediately; new methods for payment were determined (all credit cards/ability to write checks, etc. were lost). Alternative communication methods were developed to ensure staff could continue to speak with clientele, community partnerships, and colleagues. Throughout the experience, staff members were resilient, innovative and never lost sight of service to the public.

Long-Term Financial Planning

The County is continuing to develop strategies for improving service, quality and efficiency. The Board utilizes a long term fiscal policy and continues its strategic planning process. The County's secondary road system is also being continually reviewed. The County Engineer has developed a long-range five-year plan addressing how much additional funding will be required to maintain the quality of the County's roads and bridges.

Relevant Financial Policies

It is Cerro Gordo County's policy to use its share of local option sales and service taxes in the following allocation:



In FY2019, Cerro Gordo County received a total of \$1,698,530 in local option sales and service taxes.

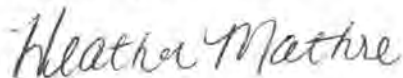
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cerro Gordo County, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the twenty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been completed without the cooperation and services of the staffs of the County Auditor's and Treasurer's offices. Gratitude is also expressed to the independent auditors, Gardiner Thomsen, P.C., who provided endless support and assistance in preparing this report, and to the Cerro Gordo County Board of Supervisors for their interest and support.

Respectfully submitted,



Heather R. Mathre, CPA
Budget Manager
Office of the County Auditor
Cerro Gordo County, Iowa

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FINANCIAL SECTION



GARDINER+COMPANY

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Officials of Cerro Gordo County
Mason City, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County, Iowa, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 entity'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 entity'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, the business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County, Iowa, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 11-20 and 62-69 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 Cerro Gordo County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The introductory section, general fund schedules, combining and individual nonmajor fund financial statements, capital asset schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The general fund schedules, combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 general fund schedules, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, capital asset schedules and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019, on our consideration of Cerro Gordo 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 Cerro Gordo 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 Cerro Gordo County, Iowa's internal control over financial reporting and compliance.

Gardner + Company, P.C.

Charles City, Iowa

December 19, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Cerro Gordo County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information presented in the transmittal letter beginning on page 4, and the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- ◆ Cerro Gordo County governmental fund revenues increased 3.45% or \$1,172,485 from \$33,987,542 in fiscal year 2018 (FY18) to \$35,160,027 in fiscal year 2019 (FY19). Property taxes and other county taxes increased \$893,662, local option sales tax dollars increased \$42,030, intergovernmental revenues increased \$456,984, charges for services decreased \$324,626, use of money and property increased \$178,805, and miscellaneous revenues decreased \$50,777 from FY18.
- ◆ Cerro Gordo County governmental fund expenditures for FY19 were \$34,703,729, an increase of \$2,790,721 from \$31,913,008 in FY18. This change was due to the increases in Roads and Transportation of \$1,450,301, Public Health and Social Services of \$481,085, Capital Projects of \$674,831 and Nonprogram of \$498,228.
- ◆ The assets of the county exceeded liabilities at fiscal year ended June 30, 2019 by \$52,256,849 (net position) compared to \$49,607,837 at June 30, 2018.
- ◆ Cerro Gordo County's net position increased 5.34% or \$2,649,012 for the fiscal year ended June 30, 2019. Government activities increased \$2,703,056 and business-type activities decreased by \$54,044. For fiscal year ended June 30, 2018, total net position increased \$1,241,870. Governmental activities increased \$1,307,938 and business-type activities decreased \$66,068.
- ◆ Cerro Gordo County's governmental funds reported combined ending fund balances of \$20,334,906, an increase of \$1,258,689 in comparison with the FY18 fund balances of \$19,076,217. Approximately 44% of the total amount, \$8,871,992, is the County's unassigned fund balance.
- ◆ Cerro Gordo County's general long-term debt, excluding compensated absences, termination benefits, net pension liability, net OPEB liability, and claims payable, decreased \$583,278 during the fiscal year, from \$7,725,286 in FY18 to \$7,142,008 in FY19. This change was due to scheduled debt payments, an installment purchase for motor-graders and a large amount of drainage warrants redeemed during the year.

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 government's financial activities.

The Government-wide Financial Statements consist of the Government-Wide Statement of Net Position and the Government-Wide Statement of Activities (on pages 21-24). These provide information about the activities of the County as a whole and present an overall view of the County's finances.

The Fund Financial Statements (starting on page 25) tell how government services were financed in the short term as well as what remains for future spending. Fund financial statements report Cerro Gordo County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Cerro Gordo County acts solely as an agent or custodian for the benefit of those outside of the government.

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about activities in a way that 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. This 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 fiscal year. All changes in net position are reported as soon as the event or 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 periods.

The County's governmental activities are displayed 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, government services to residents, administrative services, interest on long-term debt, and other non-program activities. Property taxes and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin on page 25 and provide detailed information about individual, significant funds; not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. However, the County establishes many other funds to help it control and manage money for particular purposes.

Cerro Gordo County has three kinds of funds:

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

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

- **Proprietary funds** - Cerro Gordo County maintains two types of proprietary funds: internal service funds and enterprise funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County has two internal service funds: Health Insurance Fund and Central Services Fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business. Cerro Gordo County maintains two enterprise funds: Meservey Wastewater Collection & Treatment Facility and Swaledale Wastewater Collection & Treatment Facility.

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

- **Fiduciary funds** - Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management, county assessor, and city assessor to name a few.

The fiduciary funds required financial statements include a Statement of Fiduciary Assets and Liabilities.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found beginning on page 37.

Supplementary Information

The supplementary information begins on page 70 and provides detailed information about the non-major governmental funds and the individual fiduciary funds. In addition, the Single Audit Section provides details of the various Federal awards received by the County.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Cerro Gordo County's net position increased \$2,649,012 from \$49,607,837 to \$52,256,849. The analysis below focuses on the net position and changes in net position of our government and business-type activities.

Cerro Gordo County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$42,284,361	\$40,038,622	\$142,569	\$125,136	\$42,426,930	\$40,163,758
Capital Assets	46,543,986	45,594,802	1,214,970	1,300,256	47,758,956	46,895,058
Total Assets	88,828,347	85,633,424	1,357,539	1,425,392	90,185,886	87,058,816
Deferred Outflows of Resources	3,365,773	3,885,834	0	0	3,365,773	3,885,834
Long-Term Debt Outstanding	19,591,804	21,411,979	1,755	1,371	19,593,559	21,413,350
Other Liabilities	1,699,862	1,621,039	460,147	474,340	2,160,009	2,095,379
Total Liabilities	21,291,666	23,033,018	461,902	475,711	21,753,568	23,508,729
Deferred Inflows of Resources	19,541,242	17,828,084	0	0	19,541,242	17,828,084
Net Position:						
Net Investment in Capital Assets	39,970,386	38,584,802	754,823	825,916	40,725,209	39,410,718
Restricted	8,770,585	9,028,748	0	0	8,770,585	9,028,748
Unrestricted	2,620,241	1,044,606	140,814	123,765	2,761,055	1,168,371
Total Net Position	\$51,361,212	\$48,658,156	\$895,637	\$949,681	\$52,256,849	\$49,607,837

The largest portion of the County's net position, 77.94%, is the net investment in capital assets (e.g., land, infrastructure, buildings, and equipment). The County uses these capital assets to provide services to citizens, therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to cover the liabilities.

The restricted portion of the County's net position, 16.78% or \$8,770,585, represents resources that are subject to external restrictions, constitution provisions, or enabling legislation on how they can be used. The remaining balance of unrestricted net position is \$2,761,055 or 5.28%.

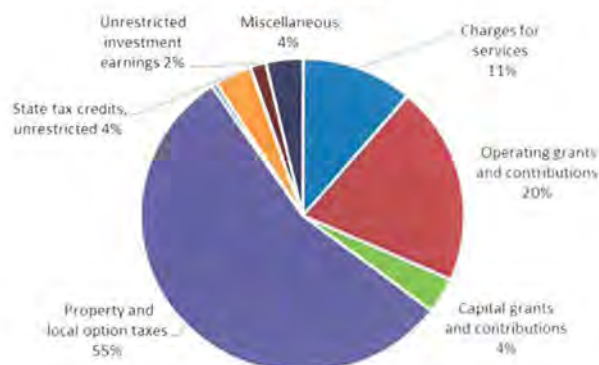
The County's net position increased \$2,649,012 during the current fiscal year. The governmental-type activities increased by \$2,703,056 and the business-type activities decreased \$54,044.

The following table highlights the County's revenues and expenses for the fiscal year ended June 30, 2019 and 2018. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: Program Revenue and General Revenue. Program Revenue is defined as charges for service and sales, operating grants and contributions, and capital grants and contributions. General Revenue includes taxes, investment income, and other unrestricted revenue sources.

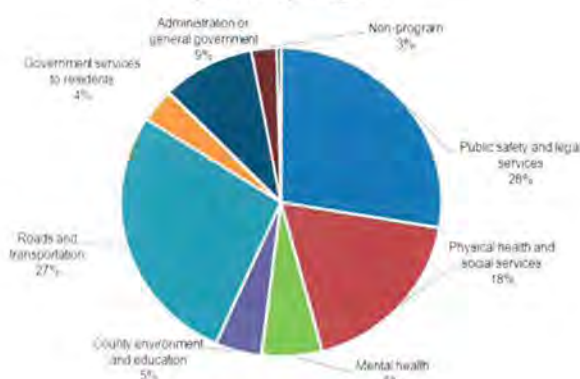
Cerro Gordo County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Service	\$4,102,244	\$4,299,872	\$61,290	\$61,803	\$4,163,534	\$4,361,675
Operating Grants, Contributions & Restricted Interest	7,521,265	7,058,689	0	0	7,521,265	7,058,689
Capital Grants, Contributions & Restricted Interest	1,370,729	817,787	0	0	1,370,729	817,787
General Revenues:						
Property Taxes	18,533,482	17,704,719	0	0	18,533,482	17,704,719
Penalty & Interest on Property Tax	191,486	152,884	0	0	191,486	152,884
State Tax Credits	1,374,283	1,353,157	0	0	1,374,283	1,353,157
Local Option Sales & Service Tax	1,698,530	1,656,500	0	0	1,698,530	1,656,500
Tax Increment Financing	17,286	46,163	0	0	17,286	46,163
Unrestricted Investment Earnings	554,745	341,324	457	115	555,202	341,439
Miscellaneous	1,354,171	1,278,379	0	0	1,354,171	1,278,379
Gain/(Loss) on Disposal of Capital Assets	(11,675)	10,952	0	0	(11,675)	10,952
Total Revenues	36,706,546	34,720,426	61,747	61,918	36,768,293	34,782,344
Expenses:						
Public Safety and Legal Services	9,402,303	9,857,325	0	0	9,402,303	9,857,325
Physical Health and Social Services	6,167,226	5,815,911	0	0	6,167,226	5,815,911
Mental Health	2,093,141	2,358,002	0	0	2,093,141	2,358,002
County Environment and Education	1,595,470	1,311,611	0	0	1,595,470	1,311,611
Roads and Transportation	9,322,331	8,620,455	0	0	9,322,331	8,620,455
Government Services to Residents	1,208,267	1,269,761	0	0	1,208,267	1,269,761
Administration	3,185,789	3,527,669	0	0	3,185,789	3,527,669
Non-Program	868,777	475,269	115,791	127,986	984,568	603,255
Interest on Long Term Debt	160,186	176,485	0	0	160,186	176,485
Total Expenses	34,003,490	33,412,488	115,791	127,986	34,119,281	33,540,474
Increase (Decrease) in Net Position	2,703,056	1,307,938	(54,044)	(66,068)	2,649,012	1,241,870
Net Position July 1	48,658,156	47,350,218	949,681	1,015,749	49,607,837	48,365,967
Net Position June 30	\$51,361,212	\$48,658,156	\$895,637	\$949,681	\$52,256,849	\$49,607,837

Revenues by Type



Expenses by Program



Governmental Activities

Cerro Gordo County's governmental activities net position increased \$2,703,056 during the year. Revenues for governmental activities increased 5.72% or \$1,986,120 over the prior year. The County's operating grants, contributions and restricted interest revenues were \$7,521,265, an additional \$462,576 over FY18. Capital grants, contributions and restricted interest increased \$552,942 over the previous year. Property tax revenues increased \$828,763 due to an increase in taxable valuation in the county. Unrestricted investment earnings increased \$213,421 due to a higher investment rate of return and greater invested amounts.

The cost of all governmental activities this year was \$34,003,490, an increase of \$591,002 over the prior years' \$33,412,488. However, as shown in the Statement of Activities on page 23-24, the amount the taxpayers ultimately financed for these activities through County taxes was only \$21,009,252 because some of the cost was paid by those that directly benefited from the programs, or by other governments and organizations that subsidized certain programs with grants and contributions.

Roads and Transportation had the largest increase in expenditures of \$701,876 due to additional capital projects over the previous fiscal year. Physical Health and Social Services also increased for the current year by \$351,315 due to the additional public health expenditures. The largest decrease in expenditures was \$455,022 in public safety and legal services. This was attributable to the \$400,000 for sheriff radios purchased during the previous fiscal year. Mental Health experienced a \$264,861 decrease in expenditures for FY19. This was due to a decreased disbursement to our Mental Health fiscal agent for the County Social Services region.

Cerro Gordo County maintained both the rural levy rate of 3.50739 and the countywide levy rate of 6.19934 for FY19. The combined tax rates resulted in increased property tax dollars of \$500,000 for general purposes, \$85,000 for rural purposes, \$90,000 for mental health services and \$34,000 for debt services.

Business-Type Activities

Business-type activities decreased the County's net position by \$54,044.

THE COUNTY'S INDIVIDUAL MAJOR FUNDS

As Cerro Gordo County completed the year, its governmental funds reported a combined fund balance of \$20,334,906, which is an increase of \$1,258,689 or 6.60% over the combined fund balance for FY18. Of this amount, \$8,871,992 represents the unassigned fund balance which is available for spending at the government's discretion. The remainder of the fund balance is assigned, restricted, or nonspendable. The following are the major reasons for the changes in fund balances from the prior year:

- ◆ The General Fund, as the main operating fund for Cerro Gordo County, ended FY19 with a 67.76% ending fund balance totaling \$11,345,341. This is a \$1,942,058 increase from the prior year's \$9,403,283 fund balance. Revenues increased 1.40% from the prior year, or \$256,487. Expenditures experienced a decrease of \$602,520, or 3.97% from FY18. Transfers out increased \$428,659. In FY19, there was a General fund transfer to the Capital Projects fund of \$400,000 in preparation of a proposed secondary roads building.
- ◆ Cerro Gordo County has continued to look for ways to effectively manage the cost of mental health services. The county, along with four other counties, entered into a 28E agreement to create the County Social Services (CSS) Agency in FY11. In FY12, three additional counties joined the CSS Agency for a total of eight counties. FY13 led to 14 additional counties joining the CSS Agency, for a total of 22 counties that comprise the CSS Agency. This agency accounts for all mental health revenues, with the exception of each county's property taxes for mental health purposes. It also accounts for the majority

of the mental health expenditures. The Mental Health Fund balance increased from \$250,675 in FY18 to \$307,698, an increase of \$57,023. For the year, revenues were \$2,145,270, an increase of \$60,541, or 2.90%, due to an increase in property and other county tax revenues. Expenditures totaled \$2,088,247, a decrease of \$241,644 or 10.37% over last year's expenditures of \$2,329,891. These decreases were due to a reduction in the reimbursement requests to County Social Services and a reduction in the fiscal agent fee.

- ◆ The Rural Services Fund balance decreased \$11,893 to \$966,837 from the prior year ending balance of \$978,730. Revenues increased \$140,221, from \$2,840,125 in FY18 to \$2,980,346 in FY19. Expenditures totaled \$692,239, an increase of \$275,744, or 66.21% over last year's expenditures of \$416,495. This was due to the equipment purchase in the County Roadside department and the funding of the libraries within the County. In FY19, the funding all came from the Rural Services Fund. For FY18, the funding was split between the Rural Services Fund and the Rural County Betterment Fund, which is monies derived from local option sales and service tax dollars.
- ◆ The Secondary Roads Fund expenditures increased \$2,823,246 or 43.42%, from \$6,502,502 in FY18 to \$9,325,748 in FY19. This was due to an increase in capital projects. Capital project expenditures for FY18 were \$364,615 compared to \$1,837,891 in FY19. Revenues also increased from \$5,141,970 in FY18 to \$5,836,756 in FY19, a change of 13.51%. The Secondary Roads fund balance decreased \$581,772 from \$4,517,770 in FY18 to \$3,935,998 in FY19 due to the increased capital projects expenditures.
- ◆ The Public Health Fund ended FY19 with a fund balance of \$975,944, a decrease of \$249,973 over the prior year's balance of \$1,225,917. Expenditures totaled \$5,384,185, an increase of \$482,059, or 9.83% over the prior year. Revenues of \$3,374,482 were an increase of 6.10%, or \$194,084 over FY18 revenues of \$3,180,398. During the year, a roof collapse led to an increase in expenditures for relocation, replacement of items lost and moving costs. Revenues for the public health department have dropped due to issues with timely overall reimbursement for patient services with third-party payers.
- ◆ The Debt Service Fund had a fund balance of \$64,170, all of which is restricted for the payment of debt.
- ◆ The Capital Projects fund balance increased from \$933 in FY18 to \$400,933 in FY18. This was from an auditor transfer in preparation for a proposed capital project.

BUDGETARY HIGHLIGHTS

The county budget is based on ten functions/service areas as required by the State, not by fund or fund type. Over the course of the year, Cerro Gordo County amended its budget once. The budgetary comparison schedule on pages 62-63 provides more information. The amendment, approved in May 2019, resulted in the following:

Revenues and Other Sources increased \$1,176,273, which included:

- ◆ An increase of \$9,784 in local option sales and service tax, \$163,850 in utility replacement excise tax, \$5,000 in hotel/motel tax and \$76,500 in penalties and interest on taxes.
- ◆ A decrease of \$71,232 in intergovernmental revenues. This was comprised of \$18,757 additional revenue for the Conservation department and \$5,564 for various departments. There was a decrease in revenues of \$33,578 for the Public Health Department, \$36,000 for mental health reimbursement and \$25,975 for state tax credits.
- ◆ An increase of \$6,400 in licenses and permits for the Planning & Zoning office and the Public Health department.

- ◆ Charges for services increased \$8,900. This included an increase of \$48,000 for fees provided by the Sheriff's department, \$3,400 for the GIS department and an additional \$26,000 received by the County Treasurer for services, along with a decrease in revenues of \$68,500 for fees provided by the Public Health department.
- ◆ Use of money & property increased \$238,598 due to additional interest income.
- ◆ Miscellaneous revenue increased \$330,273. Departments receiving additional miscellaneous revenue were Public Health \$215,573, County Attorney \$18,000, Information Technology (IT) \$7,500, Conservation \$55,000, Sheriff revenues \$49,000. Several departments had minor decreases for a combined total of \$14,800.
- ◆ Other Financing Sources of \$408,200 is proceeds from the sale of capital assets and operating transfers.

Expenditures and Other Uses increased \$2,467,138 which included:

- ◆ Increase of \$6,043 in Public Safety and Legal Services. This is due to an increase in expenditures for the County Attorney of \$45,000 and the Medical Examiner department of \$3,500. The Sheriff's department decreased expenditures by \$42,457.
- ◆ Increase of \$310,684 in Physical Health and Social Services due to additional expenditures for Public Health Department of \$290,684 and \$20,000 for the Juvenile Detention department.
- ◆ Decrease of \$249,839 in Mental Health.
- ◆ An increase of \$149,170 in County Environment & Education for an increase in expenditures in Conservation of \$146,920 and County Grants department of \$2,250.
- ◆ An increase of \$1,224,000 in Roads and Transportation for Secondary Roads department.
- ◆ A decrease of \$20,500 in Government Services to Residents stems from decreased expenditures for the County Treasurer.
- ◆ A decrease of \$145,440 in Administration due to a decrease in capital asset purchases.
- ◆ An increase in capital projects of \$787,020 for Secondary Road and Courthouse projects.

During the year, however, revenues were \$436,961 less than budgetary revenues and expenditures were \$2,703,940 less than budgetary expenditures. Iowa law requires budget amendments to specific expenditure functions/service areas, i.e., public safety and legal service, to be enacted by the Board of Supervisors no later than May 31 of each fiscal year. Since the County's fiscal year ends on June 30 and the County's budget is based on the current financial resources measurement focus and the modified accrual basis of accounting, the Board takes a conservative approach when enacting year end budget amendments. This means the comparison of actual to budgeted amounts will usually show expenditures to be well below budgeted amounts. This is especially true for the Capital Projects and Roads and Transportation service areas when projects may roll over to a subsequent fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Cerro Gordo County's investment in capital assets for its governmental and business-type activities as of June 30, 2019 was \$98,585,783, an increase of \$3,205,102 or 3.36% compared to FY18. This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, machinery & equipment, vehicles, and infrastructure.

Major capital asset additions during the current fiscal year included Secondary Roads infrastructure, construction in progress and machinery & equipment, as well as vehicles for Public Safety.

Cerro Gordo County's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$1,788,492	\$1,788,492	\$62,300	\$62,300	\$1,850,792	\$1,850,792
Construction in Progress	1,028,090	982,640	0	0	1,028,090	982,640
Buildings	17,506,698	17,506,698	0	0	17,506,698	17,506,698
Improvements other than Buildings	595,424	595,424	0	0	595,424	595,424
Machinery & Equipment	7,655,568	7,833,047	0	0	7,655,568	7,833,047
Vehicles	5,016,626	4,831,670	0	0	5,016,626	4,831,670
Infrastructure, road network	62,225,942	59,073,767	2,706,643	2,706,643	64,932,585	61,780,410
Total	95,816,840	92,611,738	2,768,943	2,768,943	98,585,783	95,380,681
Less: Accumulated Depreciation	49,272,854	47,016,936	1,553,973	1,468,687	50,826,827	48,485,623
Total	\$46,543,986	\$45,594,802	\$1,214,970	\$1,300,256	\$47,758,956	\$46,895,058

For governmental activities, Cerro Gordo County had depreciation expense of \$3,647,909 and total accumulated depreciation of \$49,272,854 for the year ended June 30, 2019. For business-type activities, depreciation expense was \$85,286 and total accumulated depreciation was \$1,553,973 for the year end.

Additional information on Cerro Gordo County's capital assets can be found in Note 5 of this report.

Debt

As of June 30, 2019, Cerro Gordo County had total long-term debt outstanding for governmental activities of \$7,142,008, a decrease of \$583,278 compared to FY18. The County issued \$171,971 in drainage warrants and entered into an installment purchase for \$928,600. The change in debt also resulted from capital loan note and revenue bond retirement of \$837,000 and \$296,849 of drainage warrants that were called.

In the current year, the County paid \$837,000 in principal and \$161,567 in interest on capital loan notes and revenue bonds, compared to \$822,000 in principal and \$177,842 in interest for FY18.

Sewer revenue capital loan notes (Business-Type Activities) outstanding totaled \$460,147. This is a decrease of \$14,193 due to debt retirement. Business-Type Activities paid \$14,193 in principal and \$21,345 in interest on outstanding debt in the current year.

The Code of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the county. Cerro Gordo County's outstanding general obligation debt is significantly below its limit of \$275 million.

Cerro Gordo County's Outstanding Debt

	2019	2018
Governmental Activities:		
Capital Loan Notes & Revenue Bonds	\$ 6,408,250	\$ 7,245,250
Installment Purchase	378,600	0
Drainage Warrants	355,158	480,036
Total	<u>\$7,142,008</u>	<u>\$ 7,725,286</u>
Business-Type Activities:		
Sewer Revenue Bonds	<u>\$ 460,147</u>	<u>\$ 474,340</u>

Additional information about the County's long-term liabilities can be found in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEARS'S BUDGETS AND RATES

Cerro Gordo County's elected and appointed officials and citizens considered many factors when setting the 2020 fiscal year budget, tax rates, and the fees that will be charged for the various county services. One of those factors is the economy. Cerro Gordo County's unemployment rate now stands at 2.10% versus 2.70% a year ago. This compares with the State unemployment rate of 2.70% and the national rate of 3.60%.

- ◆ For the budget year ending June 30, 2020, Cerro Gordo County maintained the rural county levy rate at \$3.50739 per thousand of taxable valuation and decreased the countywide levy rate from \$6.19934 to \$6.13391 per thousand of taxable valuation.
- ◆ The tax base for Cerro Gordo County increased 5.65% over the prior year.
- ◆ The total expenditures for the FY20 budget are \$36,127,378, an increase of \$1,324,454, or 3.80%, from the FY19 budget. The major areas of increase Capital Projects \$517,988, Public safety and Legal Services \$398,880, Roads & Transportation \$379,364 and County Environment and Education \$360,388. The County has four bargaining units, all of which re-negotiated their contracts in FY17. The contracts run from July 1, 2017 to June 30, 2022.

All these factors were considered in preparing the Cerro Gordo County budget for the June 30, 2020 fiscal year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to demonstrate the accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, contact the Cerro Gordo County Auditor's Office, 220 North Washington, Mason City, Iowa 50401.

CERRO GORDO COUNTY, IOWA

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, Cash Equivalents and Pooled Investments	\$21,273,255	\$133,920	\$21,407,175
Receivables:			
Property Tax:			
Delinquent	14,908	0	14,908
Succeeding Year	18,394,036	0	18,394,036
Interest and Penalty on Property Tax	3,227	0	3,227
Accounts	521,327	0	521,327
Accrued Interest	145,220	0	145,220
Special Assessments	35,246	0	35,246
Drainage Assessments	106,472	0	106,472
Due From Other Governments	930,626	8,649	939,275
Inventories	860,044	0	840,044
Capital Assets:			
Land	1,788,492	62,300	1,850,792
Construction in Progress	1,028,090	0	1,028,090
Other Capital Assets	93,000,258	2,706,643	95,706,901
Less Accumulated Depreciation/Amortization	(49,272,854)	(1,553,973)	(50,826,827)
Total Assets	\$88,828,347	\$1,357,539	\$90,185,886
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	\$3,356,754	\$0	\$3,356,754
OPEB Related Deferred Outflows	9,019	0	9,019
Total Deferred Outflows of Resources	\$3,365,773	\$0	\$3,365,773
LIABILITIES			
Accounts Payable	\$1,298,997	\$1,755	\$1,300,752
Accrued Interest Payable	12,041	0	12,041
Salaries and Benefits Payable	296,977	0	296,977
Due to Other Governments	91,847	0	91,847
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Installment Purchase	378,600	0	378,600
General Obligation Bonds/Revenue Notes	852,500	14,831	867,331
Compensated Absences	1,084,827	0	1,084,827
Retirement Benefits	74,304	0	74,304
Portion Due or Payable After One Year:			
General Obligation Bonds/Revenue Notes	5,555,750	445,316	6,001,066
Drainage District Warrants Payable	355,158	0	355,158
Retirement Benefits	108,704	0	108,704
Net Pension Liability	8,824,894	0	8,824,894
Total OPEB Liability	2,357,067	0	2,357,067
Total Liabilities	\$21,291,666	\$461,902	\$21,753,568
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	\$18,394,036	\$0	\$18,394,036
Pension Related Deferred Inflows	1,147,206	0	1,147,206
Total Deferred Inflows of Resources	\$19,541,242	\$0	\$19,541,242

(Continued)

CERRO GORDO COUNTY, IOWA

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net Investment in Capital Assets	\$39,970,386	\$754,823	\$40,725,209
Restricted For:			
Non-Expendable:			
Strand Endowment	60,000	0	60,000
Expendable:			
Supplemental Levy Purposes	1,199,484	0	1,199,484
Mental Health Purposes	299,019	0	299,019
Secondary Roads Purposes	3,707,370	0	3,707,370
Debt Service	52,828	0	52,828
Capital Projects	400,933	0	400,933
Other Purposes	3,050,951	0	3,050,951
Unrestricted	2,620,241	140,814	2,761,055
Total Net Position	\$51,361,212	\$895,637	\$52,256,849

(Concluded)

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

		Program Revenues		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
FUNCTIONS/PROGRAMS:				
Governmental Activities:				
Public Safety and Legal Services	\$9,402,303	\$1,056,636	\$591,768	\$0
Physical Health and Social Services	6,167,226	521,501	2,497,773	0
Mental Health	2,093,141	572,004	0	0
County Environment and Education	1,595,470	114,392	57,921	47,457
Roads and Transportation	9,322,331	345,133	4,373,050	1,323,272
Governmental Services to Residents	1,208,267	749,279	753	0
Administration	3,185,789	126,821	0	0
Non-Program	868,777	616,478	0	0
Interest on Long Term Debt	160,186	0	0	0
	34,003,490	4,102,244	7,521,265	1,370,729
Business-type Activities:				
Wastewater Collection and Treatment	115,791	61,290	0	0
Total	\$34,119,281	\$4,163,534	\$7,521,265	\$1,370,729

GENERAL REVENUES:

Property and Other County Tax Levied For:
 General Purposes
 Debt Service
Penalty and Interest on Property Tax
State Tax Credits and Replacements, Unrestricted
Local Option Sales and Service Tax
Tax Increment Financing
Unrestricted Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$7,753,899)	\$0	(\$7,753,899)
(3,147,952)	0	(3,147,952)
(1,521,137)	0	(1,521,137)
(1,375,700)	0	(1,375,700)
(3,280,876)	0	(3,280,876)
(458,235)	0	(458,235)
(3,058,968)	0	(3,058,968)
(252,299)	0	(252,299)
(160,186)	0	(160,186)
(21,009,252)	0	(21,009,252)
0	(54,501)	(54,501)
(\$21,009,252)	(\$54,501)	(\$21,063,753)
\$17,610,730	\$0	\$17,610,730
922,752	0	922,752
191,486	0	191,486
1,374,283	0	1,374,283
1,698,530	0	1,698,530
17,286	0	17,286
554,745	457	555,202
1,342,496	0	1,342,496
23,712,308	457	23,712,765
2,703,056	(54,044)	2,649,012
48,658,156	949,681	49,607,837
\$51,361,212	\$895,637	\$52,256,849

CERRO GORDO COUNTY, IOWA

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2019

	Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	Public Health
ASSETS					
Cash, Cash Equivalents and Pooled Investments	\$11,373,725	\$233,932	\$1,012,422	\$2,903,198	\$800,113
Receivables:					
Property Tax:					
Delinquent	11,621	1,266	1,241	0	0
Succeeding Year	13,466,409	1,385,188	2,686,848	0	0
Interest and Penalty on Property Tax	3,227	0	0	0	0
Accounts	150,326	0	0	4,032	264,041
Accrued Interest	134,882	0	0	0	0
Special Assessments	20,389	0	0	0	0
Drainage Assessments	0	0	0	0	0
Due From Other Funds	388	0	0	0	0
Due From Other Governments	148,785	94,374	0	394,964	241,859
Inventories	0	0	0	860,044	0
Total Assets	\$25,309,752	\$1,714,760	\$3,700,511	\$4,162,238	\$1,306,013
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$249,437	\$1,715	\$42,948	\$169,537	\$79,615
Salaries and Benefits Payable	176,722	7,207	3,149	56,047	53,378
Due To Other Funds	0	195	0	193	0
Due To Other Governments	3,863	0	38	463	87,483
Compensated Absences	15,328	0	0	0	6,652
Total Liabilities	445,350	9,117	46,135	226,240	227,128
Deferred Inflows of Resources:					
Deferred Revenues:					
Succeeding Year Property Tax	13,466,409	1,385,188	2,686,848	0	0
Other	52,652	12,757	691	0	102,941
Total Deferred Inflows of Resources	13,519,061	1,397,945	2,687,539	0	102,941

Debt Service	Capital Projects	Nonmajor	Total
\$64,089	\$400,933	\$2,351,944	\$19,140,356
780	0	0	14,908
855,591	0	0	18,394,036
0	0	0	3,227
0	0	21,794	440,193
0	0	10,338	145,220
0	0	14,857	35,246
0	0	106,472	106,472
0	0	0	388
0	0	50,644	930,626
0	0	0	860,044
\$920,460	\$400,933	\$2,556,049	\$40,070,716

\$0	\$0	\$114,704	\$657,956
0	0	474	296,977
0	0	0	388
0	0	0	91,847
0	0	0	21,980
0	0	115,178	1,069,148

855,591	0	0	18,394,036
699	0	102,886	272,626
856,290	0	102,886	18,666,662

(Continued)

CERRO GORDO COUNTY, IOWA

BALANCE SHEET – GOVERNMENTAL FUNDS (Continued) June 30, 2019

	Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	Public Health
Fund Balances:					
Nonspendable:					
Inventories	\$0	\$0	\$0	\$860,044	\$0
Trust	0	0	0	0	0
Restricted For:					
Supplemental Levy Purposes	1,196,019	0	0	0	0
Mental Health Purposes	0	307,698	0	0	0
Rural Services Purposes	0	0	966,837	0	0
Secondary Roads Purposes	0	0	0	3,075,954	0
Drainage Warrants	0	0	0	0	0
Conservation Land Acquisition	158,388	0	0	0	0
Nature Center Endowment	0	0	0	0	0
Debt Service	0	0	0	0	0
Capital Projects	0	0	0	0	0
Other Purposes	0	0	0	0	0
Assigned – Public Health	0	0	0	0	975,944
Assigned – Health Screenings	12,327	0	0	0	0
Assigned – Conservation Parks	156,448	0	0	0	0
Assigned – Capital Improvements	473,521	0	0	0	0
Assigned – Bayside	316,186	0	0	0	0
Assigned – Sheriff's Department	160,460	0	0	0	0
Unassigned	8,871,992	0	0	0	0
Total Fund Balances	11,345,341	307,698	966,837	3,935,998	975,944
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$25,309,752	\$1,714,760	\$3,700,511	\$4,162,238	\$1,306,013

See Notes To Financial Statements.

Debt Service	Capital Projects	Nonmajor	Total
\$0	\$0	\$0	\$860,044
0	0	60,000	60,000
0	0	0	1,196,019
0	0	0	307,698
0	0	0	966,837
0	0	0	3,075,954
0	0	123,160	123,160
0	0	0	158,388
0	0	129,071	129,071
64,170	0	0	64,170
0	400,933	0	400,933
0	0	2,025,754	2,025,754
0	0	0	975,944
0	0	0	12,327
0	0	0	156,448
0	0	0	473,521
0	0	0	316,186
0	0	0	160,460
0	0	0	8,871,992
64,170	400,933	2,337,985	20,334,906
\$920,460	\$400,933	\$2,556,049	\$40,070,716

(Concluded)

CERRO GORDO COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2019

Total Governmental Fund Balances (page 28) \$20,334,906

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 capital assets is \$95,816,840 and the accumulated depreciation/amortization is \$49,272,854. 46,543,986

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.

Property Taxes – General Purposes	\$12,126	
Property Taxes – Debt Service	699	
Mental Health Reimbursements	11,627	
Reimbursements	124,899	
Drainage Assessments/Special Assessments	<u>123,275</u>	272,626

The Internal Service Funds are used by management to charge the costs of the self funding of the County's health insurance benefit plan and the costs of centralized service operations for property insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. 1,572,992

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

Deferred Outflows of Resources	3,365,773	
Deferred Inflows of Resources	<u>(1,147,206)</u>	2,218,567

Long-term liabilities, including installment purchases, bonds and notes payable, accrued interest payable, total OPEB liability, retirement benefits payable, net pension liability, drainage district warrants payable and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (19,581,865)

Net position of governmental activities (page 22) \$51,361,212

See Notes to Financial Statements.

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CERRO GORDO COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS Year Ended June 30, 2019

		Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads	Public Health
REVENUES:					
Property and Other County Tax	\$13,344,862	\$1,451,587	\$2,856,686	\$0	\$0
Tax Increment Financing	0	0	0	0	0
Local Option Sales Tax	169,853	0	0	934,191	0
Interest and Penalty on Property Tax	191,486	0	0	0	0
Intergovernmental	2,667,693	687,788	123,660	4,859,742	2,373,352
Licenses and Permits	19,525	0	0	18,930	118,438
Charges For Service	1,138,809	0	0	0	403,070
Use of Money and Property	685,170	0	0	0	0
Fines, Forfeitures and Defaults	0	0	0	0	0
Miscellaneous	445,560	5,895	0	23,893	479,622
Total Revenues	18,662,958	2,145,270	2,980,346	5,836,756	3,374,482
EXPENDITURES:					
Operating:					
Public Safety and Legal Services	8,880,449	0	104,773	0	0
Physical Health and Social Services	663,163	0	0	0	5,384,185
Mental Health	0	2,088,247	0	0	0
County Environment and Education	863,594	0	221,510	0	0
Roads and Transportation	0	0	364,079	7,487,857	0
Governmental Services to Residents	1,139,399	0	1,877	0	0
Administration	3,000,095	0	0	0	0
Non-Program	0	0	0	0	0
Debt Service	0	0	0	0	0
Capital Projects	37,670	0	0	1,837,891	0
Total Expenditures	14,584,370	2,088,247	692,239	9,325,748	5,384,185
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,078,588	57,023	2,288,107	(3,488,992)	(2,009,703)
Other Financing Sources (Uses):					
Sale of Capital Assets	23,200	0	0	0	0
Issuance of Installment Purchase Contract	0	0	0	928,600	0
Drainage Warrants Issued	0	0	0	0	0
Transfers In	0	0	0	2,300,000	1,759,730
Transfers Out	(2,159,730)	0	(2,300,000)	0	0
Total Other Financing Sources (Uses)	(2,136,530)	0	(2,300,000)	3,228,600	1,759,730
Change in Fund Balances	1,942,058	57,023	(11,893)	(260,392)	(249,973)
Fund Balances Beginning of Year	9,403,283	250,675	978,730	4,517,770	1,225,917
Decrease in Reserve For: Inventories	0	0	0	(321,380)	0
Fund Balances End of Year	\$11,345,341	\$307,698	\$966,837	\$3,935,998	\$975,944

See Notes To Financial Statements.

Debt Service	Capital Projects	Nonmajor	Total
\$924,741	\$0	\$7,847	\$18,585,723
0	0	17,286	17,286
0	0	594,486	1,698,530
0	0	0	191,486
74,740	0	30,271	10,817,246
0	0	0	156,893
0	0	258,437	1,800,316
1,624	0	29,838	716,632
0	0	36,448	36,448
0	0	184,497	1,139,467
1,001,105	0	1,159,110	35,160,027

0	0	115,088	9,100,310
0	0	71,227	6,118,575
0	0	0	2,088,247
0	0	508,752	1,593,856
0	0	0	7,851,936
0	0	6,560	1,147,836
0	0	69,759	3,069,854
0	0	858,987	858,987
973,628	0	24,939	998,567
0	0	0	1,875,561
973,628	0	1,655,312	34,703,729

27,477	0	(496,202)	456,298
0	0	0	23,200
0	0	0	928,600
0	0	171,971	171,971
0	400,000	0	4,459,730
0	0	0	(4,459,730)
0	400,000	171,971	1,123,771
27,477	400,000	(324,231)	1,580,069
36,693	933	2,662,216	19,076,217
0	0	0	(321,380)
\$64,170	\$400,933	\$2,337,985	\$20,334,906

CERRO GORDO COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2019

Change in fund balances - Total governmental funds (page 31) \$1,580,069

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	\$3,470,753	
Capital Assets Contributed by the Iowa Department of Transportation	1,161,215	
Depreciation/Amortization Expense	(3,647,909)	984,059

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (34,875)

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	(36,546)	
Other	124,904	88,358

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 debt repayments exceeded issuances as follows:

Installment Purchase	(928,600)	
Drainage Warrants Issued	(171,971)	
Principal Payments	1,387,000	
Drainage Warrants Payments	296,849	583,278

The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 1,291,251

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	(17,464)	
Retirement Benefits	38,092	
Pension	(1,311,144)	
OPEB Expense	(122,041)	
Interest on Long-Term Debt	1,381	(1,411,176)

The change in the amount reserved for Secondary Roads inventory is reported as an increase or decrease in reserved fund balance in the governmental funds. This amount is reported as an increase or decrease in Secondary Roads expenses in the Statement of Activities. (321,380)

The Internal Service Funds are used by management to charge the costs of employee health benefits and property insurance to individual funds. The change in Net Position of the Internal Service Funds are reported with governmental activities. (56,528)

Change in net position of governmental activities (page 24) \$2,703,056

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS June 30, 2019

	Enterprise			
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Total	Internal Service
ASSETS				
Current Assets:				
Cash, Cash Equivalents and Pooled Investments	\$45,304	\$88,616	\$133,920	\$2,132,899
Receivables:				
Accounts	0	0	0	81,134
Due From Other Governments	3,631	5,018	8,649	0
Total Current Assets	48,935	93,634	142,569	2,214,033
Non-Current Assets:				
Capital Assets:				
Land	37,300	25,000	62,300	0
Improvements Other Than Buildings	1,542,226	1,164,417	2,706,643	0
Less Accumulated Depreciation	(780,880)	(773,093)	(1,553,973)	0
Total Non-Current Assets	798,646	416,324	1,214,970	0
Total Assets	\$847,581	\$509,958	\$1,357,539	\$2,214,033
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$652	\$1,103	\$1,755	\$641,041
Note Payable:				
Portion Due Within One Year:				
Note Payable	7,482	7,349	14,831	0
Total Current Liabilities	8,134	8,452	16,586	641,041
Non-Current Liabilities:				
Portion Due After One Year:				
Note Payable	271,177	174,139	445,316	0
Total Liabilities	279,311	182,591	461,902	641,041
NET POSITION				
Net Investment in Capital Assets	519,987	234,836	754,823	0
Unrestricted	48,283	92,531	140,814	1,572,992
	\$568,270	\$327,367	\$895,637	\$1,572,992

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS Year Ended June 30, 2019

	Enterprise			
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Total	Internal Service
OPERATING REVENUES:				
Interfund Services Provided	\$0	\$0	\$0	\$2,975,102
Employee Payments	0	0	0	199,356
Miscellaneous	30,583	30,707	61,290	292,101
Total Operating Revenues	30,583	30,707	61,290	3,466,559
OPERATING EXPENSES:				
Waste Water Treatment Facility:				
Depreciation	48,805	36,481	85,286	0
Miscellaneous	5,377	3,783	9,160	0
Health Insurance:				
Medical Claims	0	0	0	2,608,460
Insurance Premiums	0	0	0	484,314
Administrative Fees	0	0	0	222,674
Miscellaneous	0	0	0	7,926
Central Services:				
Insurance	0	0	0	207,313
Total Operating Expenses	54,182	40,264	94,446	3,530,687
Operating Loss	(23,599)	(9,557)	(33,156)	(64,128)
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	158	299	457	7,600
Interest Expense	(12,862)	(8,483)	(21,345)	0
Total Non-Operating Revenues (Expenses)	(12,704)	(8,184)	(20,888)	7,600
Net Loss	(36,303)	(17,741)	(54,044)	(56,528)
Net Position Beginning of Year	604,573	345,108	949,681	1,629,520
Net Position End of Year	<u>\$568,270</u>	<u>\$327,367</u>	<u>\$895,637</u>	<u>\$1,572,992</u>

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS Year Ended June 30, 2019

	Meservey Wastewater Collection & Treatment Facility	Enterprise Swaledale Wastewater Collection & Treatment Facility	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$29,422	\$33,638	\$63,060	\$0
Cash Received from Operating Funds	0	0	0	2,975,102
Cash Received from Employees and Others	0	0	0	707,479
Cash Paid to Suppliers for Services	(5,658)	(3,117)	(8,775)	(3,672,042)
Net Cash Provided by Operating Activities	23,764	30,521	54,285	10,539
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	158	299	457	7,600
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest Expense	(12,862)	(8,483)	(21,345)	0
Note Payments	(7,160)	(7,033)	(14,193)	0
Net Cash Used in Capital and Related Financing Activities	(20,022)	(15,516)	(35,538)	0
Net Increase in Cash	3,900	15,304	19,204	18,139
Cash, Cash Equivalents and Pooled Investments – Beginning of Year	41,404	73,312	114,716	2,114,760
Cash, Cash Equivalents and Pooled Investments – End of Year	\$45,304	\$88,616	\$133,920	\$2,132,899
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Loss	(\$23,599)	(\$9,557)	(\$33,156)	(\$64,128)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:				
Depreciation	48,805	36,481	85,286	0
(Increase) Decrease in Receivables	(1,161)	2,932	1,771	(78,971)
Increase (Decrease) in Payables	(281)	665	384	153,638
Net Cash Provided by Operating Activities	\$23,764	\$30,521	\$54,285	\$10,539

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

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

ASSETS

Cash, Cash Equivalents and Pooled Investments:

County Treasurer	\$4,135,077
Other County Officials	332,785

Receivables:

Property Tax:	
Delinquent	4,925
Succeeding Year	62,145,830

Accounts	34,917
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Assessments	761,711
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Due From Other Governments	154,589
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Total Assets	\$67,569,834
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LIABILITIES

Accounts Payable	\$125,866
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Salaries and Benefits Payable	12,761
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Due To Other Governments	66,841,840
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Trusts Payable	561,515
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Compensated Absences	27,852
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Total Liabilities	\$67,569,834
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NET POSITION

\$0

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1: Summary of Significant Accounting Policies

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

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

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

One hundred and sixty-one drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Cerro Gordo County Board of Supervisors. The Cerro Gordo County Board of Supervisors has operational responsibility for this component unit. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Cerro Gordo County Auditor's Office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Cerro Gordo County and City Assessor's Conference Board, Cerro Gordo County Emergency Management Commission and Cerro Gordo County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. BASIS OF PRESENTATION

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements except for interfund services provided and used which are not eliminated in the process of consolidation. 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.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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 two preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental funds, 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 other 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.

Special Revenue:

The Mental Health Fund is a discretionary major fund 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 utilized to account for the road use tax allocation from the State of Iowa, transfers from the General and the Special Revenue, Rural Services Fund and other revenues to be used for secondary roads construction and maintenance.

The Public Health Fund is utilized to account for Federal and State grants and fees collected by the County to provide and maintain the County Public Health Department.

The Debt Service Fund is a discretionary major fund 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 a discretionary major fund 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:

The Internal Service Funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The Central Services Fund accounts for the costs of the centralized service operation for the property insurance. The Health Insurance Fund accounts for the County's insurance for health insurance benefits provided by governmental funds to employees. Costs are billed to governmental funds and employees based on historical claims experience.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes. The Enterprise Funds account for the activities of the Meservey Wastewater Collection and Treatment Facility and the Swaledale Wastewater Collection and Treatment Facility.

Fiduciary Funds – Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's Agency Funds consist of the following:

Elected Officials – To account for the activity of various cash accounts maintained by elected officials and other County departments which have not been remitted to the County Treasurer, who acts as trustee for all pooled cash and investments of the County, or to other individuals, private entities or governments.

Relief – Representative Payee – To account for the funds of individuals incapable of managing their own affairs.

Veterans Affairs – To account for the funds used to maintain the veterans plaque.

Auditor – To account for revenues received from the sale of GIS maps, plat books, and copies.

Recorder – To account for the recording of deeds and mortgages, writing fees for DNR licenses, and the sale of various licenses (hunting, fishing, ATV, boat and snowmobile).

Sheriff – To account for fees associated with the serving of papers and the sale of gun permits.

Other Agency Funds – Clearing accounts that account for funds collected by the County on behalf of individuals and other governmental entities:

- Agricultural Extension Education
- County Assessor
- City Assessor
- Schools
- Community Colleges
- Corporations
- Townships
- City Special Assessments
- Auto License and Use Tax
- Brucellosis and Tuberculosis Eradication
- Joint Disaster Services
- Clear Lake Sanitary District
- County EMS Association
- Advance Tax
- Cash Long/Short
- Tax Sale Redemption
- E-911 Operations
- Recorder's Transfer Fee
- Pass-Through Projects
- Empowerment
- Employee Benefits

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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 sixty days after year end.

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds are from 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.

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 investments in the Iowa Public Agency Investment Trust and non-negotiable certificates of deposit which are stated at amortized cost.

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2019, balances of interfund amounts receivable or payable have been recorded in the financial statements.

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

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories 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, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the applicable governmental and business-type activities columns 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 repairs that do not add to the value of the asset or materially extend lives are not capitalized. Reportable capital assets are defined by the County as assets with 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	25,000
Intangibles	75,000
Equipment and vehicles	5,000

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	40-50
Building improvements	20-50
Infrastructure	30-50
Intangibles	2-20
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.

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 who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2019. Any accrued compensated absences that are carried over must be taken in the following fiscal year or else be lost. The compensated absence liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Road Funds.

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

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on Cerro Gordo County, Iowa'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.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1: Summary of Significant Accounting Policies (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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year-end and succeeding year property tax receivables that will not be recognized until the year for which they are levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax 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.

In the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources.

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. In a resolution dated June 2011, the Board of Supervisors designated the County Auditor to make such determinations.

Unassigned – All amounts not included in the preceding classifications. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2019, disbursements did not exceed amounts budgeted.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 2: Cash, Cash Equivalents and Pooled Investments

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

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

At June 30, 2019, the County had the following investments:

Investment	Fair Value	Maturity
Federal Farm Credit Banks (FFCB)	\$249,305	November 2019
Federal Farm Credit Banks (FFCB)	248,507	October 2020
Federal National Mortgage Association (FNMA)	250,927	April 2024
Federal National Mortgage Association (FNMA)	250,043	May 2021
Federal Home Loan Banks (FHLB)	247,648	July 2020
Federal Home Loan Banks (FHLB)	500,250	January 2024
Federal Home Loan Mortgage Company (FHLMC)	250,135	September 2022
	<u>\$1,996,815</u>	

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.

The recurring fair value measurement for the FFCB securities of \$497,812, the FNMA securities of \$500,970, the FHLB securities of \$747,898 and the FHLMC securities of \$250,135 were determined using the last reported sales price at current exchange rates. (Level 1 inputs)

In addition, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$605,084. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

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.

Credit Risk – The County does not have a policy relating to the credit risk of investments. The County's FFCB, FNMA, FHLB and FHLMC investments at June 30, 2019 are rated Aaa by Moody's Investors Service. The investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of Credit Risk – The County places no limit on the amount which may be invested in any one issuer. More than 5% of the County's investments are in the Federal Farm Credit Banks, the Federal National Mortgage Association and the Federal Home Loan Banks. The County's investments in the Federal Farm Credit Banks, Federal National Mortgage Association and the Federal Home Loan Banks are 9.76%, 9.82% and 14.66%, respectively, of the County's total investments.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 3: Due from and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2019, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue:	
	Mental Health	\$195
	Secondary Roads	193
Total		<u>\$388</u>

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

Note 4: Interfund Transfers

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

Transfer To	Transfer From	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Service	\$2,300,000
Public Health	General Fund	1,759,730
Capital Projects	General Fund	400,000
Total		<u>\$4,459,730</u>

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5: Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated/amortized:				
Land	\$1,788,492	\$0	\$0	\$1,788,492
Construction in progress	982,640	3,197,625	3,152,175	1,028,090
Total capital assets not being depreciated/amortized	2,771,132	3,197,625	3,152,175	2,816,582
Capital assets being depreciated/amortized:				
Buildings	17,506,698	0	0	17,506,698
Improvements other than buildings	595,424	0	0	595,424
Machinery and equipment	7,833,047	1,045,769	1,223,248	7,655,568
Vehicles	4,831,670	388,573	203,617	5,016,626
Infrastructure, road network	59,073,767	3,152,175	0	62,225,942
Total capital assets being depreciated/amortized	89,840,606	4,586,517	1,426,865	93,000,258
Less accumulated depreciation/amortization for:				
Buildings	5,491,185	335,984	0	5,827,169
Improvements other than buildings	506,732	8,884	0	515,616
Machinery and equipment	6,026,725	461,098	1,214,203	5,273,620
Vehicles	3,521,070	509,417	177,788	3,852,699
Infrastructure, road network	31,471,224	2,332,526	0	33,803,750
Total accumulated depreciation/amortization	47,016,936	3,647,909	1,391,991	49,272,854
Total capital assets being depreciated/amortized, net	42,823,670	938,608	34,874	43,727,404
Governmental activities capital assets, net	\$45,594,802	\$4,136,233	\$3,187,049	\$46,543,986

Depreciation/amortization expense was charged to the following functions:

Governmental Activities:	
Public Safety and Legal Services	\$444,804
Physical Health and Social Services	9,519
County Environment and Education	48,221
Roads and Transportation	2,932,947
Governmental Services to Residents	56,048
Administration	156,370
Total depreciation/amortization expense – governmental activities	\$3,647,909

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5: Capital Assets (Continued)

Capital asset activity of the Enterprise Funds for the year ended June 30, 2019 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital Assets not being depreciated:				
Land	\$62,300	\$0	\$0	\$62,300
Capital Assets being depreciated:				
Infrastructure	2,706,643	0	0	2,706,643
Less accumulated depreciation for:				
Infrastructure	1,468,687	85,286	0	1,553,973
Total capital assets being depreciated, net	1,237,956	(85,286)	0	1,152,670
Business-type activities capital assets, net	\$1,300,256	(\$85,286)	\$0	\$1,214,970

Note 6: Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2019 is as follows:

Fund	Description	Amount
General Fund	Services	\$3,863
Special Revenue:		
Rural Services		38
Secondary Roads		463
Public Health		87,483
Total Governmental Funds		\$91,847
Agency:	Collections	
County Assessor		\$1,166,104
City Assessor		862,133
Schools		32,610,114
Community Colleges		2,001,397
Corporations		26,128,842
City Special Assessments		741,648
Auto License and Use Tax		1,079,343
Clear Lake Sanitary District		451,051
E911 Operations		1,103,364
All Others		697,844
Total for Agency Funds		\$66,841,840

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 7: Long-Term Liabilities

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

	Capital Loan Notes & Revenue Bonds	Installment Purchase	Compensated Absences	Retirement Benefits
Governmental Activities				
Balance – Beginning of Year	\$7,245,250	\$0	\$1,061,577	\$221,100
Increases	0	928,600	1,084,827	57,540
Decreases	837,000	550,000	1,061,577	95,632
Balance – End of Year	\$6,408,250	\$378,600	\$1,084,827	\$183,008
Due within one year	\$852,500	\$378,600	\$1,084,827	\$74,304
	Drainage Warrants	Net Pension Liability	Total OPEB Liability	Total
Balance – Beginning of Year	\$480,036	\$10,140,444	\$2,263,572	\$21,411,979
Increases	171,971	0	204,380	2,447,318
Decreases	296,849	1,315,550	110,885	4,267,493
Balance – End of Year	\$355,158	\$8,824,894	\$2,357,067	\$19,591,804
Due within one year	\$0	\$0	\$0	\$2,390,231
	Sewer Revenue Capital Loan Notes			
Business-Type Activities				
Balance – Beginning of Year	\$474,340			
Increases	0			
Decreases	14,193			
Balance – End of Year	\$460,147			
Due within one year	\$14,831			

Note 8: General Obligation Capital Loan Notes / Local Option Sales and Service Tax Revenue Bonds

During the year ended June 30, 2012, the County issued \$9,365,000 General Obligation Refunding Capital Loan Notes to refund \$9,000,000 of General Obligation Capital Loan Notes that had been issued for the purpose of constructing and equipping a new Law Enforcement Center. The notes are payable from a continuing annual levy of taxes on all of the taxable property in the County. Interest on each note is due annually on December 1 and principal and interest payments are due annually on June 1, maturing on June 1, 2026. A summary of the County's June 30, 2019 general obligation indebtedness is as follows:

Year Ending June 30,	2012A \$9,365,000 Issue		
	Interest Rate	Principal	Interest
2020	2.00%	\$830,000	\$141,828
2021	2.00%	845,000	125,227
2022	2.10%	865,000	108,327
2023	2.25%	880,000	90,163
2024	2.40%	900,000	70,362
2025-2026	2.55%-2.65%	1,875,000	73,938
		<u>\$6,195,000</u>	<u>\$609,845</u>

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 8: General Obligation Capital Loan Notes / Local Option Sales and Service Tax Revenue Bonds (Continued)

During the year ended June 30, 2009, the County issued \$885,000 of Local Option Sales and Service Tax Revenue Bonds. The purpose of the bonds was for paying the County's share of the Clear Lake Dredging and Restoration Project, a rural County betterment project for the County of Cerro Gordo. The funds were to be advanced as needed for the project. As of June 30, 2009, \$300,000 had been advanced to the County. During the year ended June 30, 2010, an additional \$ 168,750 was advanced to the County. Interest payments are due semiannually, commencing December 1, 2008 and principal payments are due annually commencing June 1, 2009, maturing June 1, 2028. Payments made during fiscal year 2019 totaled \$22,000. Details of the outstanding bonds are as follows:

Year Ending June 30.	Interest Rate	2008 \$885,000 Issue	
		Principal	Interest
2020	1.25%	\$22,500	\$2,666
2021	1.25%	23,000	2,384
2022	1.25%	23,000	2,097
2023	1.25%	23,500	1,809
2024	1.25%	24,000	1,516
2025-2028	1.25%	97,250	3,062
		<u>\$213,250</u>	<u>\$13,534</u>

Note 9: Installment Purchase Agreement

During the year ended June 30, 2019, the County entered into an installment purchase agreement with Ziegler for the purchase of four motor graders. The motor graders were delivered to the County in July 2018 and an initial payment of \$550,000 was made to Ziegler with the \$378,600 balance to be paid in July 2019.

Note 10: Retirement Benefits

The County offers retirement benefits to its employees. There are different criteria for different collective bargaining units and non-bargaining units, however, the general rule is: Any retiree with 30 years of service at age 58, or 20 years at age 62, will be provided with a single health insurance policy premium until the age of 65 for some, or 65 or Medicare eligible, whichever is later, for others.

At June 30, 2019, the County has obligations to eleven participants with a total liability of \$183,008. Retirement benefits expenses for twelve retirees for the year ended June 30, 2019 totaled \$95,632 and were paid from the General Fund, Public Health Fund and the Secondary Roads Fund.

Note 11: Drainage Warrants Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Drainage Special Revenue Fund solely from special assessments against benefited properties.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 12: Operating Leases

During the fiscal year ended June 30, 2017, the County entered into operating lease agreements for seven vehicles for the Cerro Gordo County Public Health Department. During the fiscal year ended June 30, 2018, the County entered into operating lease agreements for three vehicles for the Cerro Gordo County Public Health Department. Rental expense for the year ended June 30, 2019 is \$24,815. Rental payments are paid from the Public Health Fund. Following is a schedule of minimum future rentals for non-cancelable operating leases in effect at June 30, 2019:

Year Ending June 30,	Vehicles
2020	\$21,879
2021	3,324
Total	<u>\$25,203</u>

The County entered into operating lease agreements for copiers for the Cerro Gordo County Auditor, Attorney, Recorder, Sheriff, Treasurer, County Social Services and Board of Supervisor offices. Rental expense for the year ended June 30, 2019 is \$26,005. Rental payments are paid from the General Fund. Following is a schedule of minimum future rentals for non-cancelable operating leases in effect at June 30, 2019:

Year Ending June 30,	Copiers
2020	\$18,469
2021	15,223
2022	9,876
2023	8,634
2024	1,724
Total	<u>\$53,926</u>

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 13: Sewer Revenue Capital Loan Notes

The County has issued \$280,000 in sewer revenue capital loan notes to fund the costs of improvement and extensions to the County's Sanitary Sewer Utility including construction of a sanitary sewer collection and treatment facility for users in the City of Swaledale. The notes and interest are payable solely from the net earnings of the system and not from general funds of the County. Payments on the capital loan notes began on July 1, 1999. The capital loan notes have an interest rate of 4.50% with the final payment due July 1, 2036. Details of the sewer revenue capital loan notes are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$7,349	\$8,167	\$15,516
2021	7,680	7,836	15,516
2022	8,025	7,491	15,516
2023	8,386	7,130	15,516
2024	8,764	6,752	15,516
2025-2029	50,101	27,479	77,580
2030-2034	62,436	15,144	77,580
2035-2036	28,747	1,946	30,693
	<u>\$181,488</u>	<u>\$81,945</u>	<u>\$263,433</u>

The County has also issued \$59,100, \$253,200 and \$49,000 in sewer revenue capital loan notes to fund the costs of improvements and extensions to the County's Sanitary Sewer Utility including construction of a sanitary sewer collection and treatment facility for users in the City of Meservey. The notes and interest are payable solely from the net earnings of the system and do not represent general obligations of the County. Interest payments on the capital loan notes began on July 1, 2003. The capital loan notes have an interest rate of 4.50% with final payment due by July 1, 2044. Details of the sewer revenue capital loan notes are as follows:

Year Ending June 30,	\$59,100 Note		\$253,200 Note		\$49,000 Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$1,245	\$2,030	\$5,331	\$8,699	\$906	\$1,810	\$7,482	\$12,539
2021	1,301	1,974	5,571	8,459	946	1,770	7,818	12,203
2022	1,359	1,916	5,822	8,208	989	1,727	8,170	11,851
2023	1,420	1,855	6,084	7,946	1,033	1,683	8,537	11,484
2024	1,484	1,791	6,357	7,673	1,080	1,636	8,921	11,100
2025-2029	8,486	7,889	36,343	33,807	6,174	7,406	51,003	49,102
2030-2034	10,575	5,800	45,291	24,859	7,694	5,886	63,560	36,545
2035-2039	13,179	3,196	56,440	13,710	9,588	3,992	79,207	20,898
2040-2044	6,067	411	26,073	1,768	11,821	1,633	43,961	3,812
	<u>\$45,116</u>	<u>\$26,862</u>	<u>\$193,312</u>	<u>\$115,129</u>	<u>\$40,231</u>	<u>\$27,543</u>	<u>\$278,659</u>	<u>\$169,534</u>

Note 14: 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.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 14: Pension Plan (Continued)

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

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

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member received 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 received 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 that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

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

The County's contributions to IPERS for the year ended June 30, 2019 were \$1,291,251.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the County reported a liability of \$8,824,894 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all IPERS participating employers.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2019

Note 14: Pension Plan (Continued)

At June 30, 2018, the County's proportion was 0.1394525% which was a decrease of 0.012778% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$1,311,144. At June 30, 2019, 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	\$77,212	\$262,201
Changes of Assumptions	1,606,357	280,494
Net Difference Between Projected and Actual Earnings on IPERS' Investments	0	336,570
Changes in Proportion and Differences Between County Contributions and the County's Proportionate Share of Contributions	381,934	267,941
County Contributions Subsequent to the Measurement Date	1,291,251	0
Total	<u>\$3,356,754</u>	<u>\$1,147,206</u>

\$1,291,251 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	\$763,273
2021	392,670
2022	(104,869)
2023	(90,939)
2024	(41,838)
Total	<u>\$918,297</u>

There were no non-employer contributing entities to IPERS.

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

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

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

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2019

Note 14: Pension Plan (Continued)

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%	6.01%
International Equity	15.00	6.48
Global Smart Beta Equity	3.00	6.23
Core Plus Fixed Income	27.00	1.97
Public Credit	3.50	3.93
Public Real Assets	7.00	2.91
Cash	1.00	(0.25)
Private Equity	11.00	10.81
Private Real Assets	7.50	4.14
Private Credit	3.00	3.11
Total	100.00%	

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower (6.00%) or 1 percentage point 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	\$16,891,626	\$8,824,894	\$2,059,873

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, 2019.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 15: Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	35
Active Employees	239
Total	274

Total OPEB Liability – The County's total OPEB liability of \$2,357,067 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions – The total OPEB liability in the July 1, 2017 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, 2017)	2.75% per annum
Rate of Salary Increase (effective July 1, 2017)	0.00% per annum, including inflation
Discount Rate (effective July 1, 2017)	3.72% compounded annually, including inflation
Healthcare Cost Trend Rate (effective July 1, 2017)	6.00% initial rate

Discount Rate – The discount rate used to measure the total OPEB liability was 3.72% which reflects the index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2019

Note 15: Other Postemployment Benefits (OPEB) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability Beginning of Year	\$2,263,572
Changes for the Year:	
Service Cost	108,310
Interest	86,265
Differences Between Expected and Actual Experiences	9,805
Changes in Assumptions	0
Benefit Payments	(110,885)
Net Changes	93,495
Total OPEB Liability End of Year	\$2,357,067

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

	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB Liability	\$2,591,202	\$2,357,067	\$2,148,322

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	\$2,054,121	\$2,357,067	\$2,720,689

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2019, the County recognized OPEB expense of \$122,041. At June 30, 2019, the County reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$9,019

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

Year Ending June 30,	Amount
2020	\$786
2021	786
2022	786
2023	786
2024	786
Thereafter	5,089
Total	\$9,019

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2019

Note 16: Risk Management

Cerro Gordo County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 778 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's annual contributions to the Pool for the year ended June 30, 2019 were \$270,108.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2019, no liability has been recorded in the County's financial statements. As of June 30, 2019, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$100,000, (except for the Treasurer which is \$500,000) respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 17: Employee Health Insurance Plan

The Internal Service Health Insurance Fund was established to account for the self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$75,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Cerro Gordo County Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Cerro Gordo County Health Insurance Fund. The County's contribution to the fund for the year ended June 30, 2019 was \$ 2,771,116.

Amounts payable from the Cerro Gordo County Health Insurance Fund at June 30, 2019 total \$641,041 which is for incurred but not reported (IBNR) claims and, reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. That reserve was \$1,571,123 at June 30, 2019 and is reported as a designation of the Cerro Gordo County Health Insurance Fund Net Position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

	Balance as of July 1	Current Year Claims	Claims Payments	Balance as of June 30
2018-2019	\$486,482	\$2,763,019	\$2,608,460	\$641,041

Note 18: Development Agreement

The County agreed to rebate portions of the incremental property tax paid by Mason City Red Power. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated to Mason City Red Power for a period not to exceed six years or in a cumulative amount not to exceed an aggregate total of \$200,000. The payments will be made on June 1 of each fiscal year, beginning June 1, 2015. The total rebated during the year ended June 30, 2019 was \$20,819 and the cumulative rebated amount is \$200,000, fulfilling the obligation.

Note 19: 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.

County Tax Abatements

The County provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the County enters into agreements with developers which require the County, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the County as part of these agreements.

For the year ended June 30, 2019, the County abated \$60,451 of property tax under the urban renewal and economic development projects.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 19: Tax Abatements (Continued)

Tax Abatements of Other Entities

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Mason City	Urban renewal and economic Development projects	\$306,230
City of Clear Lake	Urban renewal and economic Development projects	\$123,174
City of Rockwell	Urban renewal and economic Development projects	\$30

Note 20: Closure and Postclosure Care Costs

Cerro Gordo County is a member of the Landfill of North Iowa. The Landfill of North Iowa is an inter-governmental agency established in accordance with the provisions of Chapter 28E of the State Code of Iowa (Inter-governmental Cooperation Agreement). The purpose of the agency is to provide for the economic disposal or collection and disposal of all solid waste produced or generated within each member city, town, and the unincorporated portion of Cerro Gordo County, comprising the municipalities. In performing its duties, the agency may contract with and expend funds from federal, state, and local agencies and private individuals and corporations.

State and federal laws and regulations require the agency 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. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, state laws require the agency to submit a closure and postclosure plan detailing the schedule for and the methods by which the operator will meet the conditions for proper closure and postclosure. The agency is in compliance with this requirement. On June 30, 2019, the County did not anticipate any additional assessments for closure and postclosure care costs.

Note 21: Related Party Transactions

Business transactions between the County and County officials or employees were noted. The transactions appear to be authorized in accordance with Chapter 331.342 of the Code of Iowa because the transaction totals were less than \$1,500 for the fiscal year.

Note 22: Commitments and Contingencies

The County participates in a number of federally assisted grant programs. The programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agency is not determinable at this time; however, County officials do not believe that such amounts would be significant.

The County has entered into a contract with Reilly Construction for a box culvert replacement project. As of June 30, 2019, costs of \$250,567 have been incurred on the project. The County has entered into a contract with Cramer & Associates for a bridge project. As of June 30, 2019, costs of \$148,950 have been incurred on the project. The County has also started construction of the Prairie Land Trail. As of June 30, 2019, costs of \$579,003 have been incurred on the project. The County has started a parking lot project. As of June 30, 2019, costs of \$49,570 have been incurred on the project. The balances on the projects will be paid as work on the projects progresses.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 23: Early Childhood Iowa Area Board

Cerro Gordo County is the fiscal agent for the Cerro Gordo, Hancock, Worth Empowerment Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2019 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State Grants:			
Early Childhood	\$86,783	\$0	\$86,783
Quality Improvement	0	54,371	54,371
Allocation for Administration	4,567	12,927	17,494
School Ready General Use	0	363,602	363,602
Total State Grants	91,350	430,900	522,250
Interest on Investments	154	736	890
Total Revenues	91,504	431,636	523,140
Expenditures:			
Program Services:			
Early Childhood	78,827	0	78,827
Quality Improvement	0	54,929	54,929
School Ready General Use	0	325,904	325,904
Total Program Services	78,827	380,833	459,660
Administration	4,300	12,864	17,164
Total Expenditures	83,127	393,697	476,824
Change in Fund Balance	8,377	37,939	46,316
Fund Balance Beginning of Year	18,275	111,055	129,330
Fund Balance End of Year	\$26,652	\$148,994	\$175,646

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 24: Cerro Gordo County Financial Information Included in the County Social Services Mental Health Region

County Social Services, 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, Humbolt County, Kossuth County, Mitchell County, Pocahontas County, Tama County, Webster County, Winnebago County, Winneshiek County, Worth County, and Wright County. The financial activity of Cerro Gordo County's Special Revenue, Mental Health Fund is included in the County Social Services Mental Health region for the year ended June 30, 2019 as follows:

Revenues:		
Property and Other County Tax		\$1,451,587
Intergovernmental Revenues:		
State Tax Credits	\$115,370	
Payments from Regional Fiscal Agent	572,418	687,788
Miscellaneous		5,895
Total Revenues		<u>2,145,270</u>
Expenditures:		
Services to Persons With:		
Mental Illness		397,228
General Administration:		
Direct Administration	84,781	
Distribution to Regional Fiscal Agent	1,519,281	1,604,062
County Provided Case Management		86,957
Total Expenditures		<u>2,088,247</u>
Excess of Revenues Over Expenditures		57,023
Fund Balance – Beginning of Year		<u>250,675</u>
Fund Balance – End of Year		<u>\$307,698</u>

Note 25: Prospective Accounting Change

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

Note 26: Subsequent Events

Management has evaluated subsequent events through December 19, 2019, the date which the financial statements were available to be issued.

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Required Supplementary Information

CERRO GORDO COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN BALANCE – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS REQUIRED SUPPLEMENTARY INFORMATION Year Ended June 30, 2019

	Actual	Less Funds Not Required To Be Budgeted	Net
REVENUES:			
Property and Other County Tax	\$20,301,539	\$0	\$20,301,539
Interest and Penalty on Property Tax	191,486	0	191,486
Intergovernmental	10,817,246	0	10,817,246
Licenses and Permits	156,893	0	156,893
Charges for Service	1,800,316	253,134	1,547,182
Use of Money and Property	716,632	192	716,440
Miscellaneous	1,175,915	0	1,175,915
Total Revenues	35,160,027	253,326	34,906,701
EXPENDITURES:			
Public Safety and Legal Services	9,100,310	0	9,100,310
Physical Health and Social Services	6,118,575	0	6,118,575
Mental Health	2,088,247	0	2,088,247
County Environment and Education	1,593,856	0	1,593,856
Roads and Transportation	8,173,316	0	8,173,316
Governmental Services to Residents	1,147,836	0	1,147,836
Administration	3,069,854	0	3,069,854
Non-Program	858,987	858,987	0
Debt Service	998,567	0	998,567
Capital Projects	1,875,561	0	1,875,561
Total Expenditures	35,025,109	858,987	34,166,122
Excess (Deficiency) of Revenues Over (Under) Expenditures	134,918	(605,661)	740,579
Other Financing Sources, Net	1,123,771	171,971	951,800
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,258,689	(433,690)	1,692,379
Balance Beginning of Year	19,076,217	556,850	18,519,367
Balance End of Year	<u>\$20,334,906</u>	<u>\$123,160</u>	<u>\$20,211,746</u>

See Accompanying Independent Auditor's Report.

Budgeted Amounts		Final to
Original	Final	Net Variance -
		Positive (Negative)
\$20,064,129	\$20,269,263	\$32,276
153,500	203,500	(12,014)
10,886,192	10,814,960	2,286
106,400	112,800	44,093
1,485,270	1,494,170	53,012
353,460	592,058	124,382
1,526,638	1,856,911	(680,996)
34,575,589	35,343,662	(436,961)
9,595,749	9,601,792	501,482
6,168,423	6,479,107	360,532
2,476,264	2,232,425	144,178
1,834,408	1,983,578	389,722
6,940,899	8,164,899	(8,417)
1,288,735	1,268,235	120,399
3,852,865	3,707,425	637,571
0	0	0
998,569	998,569	2
1,647,012	2,434,032	558,471
34,802,924	36,870,062	2,703,940
(227,335)	(1,526,400)	2,266,979
15,000	23,200	928,600
(212,335)	(1,503,200)	3,195,579
18,525,968	18,525,968	(6,601)
\$18,313,633	\$17,022,768	\$3,188,978

CERRO GORDO COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING June 30, 2019

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the modified accrual basis following required public notice and hearing for all funds, except blended component units, drainage districts, the Internal Service Funds and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the 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 capital projects funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted revenues and expenditures by \$768,073 and \$2,067,138 respectively. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2019, disbursements did not exceed the amounts budgeted.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM - LAST FIVE YEARS*

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2019

	2015	2016	2017	2018	2019
County's Proportion of the Net Pension Liability	0.126753%	0.133881%	0.140754%	0.152230%	0.139453%
County's Proportionate Share of the Net Pension Liability	\$5,026,904	\$6,614,382	\$8,858,084	\$10,140,444	\$8,824,894
County's Covered Payroll	\$11,356,394	\$11,763,018	\$12,150,989	\$13,596,109	\$13,238,498
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	44.26%	56.23%	72.90%	74.58%	66.66%
IPERS' Net Position as a Percentage of the Total Pension Liability	87.61%	85.19%	81.82%	82.21%	83.62%

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

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF COUNTY CONTRIBUTIONS IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM REQUIRED SUPPLEMENTARY INFORMATION Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Statutorily Required Contribution	\$794,797.00	\$869,139.00	\$1,056,889.00	\$1,065,375.00
Contributions in Relation to the Statutorily Required Contribution	(794,797)	(869,139)	(1,056,889)	(1,065,375)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
County's Covered Payroll	\$10,993,725	\$11,163,893	\$11,334,109	\$11,247,738
Contributions as a Percentage of Covered Payroll	7.23%	7.79%	9.32%	9.47%

See Accompanying Independent Auditor's Report.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$1,105,050.00	\$1,139,628.00	\$1,110,617.00	\$1,237,678.00	\$1,201,858.00	\$1,291,251.00
(1,105,050)	(1,139,628)	(1,110,617)	(1,237,678)	(1,201,858)	(1,291,251)
\$0	\$0	\$0	\$0	\$0	\$0
\$11,356,394	\$11,763,018	\$12,150,989	\$13,596,109	\$13,238,498	\$13,541,052
9.73%	9.69%	9.14%	9.10%	9.08%	9.54%

CERRO GORDO COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY YEAR ENDED JUNE 30, 2019

Changes of Benefit Terms:

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

Changes of Assumptions:

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

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

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

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

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

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

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

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

CERRO GORDO COUNTY, IOWA

SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES FOR THE LAST TWO YEARS REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2019

	2018	2019
Service Cost	\$108,359	\$108,310
Interest Cost	82,403	86,265
Difference Between Expected and Actual Experiences	40,735	9,805
Changes in Assumptions	0	0
Benefit Payments	(147,238)	(110,885)
Net Change in Total OPEB Liability	84,259	93,495
Total OPEB Liability Beginning of Year	2,179,313	2,263,572
Total OPEB Liability End of Year	\$2,263,572	\$2,357,067
Covered-Employee Payroll	\$12,006,058	\$12,590,592
Total OPEB Liability as a Percentage of Covered-Employee Payroll	18.85%	18.72%

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

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

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

Year ended June 30, 2019 3.72%
Year ended June 30, 2018 3.72%

See Accompanying Independent Auditor's Report.

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Supplementary Information

CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND Year ended June 30, 2019

REVENUES:

Property and Other County Tax:		
Property Tax	\$12,678,248	
Local Option Sales Tax	169,853	
Utility Tax Replacement Excise Tax	658,261	
Other County Tax	8,353	\$13,514,715
Interest and Penalty on Property Tax		191,486
Intergovernmental:		
State Shared Revenues		19,988
State Tax Credits		1,059,465
State and Federal Pass-Thru Revenues:		
Child Support Recovery Incentives	512,246	
Human Services Administration Reimbursement	138,905	
Other	68,641	719,792
Contributions From Other Intergovernmental Units		761,935
State Grants and Entitlements		106,513
Licenses and Permits		19,525
Charges for Service:		
Office Fees and Collections:		
County Auditor	1,314	
County Recorder	293,335	
County Sheriff	133,836	
Auto License, Use Tax and Postage	437,841	
Miscellaneous	272,483	1,138,809
Use of Money and Property:		
Interest on Investments	536,068	
Miscellaneous	149,102	685,170
Miscellaneous:		
Reimbursements	139,598	
Miscellaneous	305,962	445,560
Total Revenues		18,662,958

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND (Continued) Year Ended June 30, 2019

EXPENDITURES:

Operating:

Public Safety and Legal Services	\$8,880,449
Physical Health and Social Services	663,163
County Environment and Education	863,594
Governmental Services to Residents	1,139,399
Administration	3,000,095

Capital Projects	37,670
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Total Expenditures	14,584,370
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Excess of Revenues Over Expenditures	4,078,588
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Other Financing Sources (Uses):

Sale of Capital Assets	\$23,200
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Transfers Out:

Public Health	(1,759,730)
Capital Projects	(400,000)
	(2,136,530)

Change in Fund Balance	1,942,058
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Fund Balance Beginning of Year	9,403,283
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Fund Balance End of Year	<u><u>\$11,345,341</u></u>
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See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND Year Ended June 30, 2019

Public Safety and Legal Services:

Law Enforcement:

Uniformed Patrol Services	\$1,728,546
Law Enforcement Communications	1,064,320
Adult Correctional Services	2,948,767
Administration	614,465
	<u>6,356,098</u>

Legal Services:

Criminal Prosecution	1,474,390
Medical Examinations	138,480
Child Support Recovery	501,334
	<u>2,114,204</u>

Emergency Services:

Emergency Management	59,558
Fire Protection and Rescue Services	21,000
	<u>80,558</u>

Assistance to District Court System:

Physical Operations	1,872
Research and Other Assistance	250
	<u>2,122</u>

Court Proceeding Program:

Juries and Witnesses	14,993
Detention Services	23,486
Court Costs	18,007
Service of Civil Papers	225,431
	<u>281,917</u>

Juvenile Justice Administration:

Juvenile Victim Restitution	38,647
Juvenile Representation Services	840
Court-Appointed Attorneys and Court Costs for Juveniles	6,063
	<u>45,550</u>

Total Public Safety and Legal Services

\$8,880,449

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND (Continued) Year Ended June 30, 2019

Physical Health and Social Services:

Services to the Poor:

Administration	\$343,064
General Welfare Services	30,198
	<u>373,262</u>

Services to Military Veterans:

Administration	133,373
General Services to Veterans	15,434
	<u>148,807</u>

Children's and Family Services:

Youth Guidance	<u>134,028</u>
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Chemical Dependency:

Treatment Services	524
Preventive Services	6,542
	<u>7,066</u>

Total Physical Health and Social Services

\$663,163

County Environment and Education:

Conservation and Recreation Services:

Administration	\$518,671
Maintenance and Operations	226,414
	<u>745,085</u>

Animal Control:

Animal Shelter	8,655
Animal Bounties and State Apiarist	200
	<u>8,855</u>

County Development:

Land Use and Building Controls	<u>109,654</u>
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Total County Environment and Education

\$863,594

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND (Continued) Year Ended June 30, 2019

Governmental Services to Residents:

Representation Services:

Elections Administration	\$321,271
Local Elections	620
Township Officials	20
	<u>321,911</u>

State Administrative Services:

Motor Vehicle Registrations and Licensing	424,635
Recording of Public Documents	392,853
	<u>817,488</u>

Total Governmental Services to Residents

\$1,139,399

Administration:

Policy and Administration:

General County Management	\$396,460
Administrative Management Services	576,261
Treasury Management Services	235,007
Other Policy and Administration	66,462
	<u>1,274,190</u>

Central Services:

General Services	592,216
Information Technology Services	814,817
GIS Systems	121,465
	<u>1,528,498</u>

Risk Management Services:

Tort Liability	10,000
Safety of Workplace	158,742
Fidelity of Public Officers	4,239
Unemployment Compensation	24,426
	<u>197,407</u>

Total Administration

\$3,000,095

Capital Projects:

Other Capital Projects	\$37,670
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Total Expenditures

\$14,584,370

(Concluded)

See Accompanying Independent Auditor's Report.

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CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

June 30, 2019

	Resource Enhancement and Protection	Recorder's Records Management	General County Betterment	Nature Center	Supplemental Environmental Project
ASSETS					
Cash, Cash Equivalents and Pooled Investments	\$161,826	\$36,590	\$3,715	\$510,474	\$226
Receivables:					
Accounts	0	2,008	0	16,663	0
Accrued Interest	0	58	0	749	0
Special Assessments	0	0	0	0	0
Drainage Assessments	0	0	0	0	0
Due From Other Governments	0	0	6,758	0	0
Total Assets	\$161,826	\$38,656	\$10,473	\$527,886	\$226
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$0	\$0	\$0	\$36,948	\$0
Salaries and Benefits Payable	0	0	0	474	0
Total Liabilities	0	0	0	37,422	0
Deferred Inflows of Resources:					
Deferred Revenues:					
Other	0	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0	0
Fund Balances:					
Nonspendable	0	0	0	0	0
Restricted for:					
Drainage Warrants	0	0	0	0	0
Nature Center Endowment	0	0	0	129,071	0
Other Purposes	161,826	38,656	10,473	361,393	226
Total Fund Balances	161,826	38,656	10,473	490,464	226
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$161,826	\$38,656	\$10,473	\$527,886	\$226

See Accompanying Independent Auditor's Report.

Rural County Betterment	Economic Development	On Site Sewage Program	Sanberg Estate	Tax Increment Financing	Drainage	Strand Estate Grant
\$92,991	\$478,173	\$27,073	\$506,398	\$39	\$181,875	\$65,786
0	0	0	0	0	0	0
0	0	0	8,154	0	0	1,377
0	0	14,857	0	0	0	0
0	0	0	0	0	106,472	0
27,030	15,736	0	0	0	0	0
\$120,021	\$493,909	\$41,930	\$514,552	\$39	\$288,347	\$67,163
\$556	\$0	\$0	\$0	\$0	\$77,158	\$0
0	0	0	0	0	0	0
556	0	0	0	0	77,158	0
0	0	14,857	0	0	88,029	0
0	0	14,857	0	0	88,029	0
0	0	0	0	0	0	60,000
0	0	0	0	0	123,160	0
0	0	0	0	0	0	0
119,465	493,909	27,073	514,552	39	0	7,163
119,465	493,909	27,073	514,552	39	123,160	67,163
\$120,021	\$493,909	\$41,930	\$514,552	\$39	\$288,347	\$67,163

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (Continued) June 30, 2019

	Sheriff Forfeiture	Attorney Forfeiture	Attorney Collections	Total
ASSETS				
Cash, Cash Equivalents and Pooled Investments	\$167,929	\$55,238	\$63,611	\$2,351,944
Receivables:				
Accounts	0	0	3,123	21,794
Accrued Interest	0	0	0	10,338
Special Assessments	0	0	0	14,857
Drainage Assessments	0	0	0	106,472
Due From Other Governments	1,120	0	0	50,644
Total Assets	\$169,049	\$55,238	\$66,734	\$2,556,049
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$42	\$0	\$0	\$114,704
Salaries and Benefits Payable	0	0	0	474
Total Liabilities	42	0	0	115,178
Deferred Inflows of Resources:				
Deferred Revenues:				
Other	0	0	0	102,886
Total Deferred Inflows of Resources	0	0	0	102,886
Fund Balances:				
Nonspendable	0	0	0	60,000
Restricted for:				
Drainage Warrants	0	0	0	123,160
Nature Center Endowment	0	0	0	129,071
Other Purposes	169,007	55,238	66,734	2,025,754
Total Fund Balances	169,007	55,238	66,734	2,337,985
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$169,049	\$55,238	\$66,734	\$2,556,049

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CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS Year Ended June 30, 2019

	Resource Enhancement and Protection	Recorder's Records Management	General County Betterment	Nature Center	Supplemental Environmental Project
REVENUES:					
Property and Other County Tax	\$0	\$0	\$0	\$0	\$0
Tax Increment Financing	0	0	0	0	0
Local Option Sales Tax	0	0	84,928	0	0
Intergovernmental	29,222	0	0	0	0
Charges For Service	0	5,283	0	0	0
Use of Money and Property	540	754	0	7,920	122
Fines, Forfeitures and Defaults	0	0	0	0	0
Miscellaneous	0	0	0	153,880	0
Total Revenues	29,762	6,037	84,928	161,800	122
EXPENDITURES:					
Operating:					
Public Safety and Legal Services	0	0	0	0	0
Physical Health and Social Services	0	0	58,727	0	0
County Environment and Education	19,900	0	4,581	87,938	0
Governmental Services to Residents	0	6,560	0	0	0
Administration	0	0	34,880	0	0
Non-Program	0	0	0	0	0
Debt Service	0	0	0	0	0
Total Expenditures	19,900	6,560	98,188	87,938	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,862	(523)	(13,260)	73,862	122
Other Financing Sources (Uses):					
Drainage Warrants Issued	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Change in Fund Balances	9,862	(523)	(13,260)	73,862	122
Fund Balances Beginning of Year	151,964	39,179	23,733	416,602	104
Fund Balances End of Year	\$161,826	\$38,656	\$10,473	\$490,464	\$226

See Accompanying Independent Auditor's Report.

Rural County Betterment	Economic Development	On Site Sewage Program	Sanberg Estate	Tax Increment Financing	Drainage
\$0	\$7,847	\$0	\$0	\$0	\$0
0	0	0	0	17,286	0
339,705	169,853	0	0	0	0
0	0	0	0	1,049	0
0	0	0	0	0	253,134
0	0	0	18,887	46	192
0	0	0	0	0	0
0	0	3,581	75	0	0
339,705	177,700	3,581	18,962	18,381	253,326
95,000	0	0	0	0	0
12,500	0	0	0	0	0
129,718	103,100	0	140,196	20,819	0
0	0	0	0	0	0
34,879	0	0	0	0	0
0	0	0	0	0	858,987
24,939	0	0	0	0	0
297,036	103,100	0	140,196	20,819	858,987
42,669	74,600	3,581	(121,234)	(2,438)	(605,661)
0	0	0	0	0	171,971
0	0	0	0	0	171,971
42,669	74,600	3,581	(121,234)	(2,438)	(433,690)
76,796	419,309	23,492	635,786	2,477	556,850
\$119,465	\$493,909	\$27,073	\$514,552	\$39	\$123,160

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (Continued) Year Ended June 30, 2019

	Strand Estate Grant	Sheriff Forfeiture	Attorney Forfeiture	Attorney Collections	Total
REVENUES:					
Property and Other County Tax	\$0	\$0	\$0	\$0	\$7,847
Tax Increment Financing	0	0	0	0	17,286
Local Option Sales Tax	0	0	0	0	594,486
Intergovernmental	0	0	0	0	30,271
Charges For Service	20	0	0	0	258,437
Use of Money and Property	1,377	0	0	0	29,838
Fines, Forfeitures and Defaults	0	32,647	3,801	0	36,448
Miscellaneous	0	0	0	26,961	184,497
Total Revenues	1,397	32,647	3,801	26,961	1,159,110
EXPENDITURES:					
Operating:					
Public Safety and Legal Services	0	9,094	259	10,735	115,088
Physical Health and Social Services	0	0	0	0	71,227
County Environment and Education	2,500	0	0	0	508,752
Governmental Services to Residents	0	0	0	0	6,560
Administration	0	0	0	0	69,759
Non-Program	0	0	0	0	858,987
Debt Service	0	0	0	0	24,939
Total Expenditures	2,500	9,094	259	10,735	1,655,312
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,103)	23,553	3,542	16,226	(496,202)
Other Financing Sources (Uses):					
Drainage Warrants Issued	0	0	0	0	171,971
Total Other Financing Sources (Uses)	0	0	0	0	171,971
Change in Fund Balances	(1,103)	23,553	3,542	16,226	(324,231)
Fund Balances Beginning of Year	68,266	145,454	51,696	50,508	2,662,216
Fund Balances End of Year	\$67,163	\$169,007	\$55,238	\$66,734	\$2,337,985

(Concluded)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF NET POSITION – INTERNAL SERVICE FUNDS

June 30, 2019

	Central Services	Health Insurance	Total
ASSETS			
Cash, Cash Equivalents and Pooled Investments	\$1,869	\$2,131,030	\$2,132,899
Receivables:			
Accounts	0	81,134	81,134
Total Assets	\$1,869	\$2,212,164	\$2,214,033
LIABILITIES			
Accounts Payable	\$0	\$641,041	\$641,041
Net Position			
Unrestricted	\$1,869	\$1,571,123	\$1,572,992

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – INTERNAL SERVICE FUNDS Year Ended June 30, 2019

	Central Services	Health Insurance	Total
OPERATING REVENUES:			
Interfund Services Provided	\$203,986	\$2,771,116	\$2,975,102
Employee Payments	0	199,356	199,356
Miscellaneous	347	291,754	292,101
Total Operating Revenues	204,333	3,262,226	3,466,559
OPERATING EXPENSES:			
Health Insurance:			
Medical Claims	0	2,608,460	2,608,460
Insurance Premiums	0	484,314	484,314
Administrative Fees	0	222,674	222,674
Miscellaneous	0	7,926	7,926
Central Services:			
Insurance	207,313	0	207,313
Total Operating Expenses	207,313	3,323,374	3,530,687
Operating Loss	(2,980)	(61,148)	(64,128)
NON-OPERATING REVENUES:			
Interest Income	0	7,600	7,600
Net Loss	(2,980)	(53,548)	(56,528)
Net Position Beginning of Year	4,849	1,624,671	1,629,520
Net Position End of Year	\$1,869	\$1,571,123	\$1,572,992

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CASH FLOWS – INTERNAL SERVICE FUNDS Year Ended June 30, 2019

	Central Services	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Operating Funds	\$203,986	\$2,771,116	\$2,975,102
Cash Received from Employees and Others	1,054	706,425	707,479
Cash Paid to Suppliers for Services	(207,313)	(3,464,729)	(3,672,042)
Net Cash Provided By (Used In) Operating Activities	(2,273)	12,812	10,539
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Income	0	7,600	7,600
Net Increase (Decrease) in Cash	(2,273)	20,412	18,139
Cash, Cash Equivalents and Pooled Investments Beginning of Year	4,142	2,110,618	2,114,760
Cash, Cash Equivalents and Pooled Investments End of Year	\$1,869	\$2,131,030	\$2,132,899
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating Loss	(\$2,980)	(\$61,148)	(\$64,128)
Adjustments to Reconcile Operating Loss to Net Cash Provided By (Used In) Operating Activities:			
(Increase) Decrease in Receivables	707	(79,678)	(78,971)
Increase in Payables	0	153,638	153,638
Net Cash Provided By (Used In) Operating Activities	(\$2,273)	\$12,812	\$10,539

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS June 30, 2019

	Elected Officials	Other	Total
ASSETS			
Cash, Cash Equivalents and Pooled Investments:			
County Treasurer	\$0	\$4,135,077	\$4,135,077
Other County Officials	332,785	0	332,785
Receivables:			
Property Tax:			
Delinquent	0	4,925	4,925
Succeeding Year	0	62,145,830	62,145,830
Accounts	0	34,917	34,917
Assessments	0	761,711	761,711
Due From Other Governments	0	154,589	154,589
Total Assets	\$332,785	\$67,237,049	\$67,569,834
LIABILITIES			
Accounts Payable	\$0	\$125,866	\$125,866
Salaries and Benefits Payable	0	12,761	12,761
Due to Other Governments	1,268	66,840,572	66,841,840
Trusts Payable	331,517	229,998	561,515
Compensated Absences	0	27,852	27,852
Total Liabilities	\$332,785	\$67,237,049	\$67,569,834

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ELECTED OFFICIALS June 30, 2019

	Relief Representative Payee	Veterans Affairs	Recorder	Sheriff	Total
ASSETS					
Cash, Cash Equivalents and Pooled Investments:					
Other County Officials	\$254,100	\$1,004	\$1,268	\$76,413	\$332,785
Total Assets	\$254,100	\$1,004	\$1,268	\$76,413	\$332,785
LIABILITIES					
Due to Other Governments	\$0	\$0	\$1,268	\$0	\$1,268
Trusts Payable	254,100	1,004	0	76,413	331,517
Total Liabilities	\$254,100	\$1,004	\$1,268	\$76,413	\$332,785

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS June 30, 2019

	Agricultural Extension Education	County Assessor	City Assessor	Schools
ASSETS				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$2,465	\$624,179	\$456,187	\$286,651
Receivables:				
Property Tax:				
Delinquent	27	74	24	3,136
Succeeding Year	277,417	565,704	431,551	32,320,327
Accounts	0	0	0	0
Assessments	0	0	0	0
Due From Other Governments	0	0	0	0
Total Assets	\$279,909	\$1,189,957	\$887,762	\$32,610,114
LIABILITIES				
Accounts Payable	\$0	\$1,677	\$8,623	\$0
Salaries and Benefits Payable	0	6,045	5,285	0
Due to Other Governments	279,909	1,166,104	862,133	32,610,114
Trusts Payable	0	0	0	0
Compensated Absences	0	16,131	11,721	0
Total Liabilities	\$279,909	\$1,189,957	\$887,762	\$32,610,114

See Accompanying Independent Auditor's Report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
\$17,280	\$286,921	\$1,645	\$24,634	\$1,079,343	\$63
194	1,302	68	0	0	1
1,983,923	25,840,619	318,891	0	0	7,146
0	0	0	0	0	0
0	0	0	717,014	0	0
0	0	0	0	0	0
\$2,001,397	\$26,128,842	\$320,604	\$741,648	\$1,079,343	\$7,210
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
2,001,397	26,128,842	320,604	741,648	1,079,343	7,210
0	0	0	0	0	0
0	0	0	0	0	0
\$2,001,397	\$26,128,842	\$320,604	\$741,648	\$1,079,343	\$7,210

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS (Continued) June 30, 2019

	Joint Disaster Services	Clear Lake Sanitary District	County EMS Association	Advance Tax	Cash Long/Short
ASSETS					
Cash, Cash Equivalents and Pooled Investments:					
County Treasurer	\$55,471	\$6,003	\$3,311	\$115,015	\$556
Receivables:					
Property Tax:					
Delinquent	0	99	0	0	0
Succeeding Year	0	400,252	0	0	0
Accounts	1,000	0	0	0	0
Assessments	0	44,697	0	0	0
Due From Other Governments	36,113	0	0	0	0
Total Assets	\$92,584	\$451,051	\$3,311	\$115,015	\$556
LIABILITIES					
Accounts Payable	\$7,609	\$0	\$0	\$0	\$0
Salaries and Benefits Payable	1,431	0	0	0	0
Due to Other Governments	83,544	451,051	3,311	0	556
Trusts Payable	0	0	0	115,015	0
Compensated Absences	0	0	0	0	0
Total Liabilities	\$92,584	\$451,051	\$3,311	\$115,015	\$556

E911 Operations	Recorder's Transfer Fee	Pass Through Projects	Empowerment	Employee Benefits	Total
\$967,865	\$735	\$0	\$175,646	\$31,107	\$4,135,077
0	0	0	0	0	4,925
0	0	0	0	0	62,145,830
33,168	707	0	0	42	34,917
0	0	0	0	0	761,711
115,779	0	2,697	0	0	154,589
\$1,116,812	\$1,442	\$2,697	\$175,646	\$31,149	\$67,237,049

\$13,448	\$0	\$2,697	\$86,798	\$5,014	\$125,866
0	0	0	0	0	12,761
1,103,364	1,442	0	0	0	66,840,572
0	0	0	88,848	26,135	229,998
0	0	0	0	0	27,852
\$1,116,812	\$1,442	\$2,697	\$175,646	\$31,149	\$67,237,049

(Concluded)

CERRO GORDO COUNTY, IOWA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS Year Ended June 30, 2019

	Elected Officials			Balance June 30, 2019
	Balance July 1, 2018	Additions	Deductions	
ASSETS				
Cash, Cash Equivalents and Pooled Investments:				
Other County Officials	\$272,333	\$4,054,391	\$3,993,939	\$332,785
Receivables:				
Accounts	523	0	523	0
Total Assets	\$272,856	\$4,054,391	\$3,994,462	\$332,785
LIABILITIES				
Due to Other Governments	\$886	\$3,722,874	\$3,722,492	\$1,268
Trusts Payable	271,970	331,517	271,970	331,517
Total Liabilities	\$272,856	\$4,054,391	\$3,994,462	\$332,785

	Other Agency Funds			Balance June 30, 2019
	Balance July 1, 2018	Additions	Deductions	
ASSETS				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$3,769,407	\$21,303,756	\$20,938,086	\$4,135,077
Receivables:				
Property Tax:				
Delinquent	20,499	4,925	20,499	4,925
Succeeding Year	57,662,508	62,145,830	57,662,508	62,145,830
Accounts	35,482	34,917	35,482	34,917
Assessments	1,015,993	761,711	1,015,993	761,711
Due From Other Governments	211,121	154,589	211,121	154,589
Total Assets	\$62,715,010	\$84,405,728	\$79,883,689	\$67,237,049
LIABILITIES				
Accounts Payable	\$146,224	\$125,866	\$146,224	\$125,866
Salaries and Benefits Payable	12,378	12,761	12,378	12,761
Due to Other Governments	61,921,847	84,009,251	79,090,526	66,840,572
Trusts Payable	611,674	229,998	611,674	229,998
Compensated Absences	22,887	27,852	22,887	27,852
Total Liabilities	\$62,715,010	\$84,405,728	\$79,883,689	\$67,237,049

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – ELECTED OFFICIALS Year Ended June 30, 2019

	Relief Representative Payee	Veterans Affairs	Auditor	Recorder	Sheriff	Total
ASSETS AND LIABILITIES						
Balance Beginning of Year	\$213,777	\$1,003	\$0	\$886	\$57,190	\$272,856
Additions:						
Office Fees and Collections	0	0	1,314	975,620	910,833	1,887,767
Trusts	1,844,655	1	0	0	321,968	2,166,624
Total Additions	1,844,655	1	1,314	975,620	1,232,801	4,054,391
Deductions:						
Agency Remittances:						
To County Funds	0	0	1,314	293,335	133,836	428,485
To Other Governments	0	0	0	681,494	6,037	687,531
Trusts Paid Out	1,804,332	0	0	409	1,073,705	2,878,446
Total Deductions	1,804,332	0	1,314	975,238	1,213,578	3,994,462
Balance End of Year	\$254,100	\$1,004	\$0	\$1,268	\$76,413	\$332,785

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS Year Ended June 30, 2019

	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
ASSETS AND LIABILITIES					
Balance Beginning of Year	\$274,940	\$1,052,090	\$826,300	\$30,058,721	\$1,926,240
Additions:					
Property and Other County Tax	290,254	612,122	433,186	33,549,922	2,073,892
911 Surcharge	0	0	0	0	0
State Tax Credits	22,729	34,927	48,615	2,599,042	159,340
Auto Licenses, Use Tax and Postage	0	0	0	0	0
Assessments	0	0	0	0	0
Trusts	0	0	0	0	0
Miscellaneous	0	99	315	0	0
Total Additions	312,983	647,148	482,116	36,148,964	2,233,232
Deductions:					
Agency Remittances:					
To Other Governments	308,014	509,281	420,654	33,597,571	2,158,075
Trusts Paid Out	0	0	0	0	0
Total Deductions	308,014	509,281	420,654	33,597,571	2,158,075
Balance End of Year	\$279,909	\$1,189,957	\$887,762	\$32,610,114	\$2,001,397

See Accompanying Independent Auditor's Report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Joint Disaster Services	Clear Lake Sanitary District
\$24,074,488	\$311,782	\$979,778	\$1,125,718	\$11,500	\$75,921	\$447,955
25,927,095	350,025	0	0	24,241	0	407,933
0	0	0	0	0	0	0
2,465,906	15,506	0	0	583	0	21,653
0	0	0	13,260,898	0	0	0
13,903	0	14,195	0	0	0	39,735
0	0	0	0	0	0	0
0	0	0	0	0	155,279	0
28,406,904	365,531	14,195	13,260,898	24,824	155,279	469,321
26,352,550	356,709	252,325	13,307,273	29,114	138,616	466,225
0	0	0	0	0	0	0
26,352,550	356,709	252,325	13,307,273	29,114	138,616	466,225
\$26,128,842	\$320,604	\$741,648	\$1,079,343	\$7,210	\$92,584	\$451,051

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS (Continued) Year Ended June 30, 2019

	County EMS Association	Advance Tax	Cash Long/Short	Tax Sale Redemption	E911 Operations
ASSETS AND LIABILITIES					
Balance Beginning of Year	\$3,311	\$507,140	\$676	\$0	\$892,757
Additions:					
Property and Other County Tax	0	0	0	0	0
911 Surcharge	0	0	0	0	388,488
State Tax Credits	0	0	0	0	0
Auto Licenses, Use Tax and Postage	0	0	0	0	0
Assessments	0	0	0	0	0
Trusts	0	0	0	541,965	0
Miscellaneous	0	0	0	0	96,772
Total Additions	0	0	0	541,965	485,260
Deductions:					
Agency Remittances:					
To Other Governments	0	0	120	0	261,205
Trusts Paid Out	0	392,125	0	541,965	0
Total Deductions	0	392,125	120	541,965	261,205
Balance End of Year	\$3,311	\$115,015	\$556	\$0	\$1,116,812

Recorder's Transfer Fee	Pass Through Projects	Empowerment	Employee Benefits	Total
\$1,511	\$538	\$129,330	\$14,314	\$62,715,010
0	0	0	0	63,668,670
0	0	0	0	388,488
0	0	0	0	5,368,301
0	0	0	0	13,260,898
0	0	0	0	67,833
0	13,002	523,140	313,606	1,391,713
7,360	0	0	0	259,825
7,360	13,002	523,140	313,606	84,405,728
7,429	0	0	0	78,165,161
0	10,843	476,824	296,771	1,718,528
7,429	10,843	476,824	296,771	79,883,689
\$1,442	\$2,697	\$175,646	\$31,149	\$67,237,049

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF CAPITAL ASSETS BY FUNDING SOURCE

Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
ASSETS				
Land	\$1,788,492	\$0	\$0	\$1,788,492
Construction in Progress	982,640	3,197,625	3,152,175	1,028,090
Buildings	17,506,698	0	0	17,506,698
Improvements other than Buildings	595,424	0	0	595,424
Machinery and Equipment	7,833,047	1,045,770	1,223,249	7,655,568
Vehicles	4,831,670	388,573	203,617	5,016,626
Infrastructure, road network	59,073,767	3,152,175	0	62,225,942
	<u>\$92,611,738</u>	<u>\$7,784,143</u>	<u>\$4,579,041</u>	<u>\$95,816,840</u>
FUNDING SOURCE				
General Fund	\$6,909,683	\$102,240	\$106,247	\$6,905,676
Special Revenue Funds	71,278,554	7,681,903	4,232,570	74,727,887
Capital Project Fund	14,423,501	0	240,224	14,183,277
	<u>\$92,611,738</u>	<u>\$7,784,143</u>	<u>\$4,579,041</u>	<u>\$95,816,840</u>

CERRO GORDO COUNTY, IOWA

SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY AS OF JUNE 30, 2019

	Land	Construction in Progress	Buildings
Public Safety and Legal Services			
Law Enforcement	\$0	\$0	\$13,273,609
Legal Services	0	0	90,020
Total Public Safety and Legal Services	0	0	13,363,629
Physical Health and Social Services:			
Physical Health Services	0	0	0
Services to Poor	0	0	0
Total Physical Health and Social Services	0	0	0
Mental Health, MR & DD:			
Chronic Mental Illness	0	0	0
Total Mental Health, MR & DD	0	0	0
County Environment and Education:			
Conservation and Recreation Services	292,898	579,003	490,292
County Development	0	0	0
Total County Environment and Education	292,898	579,003	490,292
Roads & Transportation:			
Secondary Roads Administration and Engineering	0	0	325,259
Roadway Maintenance	0	399,517	0
General Roadway Expenditures	0	0	266,661
Total Roads & Transportation	0	399,517	591,920
Government Services to Residents:			
Representation Services	0	0	0
State Administration Services	0	0	0
Total Government Services to Residents	0	0	0
Administration:			
Policy and Administration		0	417,192
Central Services	1,495,594	49,570	2,643,665
Total Administration	1,495,594	49,570	3,060,857
Total Capital Assets	\$1,788,492	\$1,028,090	\$17,506,698

Improvements other than Buildings	Machinery and Equipment	Vehicles	Infrastructure, road network	Total
\$35,379	\$501,530	\$835,728	\$0	\$14,646,246
0	10,925	0	0	100,945
35,379	512,455	835,728	0	14,747,191
0	119,743	0	0	119,743
0	7,996	0	0	7,996
0	127,739	0	0	127,739
0	0	13,037	0	13,037
0	0	13,037	0	13,037
132,939	282,155	261,998	0	2,039,285
0	0	10,641	0	10,641
132,939	282,155	272,639	0	2,049,926
31,151	68,089	22,854	0	447,353
0	115,473	178,236	62,225,942	62,919,168
0	5,599,828	3,689,132	0	9,555,621
31,151	5,783,390	3,890,222	62,225,942	72,922,142
0	255,013	0	0	255,013
0	31,009	0	0	31,009
0	286,022	0	0	286,022
395,955	41,653	0	0	458,845
395,955	622,154	5,000	0	5,211,938
395,955	663,807	5,000	0	5,670,783
\$595,424	\$7,655,568	\$5,016,626	\$62,225,942	\$95,816,840

CERRO GORDO COUNTY, IOWA

SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY

Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Public Safety and Legal Services				
Law Enforcement	\$14,592,978	\$220,752	\$167,484	\$14,646,246
Legal Services	100,945	0	0	100,945
Total Public Safety and Legal Services	14,693,923	220,752	167,484	14,747,191
Physical Health and Social Services:				
Physical Health Services	278,966	32,449	191,672	119,743
Services to Poor	7,996	0	0	7,996
Total Physical Health and Social Services	286,962	32,449	191,672	127,739
Mental Health, MR & DD:				
Persons with Chronic Mental Illness	13,037	0	0	13,037
Total Mental Health, MR & DD	13,037	0	0	13,037
County Environment and Education:				
Conservation and Recreation Services	1,996,953	55,055	12,723	2,039,285
County Development	15,798	0	5,157	10,641
Total County Environment and Education	2,012,751	55,055	17,880	2,049,926
Roads & Transportation:				
Secondary Roads Administration & Engineering	468,132	0	20,779	447,353
Roadway Maintenance	59,720,254	6,392,136	3,193,222	62,919,168
General Roadway Expenditures	9,219,667	1,025,942	689,988	9,555,621
Total Roads & Transportation	69,408,053	7,418,078	3,903,989	72,922,142
Government Services to Residents:				
Representation Services	255,013	0	0	255,013
State Administration Services	36,943	0	5,934	31,009
Total Government Services to Residents	291,956	0	5,934	286,022
Administration:				
Policy and Administration	458,845	0	0	458,845
Central Services	5,446,211	57,809	292,082	5,211,938
Total Administration	5,905,056	57,809	292,082	5,670,783
Total Capital Assets	\$92,611,738	\$7,784,143	\$4,579,041	\$95,816,840

STATISTICAL SECTION

CERRO GORDO COUNTY, IOWA

STATISTICAL SECTION

June 30, 2019

This part of Cerro Gordo County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	100-109
Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	110-119
Debt Capacity These schedules present information to help the readers assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	120-124
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	125-126
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	127-132

CERRO GORDO COUNTY, IOWA

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2010	2011	2012	2013
Government activities:				
Net investment in capital assets	\$29,988,315	\$30,961,033	\$31,446,880	\$33,106,986
Restricted	7,113,380	7,714,036	5,912,520	5,221,592
Unrestricted	5,173,073	4,918,867	4,179,261	4,531,042
Total government activities net position	<u>\$42,274,768</u>	<u>\$43,593,936</u>	<u>\$41,538,661</u>	<u>\$42,859,620</u>
Business-type activities:				
Net investment in capital assets	\$1,414,592	\$1,339,288	\$1,264,433	\$1,189,440
Restricted	0	0	0	0
Unrestricted	92,301	95,914	100,842	113,468
Total business-type activities net position	<u>\$1,506,893</u>	<u>\$1,435,202</u>	<u>\$1,365,275</u>	<u>\$1,302,908</u>
Primary Government:				
Net investment in capital assets	\$31,402,907	\$32,300,321	\$32,711,313	\$34,296,426
Restricted	7,113,380	7,714,036	5,912,520	5,221,592
Unrestricted	5,265,374	5,014,781	4,280,103	4,644,510
Total primary government net position	<u>\$43,781,661</u>	<u>\$45,029,138</u>	<u>\$42,903,936</u>	<u>\$44,162,528</u>

Source: County Records

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$34,748,299	\$34,084,193	\$33,383,175	\$39,672,513	\$38,584,802	\$39,970,386
6,340,085	6,172,763	8,472,965	6,883,575	9,028,748	8,770,585
3,918,057	(1,915,362)	(680,073)	(377,892)	1,044,606	2,620,241
\$45,006,441	\$38,341,594	\$41,176,067	\$46,178,196	\$48,658,156	\$51,361,212
\$1,116,146	\$1,042,761	\$969,910	\$897,621	\$825,916	\$754,823
0	0	0	0	0	0
116,805	122,953	116,749	118,128	123,765	140,814
\$1,232,951	\$1,165,714	\$1,086,659	\$1,015,749	\$949,681	\$895,637
\$35,864,445	\$35,126,954	\$34,353,085	\$40,570,134	\$39,410,718	\$40,725,209
6,340,085	6,172,763	8,472,965	6,883,575	9,028,748	8,770,585
4,034,862	(1,792,409)	(563,324)	(259,764)	1,168,371	2,761,055
\$46,239,392	\$39,507,308	\$42,262,726	\$47,193,945	\$49,607,837	\$52,256,849

CERRO GORDO COUNTY, IOWA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2010	2011	2012	2013
Expenses:				
Government activities:				
Public safety and legal services	\$7,269,875	\$7,580,694	\$7,841,364	\$8,030,019
Physical health and social services	4,726,961	5,289,561	4,816,751	4,932,071
Mental health	5,943,074	660,626	3,805,315	2,371,135
County environment and education	1,329,604	1,171,665	1,267,463	1,152,679
Roads and transportation	7,061,925	6,838,237	6,906,435	6,732,570
Government services to residents	969,501	1,117,534	1,118,476	1,118,470
Administration or general government	2,920,542	2,482,454	2,697,211	2,924,656
Non-program	2,399,569	240,487	217,755	204,592
Interest on long-term debt	513,578	515,350	799,924	426,969
Total governmental activities expenses	33,134,629	25,896,608	29,470,694	27,893,161
Business-type activities:				
Wastewater collection and treatment	133,970	137,781	136,701	129,405
Total government expenses	\$33,268,599	\$26,034,389	\$29,607,395	\$28,022,566
Program Revenues:				
Government activities:				
Charges for services:				
Public safety and legal services	\$921,982	\$924,425	\$949,400	\$1,035,154
Physical health and social services	649,560	413,120	375,956	363,339
Mental health	557,386	43,112	0	26
County environment and education	78,204	80,193	86,241	80,471
Roads and Transportation	58,176	53,251	19,285	61,890
Government services to residents	694,326	674,094	728,588	714,053
Administration or general government	187,016	176,074	208,308	181,257
Non-program	228,208	182,654	204,314	173,985
Operating grants and contributions	7,396,827	6,339,798	5,735,343	5,855,315
Capital grants and contributions	5,371,687	429,002	937,276	1,651,919
revenues	16,143,372	9,315,723	9,244,711	10,117,409
Business-type activities:				
Charges for services:				
Wastewater collection and treatment	67,217	66,040	66,716	66,979
revenues	67,217	66,040	66,716	66,979
Total government program revenues	\$16,210,589	\$9,381,763	\$9,311,427	\$10,184,388

Source: County Records

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$8,402,604	\$7,916,626	\$8,291,562	\$8,702,477	\$9,857,325	\$9,402,303
5,066,738	4,915,152	5,052,470	4,825,144	5,815,911	6,167,226
2,030,635	2,548,983	1,842,523	2,702,145	2,358,002	2,093,141
1,917,261	1,164,838	1,245,636	1,388,699	1,311,611	1,595,470
7,167,177	7,098,406	7,836,177	7,943,799	8,620,455	9,322,331
1,117,636	1,239,392	1,206,907	1,197,544	1,269,761	1,208,267
2,771,301	3,295,671	3,053,373	3,423,941	3,527,669	3,185,789
283,087	342,098	280,242	501,760	475,269	868,777
415,531	390,401	216,513	196,721	176,485	160,186
29,171,970	28,911,567	29,025,403	30,882,230	33,412,488	34,003,490
134,236	130,172	163,218	134,762	127,986	115,791
\$29,306,206	\$29,041,739	\$29,188,621	\$31,016,992	\$33,540,474	\$34,119,281
\$1,011,057	\$1,105,818	\$1,054,368	\$1,043,633	\$1,214,194	\$1,056,636
430,535	413,983	479,945	508,409	505,791	521,501
0	102,868	228,722	892,871	601,682	572,004
195,454	156,790	100,589	91,241	96,795	114,392
30,591	36,305	68,131	52,193	80,695	345,133
827,250	727,195	834,257	829,853	836,829	749,279
375,668	78,154	152,164	157,447	161,024	126,821
233,391	229,409	754,916	461,111	802,862	616,478
6,290,644	6,299,549	6,310,156	6,657,110	7,058,689	7,521,265
2,152,813	198,500	572,773	3,799,988	817,787	1,370,729
11,547,403	9,348,571	10,556,021	14,493,856	12,176,348	12,994,238
64,219	62,871	84,097	63,790	61,803	61,290
64,219	62,871	84,097	63,790	61,803	61,290
\$11,611,622	\$9,411,442	\$10,640,118	\$14,557,646	\$12,238,151	\$13,055,528

(Continued)

CERRO GORDO COUNTY, IOWA

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2010	2011	2012	2013
Net (Expense)/Revenue:				
Governmental activities	(\$16,991,257)	(\$16,580,885)	(\$20,225,983)	(\$17,775,752)
Business-type activities	(66,753)	(71,741)	(69,985)	(62,426)
Total government net expense	(\$17,058,010)	(\$16,652,626)	(\$20,295,968)	(\$17,838,178)
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Property and other county tax levied for:				
General purposes	\$13,373,304	\$13,558,781	\$14,012,037	\$14,527,567
Debt service	951,217	950,610	936,277	936,215
Penalty and interest on property tax	174,381	161,757	163,122	153,414
State tax credits, unrestricted	443,450	408,057	420,545	466,927
Local option sales and service tax	1,424,656	1,650,341	1,682,466	1,584,772
Tax Increment Financing	0	0	0	0
Grants & contribution not restricted to specific purpose	0	0	0	0
Unrestricted investment earnings	134,595	110,664	88,847	48,577
Gain/(Loss) on Disposal of Capital Assets	(582,918)	(16,798)	(34,141)	(13,888)
Miscellaneous	1,464,133	1,076,641	952,897	1,393,127
Total governmental activities	17,382,818	17,900,053	18,222,050	19,096,711
Business-type activities:				
Unrestricted Investment Earnings	48	50	58	59
Total business-type activities	\$48	\$50	\$58	\$59
Total government	\$17,382,866	\$17,900,103	\$18,222,108	\$19,096,770
Change in Net Position:				
Governmental activities	\$391,561	\$1,319,168	(\$2,003,933)	\$1,320,959
Business-type activities	(66,705)	(71,691)	(69,927)	(62,367)
Total government program revenues	\$324,856	\$1,247,477	(\$2,073,860)	\$1,258,592

Source: County Records

Fiscal Year					
2014	2015	2016	2017	2018	2019
(\$17,624,567)	(\$19,562,996)	(\$18,469,382)	(\$16,388,374)	(\$21,236,140)	(\$21,009,252)
(70,017)	(67,301)	(79,121)	(70,972)	(66,183)	(54,501)
(\$17,694,584)	(\$19,630,297)	(\$18,548,503)	(\$16,459,346)	(\$21,302,323)	(\$21,063,753)

\$15,474,761	\$15,286,100	\$15,156,934	\$15,581,470	\$16,821,409	\$17,610,730
932,567	951,463	1,319,663	1,297,542	883,310	922,752
152,169	158,706	148,127	145,759	152,884	191,486
565,129	887,296	1,264,653	1,322,146	1,353,157	1,374,283
1,505,343	1,748,080	1,803,331	1,732,131	1,656,500	1,698,530
8,912	2,960	58,781	70,511	46,163	17,286
0	0	0	0	0	0
42,439	46,530	70,713	124,604	341,324	554,745
(10,724)	(14,457)	(48,337)	(27,607)	10,952	(11,675)
1,100,792	2,296,860	1,529,990	1,143,947	1,278,379	1,354,171
19,771,388	21,363,538	21,303,855	21,390,503	22,544,078	23,712,308

60	64	66	62	115	457
\$60	\$64	\$66	\$62	\$115	\$457
\$19,771,448	\$21,363,602	\$21,303,921	\$21,390,565	\$22,544,193	\$23,712,765

\$2,146,821	\$1,800,542	\$2,834,473	\$5,002,129	\$1,307,938	\$2,703,056
(69,957)	(67,237)	(79,055)	(70,910)	(66,068)	(54,044)
\$2,076,864	\$1,733,305	\$2,755,418	\$4,931,219	\$1,241,870	\$2,649,012

(Concluded)

CERRO GORDO COUNTY, IOWA

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified accrual accounting)

(Unaudited)

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	1,062,596	591,110	162,622	48,546
Committed	0	0	0	0
Assigned	1,026,793	1,296,116	1,208,277	1,267,562
Unassigned	4,207,065	4,550,586	4,976,088	5,295,536
Total General Fund	\$6,296,454	\$6,437,812	\$6,346,987	\$6,611,644
All Other Governmental Funds				
Nonspendable	\$1,203,806	\$1,384,730	\$1,273,866	\$1,097,904
Restricted	5,200,556	5,812,740	4,168,577	4,407,104
Committed	0	0	0	0
Assigned	893,266	871,341	704,823	774,065
Unassigned	(20,262)	0	0	0
Total all other governmental funds	\$7,277,366	\$8,068,811	\$6,147,266	\$6,279,073
Total Fund Balance All Governmental Funds	\$13,573,820	\$14,506,623	\$12,494,253	\$12,890,717

Source: County Records

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$0	\$0	\$0	\$0	\$0	\$0
185,143	250,958	525,160	589,757	1,433,742	1,354,407
0	0	0	0	0	0
1,086,036	1,102,657	1,162,680	1,178,685	1,148,367	1,118,942
6,143,872	6,473,260	6,322,435	6,093,603	6,821,174	8,871,992
\$7,415,051	\$7,826,875	\$8,010,275	\$7,862,045	\$9,403,283	\$11,345,341
\$888,073	\$1,241,840	\$1,262,595	\$834,101	\$1,241,424	\$920,044
4,691,776	5,500,449	7,516,391	6,370,019	7,205,593	7,093,577
0	0	0	0	0	0
954,307	1,103,221	1,286,680	1,207,808	1,225,917	975,944
0	0	0	0	0	0
\$6,534,156	\$7,845,510	\$10,065,666	\$8,411,928	\$9,672,934	\$8,989,565
\$13,949,207	\$15,672,385	\$18,075,941	\$16,273,973	\$19,076,217	\$20,334,906

CERRO GORDO COUNTY, IOWA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified accrual accounting)

(Unaudited)

	Fiscal Year			
	2010	2011	2012	2013
Revenues:				
Property and Other County Tax	\$15,746,255	\$16,151,502	\$16,630,974	\$17,057,026
Interest and Penalty on Property Tax	174,381	161,757	163,122	153,414
Intergovernmental	12,253,236	7,827,411	7,295,931	7,144,890
Licenses and Permits	413,794	126,934	125,044	120,712
Charges for Services	1,248,757	1,391,135	1,332,932	1,304,748
Use of Money and Property	311,405	277,433	283,542	250,226
Miscellaneous	1,476,175	933,810	948,232	1,313,451
Total Revenues	31,624,003	26,869,982	26,779,777	27,344,467
Expenditures:				
Public Safety and Legal Services	6,826,705	7,095,863	7,500,849	7,577,137
Physical Health and Social Services	4,656,497	5,095,095	4,639,871	4,845,164
Mental Health	5,941,119	676,241	3,793,476	2,361,533
County Environment and Education	1,302,316	1,181,451	1,233,631	1,106,735
Roads and Transportation	5,340,158	4,963,655	5,066,973	4,417,491
Government Services to Residents	970,387	988,933	1,052,040	1,048,894
Administrative Services	2,886,708	2,355,944	2,485,101	2,580,211
Non-Program	167,932	114,044	84,682	27,405
Debt Service				
Principal	861,763	2,541,936	9,607,704	564,368
Interest	517,357	519,010	804,707	427,889
Capital Projects	3,022,467	2,628,619	1,769,644	1,850,331
Total Expenditures	32,493,409	28,160,791	38,038,678	26,807,158
Excess (Deficiency) of Revenues Over (Under) Expenditures	(869,406)	(1,290,809)	(11,258,901)	537,309
Other Financing Sources (Uses):				
Proceeds from the sale of capital assets	214,204	7,714	12,000	24,266
Transfers in	2,860,798	3,227,450	3,241,067	3,352,612
Transfers out	(2,860,798)	(3,227,450)	(3,241,067)	(3,352,612)
Issuance of drainage warrants	45,287	34,974	31,737	10,851
Issuance of general obligation capital loan notes	0	0	0	0
Issuance of crossover refunding capital loan notes	0	2,000,000	9,365,000	0
Issuance of capital lease purchase agreement	20,679	0	0	0
Issuance of LOSST revenue bonds	168,750	0	0	0
Issuance of installment purchase contracts	0	0	0	0
Total other financing sources (uses)	448,920	2,042,688	9,408,737	35,117
Net change in fund balances	(\$420,486)	\$751,879	(\$1,850,164)	\$572,426
Debt service as % of noncapital expenditures	4.39%	12.22%	29.22%	4.05%

Source: County Records

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$17,918,503	\$17,987,366	\$18,334,856	\$18,674,759	\$19,394,724	\$20,301,539
152,169	158,706	148,127	145,759	152,884	191,486
7,961,602	8,278,038	8,703,780	9,802,673	10,360,262	10,817,246
220,980	154,958	133,989	167,887	165,698	156,893
1,422,442	1,402,231	1,710,171	1,645,611	2,124,942	1,800,316
495,212	188,814	273,850	300,827	537,827	716,632
1,061,874	2,364,995	1,352,813	1,164,216	1,251,205	1,175,915
29,232,782	30,535,108	30,657,586	31,901,732	33,987,542	35,160,027
7,962,487	8,184,564	8,389,453	8,712,033	8,972,657	9,100,310
4,914,277	5,110,132	5,098,205	5,005,487	5,637,490	6,118,575
2,018,171	2,561,090	1,848,842	2,744,081	2,329,891	2,088,247
1,851,989	1,275,293	1,249,483	1,360,421	1,434,640	1,593,856
5,500,566	5,618,674	5,837,654	5,665,460	6,401,635	7,851,936
1,077,312	1,461,109	1,203,391	1,220,779	1,239,005	1,147,836
2,659,540	2,995,191	3,048,671	3,379,361	3,336,359	3,069,854
95,989	189,518	293,382	364,685	360,759	858,987
575,238	622,246	1,216,500	1,231,500	822,000	837,000
416,469	404,889	219,199	198,423	177,842	161,567
978,252	1,762,502	19,424	3,632,991	1,200,730	1,875,561
28,050,290	30,185,208	28,424,204	33,515,221	31,913,008	34,703,729
1,182,492	349,900	2,233,382	(1,613,489)	2,074,534	456,298
29,016	24,321	48,994	21,800	47,141	23,200
3,354,612	3,467,670	3,666,959	4,513,322	4,145,424	4,459,730
(3,354,612)	(3,467,670)	(3,666,959)	(4,513,322)	(4,145,424)	(4,459,730)
56,813	145,190	100,425	218,215	273,246	171,971
0	850,000	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	928,600
85,829	1,019,511	149,419	240,015	320,387	1,123,771
\$1,268,321	\$1,369,411	\$2,382,801	(\$1,373,474)	\$2,394,921	\$1,580,069
3.81%	3.71%	5.17%	4.95%	3.32%	3.20%

CERRO GORDO COUNTY, IOWA

PROGRAM REVENUES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2010	2011	2012	2013
Government Activities:				
Public Safety and Legal Services	\$1,561,615	\$1,589,118	\$1,548,358	\$1,626,138
Physical Health and Social Services	2,975,874	2,915,052	2,394,545	2,490,087
Mental Health	2,032,435	49,943	0	26
County Environment and Education	128,474	121,681	137,477	98,434
Roads and Transportation	6,188,066	3,596,827	3,840,156	4,792,027
Government Services to Residents	694,771	674,408	728,731	714,103
Administrative Services	187,016	186,040	391,130	222,609
Non-Program	2,375,121	182,654	204,314	173,985
Total Governmental Activities Program Revenues	16,143,372	9,315,723	9,244,711	10,117,409
Business-Type Activities:				
Wastewater Collection and Treatment	67,217	66,040	66,716	66,979
Total Business-Type Activities Program Revenues	67,217	66,040	66,716	66,979
Total Government Program Revenues	\$16,210,589	\$9,381,763	\$9,311,427	\$10,184,388

Source: County Records

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$1,591,878	\$1,659,477	\$1,609,729	\$1,598,134	\$1,802,257	\$1,648,404
2,938,155	2,702,555	2,164,079	2,252,275	2,922,674	3,019,274
0	102,868	228,722	892,871	601,682	572,004
219,358	231,295	171,028	131,497	515,630	219,770
5,314,851	3,617,560	4,641,083	8,170,537	4,532,917	6,041,455
827,302	727,253	834,300	829,984	837,302	750,032
422,468	78,154	152,164	157,447	161,024	126,821
233,391	229,409	754,916	461,111	802,862	616,478
11,547,403	9,348,571	10,556,021	14,493,856	12,176,348	12,994,238
64,219	62,871	84,097	63,790	61,803	61,290
64,219	62,871	84,097	63,790	61,803	61,290
\$11,611,622	\$9,411,442	\$10,640,118	\$14,557,646	\$12,238,151	\$13,055,528

CERRO GORDO COUNTY, IOWA

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (1)

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30	Assessed Value and Actual Value of Taxable Property				
	Residential Property	Commercial Property	Industrial Property	Agricultural Property	(3) Multi- Residential Property
2010	\$2,158,325,908	\$472,474,791	\$125,039,073	\$292,634,499	
2011	2,185,469,250	462,309,715	122,515,972	432,256,773	
2012	2,232,467,433	467,738,844	117,498,875	430,812,881	
2013	2,258,003,711	487,676,744	102,684,643	532,611,206	
2014	2,314,550,636	500,947,523	110,270,222	532,853,133	
2015	2,319,642,432	498,090,582	99,822,358	732,431,140	
2016	2,374,484,803	499,855,563	101,958,618	735,514,820	
2017	2,424,164,466	475,769,880	105,905,615	680,530,712	\$51,406,587
2018	2,450,688,240	539,441,999	133,133,193	680,442,561	57,083,686
2019	2,564,821,074	611,059,396	111,940,379	615,998,178	59,480,791

Fiscal Year Ended June 30	Taxable Value of Property				
	Residential Property	Commercial Property	Industrial Property	Agricultural Property	(3) Multi- Residential Property
2010	\$965,567,898	\$472,474,791	\$125,039,073	\$274,580,757	
2011	1,003,294,020	462,309,715	122,515,972	285,781,276	
2012	1,059,415,029	467,738,844	117,498,875	296,510,611	
2013	1,122,798,241	487,676,744	102,684,643	305,127,041	
2014	1,216,008,264	500,947,523	110,270,222	317,879,766	
2015	1,238,055,392	470,580,246	93,054,272	315,174,766	
2016	1,299,592,831	444,409,241	88,152,884	327,847,665	
2017	1,329,468,034	424,543,682	92,976,910	313,720,303	\$41,742,683
2018	1,367,806,683	482,106,807	119,678,443	322,888,292	43,619,871
2019	1,413,967,540	545,976,879	98,196,248	335,372,613	42,399,444

Source: Cerro Gordo County Auditor's Office

(1) Net Taxable Value is the value on which real estate taxes are calculated and on which budgets of the various Levy Authorities are based. For property valued by local assessors, total taxable value is the actual value of property multiplied by the statewide rollback rate that is determined annually by the Iowa Department of Management.

(2) Other Property includes utility property, railroad property, and gas and electric utility property, all of which are valued by the Iowa Department of Management. All other property classes are valued by the local assessor.

(3) 2013 Iowa Acts Senate File 295 created a new property classification, multiresidential, for property valuations established on or after January 1, 2015.

(4) Per \$1,000 of value

Assessed Value and Actual Value of Taxable Property

TIF Increment	(2) Other Property	Total Assessed Value	Less: Military Tax-Exempt Property	Net Assessed Value
\$100,955,290	\$552,664,832	\$3,702,094,393	\$6,400,851	\$3,695,693,542
116,873,546	630,695,007	3,950,120,263	6,267,987	3,943,852,276
125,306,712	729,052,147	4,102,876,892	6,115,677	4,096,761,215
130,243,719	769,636,251	4,280,856,274	5,926,400	4,274,929,874
79,114,218	802,921,546	4,340,657,278	5,786,528	4,334,870,750
144,709,810	854,374,308	4,649,070,630	5,589,246	4,643,481,384
146,155,210	965,594,757	4,823,563,771	5,346,590	4,818,217,181
110,008,629	1,028,589,845	4,876,375,734	5,148,426	4,871,227,308
108,332,110	984,657,464	4,953,779,253	4,948,598	4,948,830,655
103,937,562	1,452,289,981	5,519,527,361	4,742,100	5,514,785,261

Taxable Value of Property

TIF Increment	(2) Other Property	Total Taxable Value	Less: Military Tax-Exempt Property	Net Taxable Value	(4) Total Direct Tax Rate Urban
\$100,955,290	\$168,369,930	\$2,106,987,739	\$6,400,851	\$2,100,586,888	6.30195
116,873,546	157,060,949	2,147,835,478	6,267,987	2,141,567,491	6.27042
125,306,712	158,266,959	2,224,737,030	6,115,677	2,218,621,353	6.25077
130,243,719	156,083,846	2,304,614,234	5,926,400	2,298,687,834	6.23582
79,114,218	172,180,865	2,396,400,858	5,786,528	2,390,614,330	6.23582
144,709,810	170,878,079	2,432,452,565	5,589,246	2,426,863,319	6.24934
146,155,210	167,742,054	2,473,899,885	5,346,590	2,468,553,295	6.24934
110,008,629	200,595,239	2,513,055,480	5,148,426	2,507,907,054	6.23314
108,332,110	208,951,777	2,653,383,983	4,948,598	2,648,435,385	6.19934
103,937,562	202,937,388	2,742,787,674	4,742,100	2,738,045,574	6.19934

CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

	Fiscal Year Taxes are Payable			
	2009-2010	2010-2011	2011-2012	2012-2013
County Direct Rates:				
General Basic	3.50000	3.50000	3.50000	3.50000
General Supplemental	1.19301	1.19709	1.23408	1.26294
County MHDS Fund	1.14291	1.11742	1.08252	1.05366
Debt Service	0.46603	0.45591	0.43417	0.41922
Total Urban County Rate	6.30195	6.27042	6.25077	6.23582
Rural Services Basic	3.51050	3.50739	3.50739	3.50739
Total Rural County Rate	9.81245	9.77781	9.75816	9.74321
City and Town Rates:				
Mason City	12.73451	13.39427	13.56506	13.55111
Clear Lake	10.04870	10.04870	10.54051	10.54051
Dougherty	21.69736	21.92952	20.60153	20.64068
Meservey	9.69634	9.76964	9.74292	9.81933
Plymouth	12.08788	12.39961	12.11006	12.20913
Rock Falls	6.50132	6.50142	6.50149	6.50154
Rockwell	8.10000	8.10000	8.10000	11.08920
Swaledale	16.51678	16.69821	16.52590	16.58887
Thornton	11.98426	13.18875	13.55458	13.27395
Ventura	9.98439	10.98226	10.31588	11.99924
Nora Springs	14.70933	14.14998	13.65250	13.52895
Township Rates:				
Bath	0.53818	0.53818	0.53818	0.53818
Clear Lake (3)	0.23068	0.24488	0.24488	0.21442
Clear Lake - Clear Lake Fire (3)				
Clear Lake - Ventura Fire (3)				
Dougherty	0.35017	0.33910	0.33910	0.32847
Falls	0.61663	0.61663	0.61663	0.61663
Geneseo	0.37468	0.40500	0.35250	0.35250
Grant - Clear Lake Schools	0.41084	0.38541	0.42718	0.37829
Grant - Forest City Schools	0.41065	0.38544	0.42718	0.45467
Grant - Ventura Schools	0.38938	0.40805	0.42718	0.39710
Grant - Garner-Hayfield-Ventura Schools				
Gimes	0.72990	0.72990	0.81888	0.81888
Lake	0.12063	0.11862	0.11476	0.13259
Lime Creek	0.40500	0.40500	0.40500	0.40500
Lincoln	0.34787	0.34428	0.33077	0.31231
Mason	0.40500	0.40500	0.40500	0.40500
Mount Vernon	0.48673	0.48673	0.45272	0.46750
Owen	0.63008	0.63008	0.63008	0.62431
Pleasant Valley	0.49223	0.48381	0.46551	0.48580
Portland	0.44455	0.43574	0.43226	0.41877
Union	0.24998	0.25329	0.25327	0.26324

Fiscal Year Taxes are Payable					
2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
3.50000	3.50000	3.50000	3.50000	3.50000	3.50000
1.43434	1.43434	1.49075	1.55513	1.78628	1.77291
0.89872	0.90717	0.69761	0.63323	0.56082	0.57419
0.40276	0.40783	0.56098	0.54478	0.35224	0.35224
6.23582	6.24934	6.24934	6.23314	6.19934	6.19934
3.50739	3.50739	3.50739	3.50739	3.50739	3.50739
9.74321	9.75673	9.75673	9.74053	9.70673	9.70673
13.02255	13.85102	13.51799	13.71268	13.70261	13.82774
10.54051	10.54051	10.54051	10.04870	9.80000	9.70000
21.77695	22.84754	24.26206	24.58217	22.97122	15.36624
9.78939	9.74056	9.69966	9.72881	12.97847	9.61393
12.12610	11.98483	12.09539	11.89468	13.56582	14.27330
6.50145	6.50148	6.50153	6.54562	6.50798	6.50802
10.94949	10.88225	10.73172	10.79451	10.60937	10.54977
16.30666	16.56274	15.35735	15.44233	15.32206	17.06742
13.57071	13.92504	13.71065	11.26277	11.20355	10.93464
11.99276	11.39807	10.78005	10.66823	10.52017	10.60528
13.02874	12.41945	12.48296	11.94478	11.52665	12.07226
0.53818	0.53818	0.53818	0.53008	0.53008	0.53008
0.20265	0.32721				
		0.24501	0.24501	0.24501	0.24501
		0.63750	0.63750	0.63750	0.63750
0.31617	0.31617	0.31617	0.32636	0.32636	0.32636
0.61663	0.61663	0.61663	0.61663	0.61663	0.61663
0.35250	0.35490	0.34546	0.35568	0.35568	0.34678
0.38821	0.56082	0.56627	0.56541	0.53061	0.51537
0.46532	0.66611	0.52668	0.52397	0.50346	0.48312
0.42416	0.62767				
		0.52598	0.77596	0.76981	0.76383
0.81888	0.81628	0.81628	0.81297	0.79154	0.79154
0.11136	0.11327	0.17683	0.16233	0.18846	0.22790
0.40500	0.40500	0.40500	0.40500	0.40500	0.40500
0.29717	0.32293	0.40392	0.42136	0.42136	0.42136
0.40500	0.40500	0.40500	0.39701	0.40500	0.40407
0.42705	0.48964	0.54213	0.54380	0.29256	0.36820
0.67200	0.67130	0.66892	0.67182	0.66935	0.66755
0.52831	0.52811	0.58311	0.50503	0.59267	0.71770
0.40730	0.41188	0.41034	0.41598	0.40285	0.37079
0.27000	0.40000	0.40000	0.41999	0.42002	0.42001

CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING PROPERTY TAX RATES (Continued)

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

	Fiscal Year Taxes are Payable			
	2009-2010	2010-2011	2011-2012	2012-2013
School District Rates:				
Clear Lake	11.88062	12.94152	12.92279	12.91652
Forest City (6)	15.43304	16.73516	16.26585	15.74705
Garner-Hayfield-Ventura (5)				
Mason City	13.61683	15.11732	15.11036	13.31719
Meservey-Thornton (1)	11.32179	11.67653		
Central Springs (4)				
Central Springs - Nora Springs-Rock Falls (2) & (4)	16.84643	16.40896	14.11412	12.11061
Central Springs - North Central (2) & (4)	14.30978	14.47611	14.60022	13.58070
Rockwell-Swaledale (1)	13.77531	13.76616		
Rudd-Rockford-Marble Rock	14.00920	14.01998	13.99784	14.00006
Sheffield-Chapin (1)	13.28760	13.58888		
Ventura	10.38817	10.56830	9.91583	8.93613
West Fork (1)			10.98663	12.01129
Other Taxing Authority Rates:				
County Assessor	0.54784	0.52205	0.42718	0.42584
City Assessor	0.23130	0.23123	0.25035	0.23272
North Iowa Area Community College	0.62025	0.65707	0.66261	0.66163
Ag. Extension	0.10752	0.10718	0.10730	0.11294
State	0.00350	0.00350	0.00320	0.00320
Clear Lake Sanitary Sewer	1.49445	1.45557	1.34516	1.30997
Falls - Rock Falls Cemetery	0.06750	0.06750	0.06750	0.06750

(1) In 2012, West Fork School District was formed by combining Meservey-Thornton School District, Rockwell-Swaledale School District, and Sheffield-Chapin School District.

(2) Beginning in 2012, Nora Springs-Rock Falls School District and North Central School District consolidated. However, each school has its own property tax rate.

(3) In 2016, Clear Lake Township divided its township according to the fire department service area.

(4) There is only one tax rate for the Central Springs School District beginning in 2016.

(5) On 7/1/2015, the Ventura School District and the Garner-Hayfield School District consolidated to form the Garner-Hayfield-Ventura School District.

(6) Beginning 7/1/2019, Forest City Schools combined with Woden-Crystal Lake schools. However, the school name remains Forest City.

Source: Cerro Gordo County Auditors Office

Fiscal Year Taxes are Payable					
2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
12.23909	11.48331	10.78057	9.58620	10.39338	10.39297
13.57052	13.25268	13.32296	13.40134	13.40094	12.47410
		9.66527	10.01424	10.19281	10.50279
11.04654	13.19829	13.95080	14.13036	14.26365	14.26190
			11.16423	10.92385	10.89351
11.90297	10.73475	10.45408			
13.33098	12.16563	10.45408			
11.99531	11.62550	11.65981	11.68003	11.74394	11.94012
9.19665	8.88310				
11.16849	11.82496	11.24071	10.41784	10.19464	10.43761
0.52836	0.54081	0.56281	0.56281	0.52340	0.42415
0.64245	0.64240	0.63172	0.63172	0.61966	0.40998
0.66157	0.64054	0.71508	0.71508	0.71947	0.79303
0.10859	0.11261	0.11950	0.11950	0.11453	0.11312
0.00330	0.00330	0.00330	0.00330	0.00310	0.00290
1.27051	1.24120	1.22510	1.20067	0.54000	0.54000
0.06750	0.06750	0.06750	0.06750	0.06750	0.06750

(Concluded)

CERRO GORDO COUNTY, IOWA

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

(Unaudited)

	Fiscal Year 2019			Fiscal Year 2010		
	Total Taxable Value	Rank	Percent of Total Taxable Value	Total Taxable Value	Rank	Percent of Total Taxable Value
Interstate Power & Light Co	\$100,025,097	1	3.65%	\$85,636,879	1	4.06%
Union Pacific	42,122,475	2	1.54%	15,364,956	6	0.73%
Golden Grain Energy LLC	17,591,454	3	0.64%	45,508,778	2	2.16%
Windmill Realty, LLC	16,420,698	4	0.60%			
Lehigh Portland Cement Co	15,949,912	5	0.58%	18,679,086	5	0.89%
MFF Mortgage Borrower 20, LLC	14,839,767	6	0.54%			
Magellan Pipeline Company, LLC	14,173,834	7	0.52%			
Wal-Mart Real Estate Business Trust	11,856,803	8	0.43%			
Five Star Cooperative	11,659,694	9	0.43%	20,486,638	3	0.97%
Hawkeye Power Partners, LLC	11,302,290	10	0.41%	12,793,651	9	0.61%
Ag Processing, LLC				19,143,614	4	0.91%
AADG Inc (Curries Company)				14,878,017	7	0.71%
Holcim (US) Inc				13,418,720	8	0.64%
Quest Corp.				11,558,204	10	0.55%
	<u>\$255,942,024</u>		<u>9.33%</u>	<u>\$257,468,543</u>		<u>12.23%</u>

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy		Property Tax Collections in Subsequent Years	Property Taxes Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$61,066,901	\$59,136,632	96.84%	\$13,163	\$59,149,795	96.86%
2011	65,508,663	63,720,109	97.27%	9,348	63,729,457	97.28%
2012	67,300,914	65,466,374	97.27%	(6,788)	65,459,586	97.26%
2013	67,840,071	65,795,178	96.99%	37,696	65,832,874	97.04%
2014	66,904,841	64,623,723	96.59%	37,085	64,660,808	96.65%
2015	70,801,705	67,733,439	95.67%	23,775	67,757,214	95.70%
2016	72,052,658	68,174,393	94.62%	38,469	68,212,862	94.67%
2017	71,881,538	67,545,939	93.97%	7,059	67,552,998	93.98%
2018	75,943,689	71,579,712	94.25%	28,397	71,608,109	94.29%
2019	78,801,117	74,410,837	94.43%	212,799	74,623,636	94.70%

Total tax collections solely for Cerro Gordo County were:

Fiscal Year Ended June 30	Amount
2010	\$13,906,364
2011	14,211,708
2012	14,678,427
2013	15,239,651
2014	16,178,353
2015	16,340,578
2016	16,974,826
2017	17,212,787
2018	18,143,716
2019	18,807,488

Source: Cerro Gordo County Treasurer's Office

CERRO GORDO COUNTY, IOWA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities					Business-Type Activities		Percentage of Personal Income (1)	Per Capita (1)
	Capital Loan Notes	Installment Purchase	Capital Lease Purchases	Drainage Warrants	Revenue Bonds	Sewer Revenue Capital Loan Notes	Total Government		
2010	\$11,470,000	\$0	\$117,605	\$34,700	\$401,750	\$567,946	\$12,592,001	0.77%	\$284.64
2011	11,000,000	0	65,669	20,088	381,750	557,967	12,025,474	0.71%	272.64
2012	10,835,000	0	10,351	14,417	361,750	547,538	11,769,056	0.65%	267.86
2013	10,295,000	0	5,984	20,817	341,750	536,642	11,200,193	0.56%	255.78
2014	9,745,000	0	1,246	62,024	321,250	525,252	10,654,772	0.52%	244.52
2015	10,215,000	0	0	197,599	300,250	513,352	11,226,201	0.50%	259.80
2016	9,020,000	0	0	122,010	278,750	500,917	9,921,677	0.41%	230.65
2017	7,810,000	0	0	288,454	257,250	487,921	8,843,625	0.39%	205.33
2018	7,010,000	0	0	480,036	235,250	474,340	8,199,626	0.38%	190.66
2019	6,195,000	378,600	0	355,158	213,250	460,147	7,602,155	0.33%	178.26

1. Calculated using population and personal income figures from Demographics and Economic Statistics Table.

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	General Bonded Debt Outstanding	Percentage Net Taxable	Per Capita (2)
	Bonds & Capital Loan Notes	Value of Property (1)	
2010	\$11,470,000	0.55%	\$259
2011	11,000,000	0.51%	249
2012	10,835,000	0.49%	247
2013	10,295,000	0.45%	235
2014	9,745,000	0.41%	224
2015	10,215,000	0.42%	236
2016	9,020,000	0.37%	210
2017	7,810,000	0.31%	181
2018	7,010,000	0.26%	163
2019	6,195,000	0.23%	145

1. See Assessed Value and Actual Value of Taxable Property Schedule for property value data.

2. Calculated using population figure from Demographics and Economic Statistics Table.

Source: Cerro Gordo County Auditor's Office

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CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2019

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
County direct debt	\$7,142,008	100.00%	<u>\$7,142,008</u>
City debt:			
Clear Lake	1,813,500	100.00%	1,813,500
Mason City	33,977,000	100.00%	33,977,000
Nora Springs	500,000	3.09%	15,432
Plymouth	110,020	100.00%	110,020
Rockwell	700,000	100.00%	700,000
Swaledale	20,242	100.00%	20,242
Thornton	97,900	100.00%	97,900
Ventura	1,615,000	100.00%	1,615,000
Subtotal, City debt			<u>38,349,094</u>
School Districts:			
Clear Lake	5,098,000	100.00%	5,098,000
Mason City	23,292,696	100.00%	23,292,696
Garner-Hayfield Ventura	6,080,000	38.17%	2,320,664
West Fork	390,000	61.94%	241,569
Subtotal, School District debt			<u>30,952,929</u>
Other Districts:			
North Iowa Area Community College	33,545,000	34.49%	<u>11,569,613</u>
Subtotal, Other District debt			<u>11,569,613</u>
Total overlapping debt			<u>80,871,636</u>
Total direct and overlapping debt			<u><u>\$88,013,644</u></u>

Source: Cities, schools, and other districts within Cerro Gordo County.

* The overlapping debt percentage is calculated by dividing the amount of valuation of each taxing jurisdiction that is partially or wholly within the County by the total valuation of each taxing jurisdiction.

CERRO GORDO COUNTY, IOWA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Unaudited)

	2010	2011	2012	2013
Debt Limit, 5% of Assessed Value	\$184,784,677	\$197,192,614	\$204,838,061	\$213,746,494
Total net debt applicable to limit	11,989,355	11,447,419	11,427,102	10,642,734
Legal Debt Margin	\$172,795,322	\$185,745,195	\$193,410,959	\$203,103,760
Total net debt applicable to the limit as a percentage of debt limit	6.49%	5.81%	5.58%	4.98%

Source: County records

Legal Debt Margin Calculation for Fiscal Year 2019

Net Assessed Value	\$5,514,785,261
Debt Limit (5% of assessed value)	275,739,263
Debt applicable to limit:	
General obligation capital loan notes	6,195,000
LOS&ST Revenue Bonds	213,250
Installment Purchase	378,600
Total net debt applicable to limit	6,786,850
Legal debt margin	<u>\$268,952,413</u>

2014	2015	2016	2017	2018	2019
\$216,743,538	\$232,174,069	\$240,910,859	\$243,561,365	\$247,441,533	\$275,739,263
10,067,496	10,515,250	9,298,750	8,067,250	7,245,250	6,786,850
\$206,676,042	\$221,658,819	\$231,612,109	\$235,494,115	\$240,196,283	\$268,952,413
4.64%	4.53%	3.86%	3.31%	2.93%	2.46%

CERRO GORDO COUNTY, IOWA

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

(Unaudited)

Year	Population (1)	Personal Income (000's) (2)	Per Capita Personal Income (2)	Public School Enrollment (3)	Private School Enrollment (3)	Unemployment Rate (4)
2009	44,239	\$1,640,574	\$37,084	5,943	583	6.70%
2010	44,107	1,692,205	38,366	5,817	594	6.90%
2011	43,938	1,811,347	41,225	5,757	602	6.40%
2012	43,788	1,992,213	45,497	5,832	566	5.70%
2013	43,575	2,052,553	47,104	5,741	588	5.20%
2014	43,211	2,227,485	51,549	5,712	584	4.52%
2015	43,017	2,438,050	56,676	5,694	600	3.76%
2016	43,070	2,284,221	53,035	5,659	584	3.30%
2017	43,006	2,164,780	50,337	5,505	573	3.10%
2018	42,647	2,274,873	53,342	5,429	595	2.70%

(1) U.S. Census Bureau.

(2) Bureau of Economic Analysis, U.S. Department of Commerce.

(3) Iowa Department of Education.

(4) Iowa Workforce Development

CERRO GORDO COUNTY, IOWA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

(Unaudited)

	2019			2010		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Mercy Medical Center - North Iowa	2,633	1	11.13%	2,650	1	10.52%
Curries ASSA ABLOY	740	2	3.13%	905	2	3.59%
Mason City Community School District	616	3	2.60%	501	5	1.99%
One Vision	564	4	2.38%	643	3	2.55%
Principal Financial Group	360	5	1.52%	474	6	1.88%
Cargill Kitchen Solutions	325	6	1.37%			
Good Shepherd	325	7	1.37%	300	8	1.19%
City of Mason City	255	8	1.08%	292	9	1.16%
Smithfield	250	9	1.06%			
Cerro Gordo County	245	10	1.04%			
Hy-Vee Food Stores				570	4	2.26%
Wal-Mart Stores				373	7	1.48%
Kraft Foods				280	10	1.11%
	<u>6,313</u>		<u>26.68%</u>	<u>6,988</u>		<u>27.73%</u>

Source: Number of Employees provided by North Iowa Corridor Economic Development Corporation.

Total Cerro Gordo County labor force provided by Iowa Workforce Development.

CERRO GORDO COUNTY, IOWA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2010	2011	2012	2013
Public Safety and Legal Services:				-
Sheriff	72.00	73.00	73.00	73.00
Attorney	11.00	11.00	11.00	12.00
Child Support Recovery	7.00	7.00	6.00	6.00
Physical Health and Social Services:				
Health Department	51.00	48.00	50.00	48.00
General Relief	1.35	1.35	1.35	1.35
Veteran Affairs	1.65	1.65	1.65	1.65
Mental Health:				
CPC	2.20	3.20	3.20	3.20
Case Management	9.00	9.00	9.00	9.00
County Environment and Education:				
Conservation	6.50	6.50	7.00	6.50
Planning and Zoning:	1.00	1.00	1.00	1.00
Roads and Transportation:				
Engineer	38.00	39.00	39.00	38.00
Roadsides	3.00	3.00	2.00	3.00
Governmental Services to Residents:				
Treasurer, motor vehicles	5.75	5.75	5.75	5.75
Recorder	5.00	5.00	5.00	5.00
Auditor, elections	3.00	3.00	3.00	3.00
Administration:				
Board of Supervisors	3.50	3.50	3.50	3.50
Auditor	6.50	6.50	6.50	6.50
Treasurer, tax	2.25	2.25	2.25	2.25
MIS	6.00	6.00	6.00	7.00
GIS				
Courthouse Maintenance	2.50	2.50	2.50	2.50
Safety	0.50	0.50	0.50	0.50
Personnel	0.50	0.50	0.50	0.50
Total	239.20	239.20	239.70	239.20

Source: County Records

Fiscal Year					
2014	2015	2016	2017	2018	2019
73.00	73.00	71.00	74.00	74.00	74.00
12.00	12.50	13.50	15.50	17.00	18.00
6.00	6.00	6.00	6.00	6.00	6.00
46.00	47.00	48.00	50.00	52.00	50.00
1.35	1.35	1.35	2.35	2.35	2.35
1.65	1.65	1.65	1.65	1.65	1.65
3.20	3.20	3.20	5.30	6.50	6.00
8.00	8.00	8.00	9.00	1.00	1.00
6.50	6.50	6.50	6.50	6.50	7.00
0.60	0.55	1.05	1.30	1.20	1.20
39.00	39.00	39.00	39.00	39.00	39.00
3.00	3.00	3.00	3.00	3.00	3.00
5.75	5.75	6.50	5.75	5.75	5.75
5.00	5.00	5.00	5.00	5.00	5.00
3.08	3.00	3.00	3.00	3.00	2.50
3.35	3.30	3.30	3.30	3.20	3.20
6.72	6.50	7.50	6.50	6.50	6.50
2.25	2.25	2.50	2.25	2.25	2.25
6.00	8.00	7.00	5.00	6.00	6.00
			1.00	1.00	1.00
2.60	2.55	2.55	2.55	2.40	2.40
0.60	0.55	0.55	0.55	0.40	0.40
0.60	0.55	1.05	0.80	0.80	0.80
236.25	239.20	241.20	249.30	246.50	245.00

CERRO GORDO COUNTY, IOWA

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2010	2011	2012	2013
Public Safety and Legal Services:				
Sheriff:				
Weapon permits issued	495	1,149	673	679
Number of Jail bookings	3,431	2,998	3,130	3,024
Civil Papers Served	4,743	4,647	4,627	4,650
Service Calls	8,634	8,876	7,554	7,316
Number of Arrests	2,423	2,572	2,546	2,073
Citations and Warnings issued	2,764	4,029	2,755	2,482
Attorney:				
Number Cases Filed:				
Felony	218	283	234	297
Indictable Misdemeanor	984	1,036	871	919
Juvenile	174	151	165	185
Physical Health and Social Services:				
Health Department:				
Number of Immunizations	5,516	5,081	4,978	5,463
Number of Nursing Clients	324	358	378	411
Number of Nursing Visits	6,443	6,320	6,376	6,380
Number of Home Care Aide Clients	144	296	145	141
Number Home Care Aide service hours	13,527	12,175	12,365	10,987
Number of Food Inspections	2,664	840	386	971
County Environment and Education:				
Conservation:				
Number of camper nights	4,359	4,209	4,173	3,895
Conservation programs presented	251	274	271	309
People attending programs	10,451	11,169	10,487	10,227
Planning and Zoning:				
Zoning Permits issued	92	96	103	71
Board of Adjustment cases	26	28	37	28
Roads and Transportation:				
Engineer: Miles maintained	970	970	970	970
Governmental Services to Residents:				
Treasurer: Titles issued	14,989	13,791	14,812	15,363
Recorder: Documents recorded	9,961	9,495	9,137	9,899
Auditor:				
Registered voters	32,114	32,158	32,449	31,975
Absentee ballots requested	1,731	5,872	1,530	9,865

Source: County Records

Fiscal Year					
2014	2015	2016	2017	2018	2019
705	764	1,465	1,156	1,160	795
3,071	2,942	2,934	2,979	2,868	2,742
4,236	3,872	3,822	3,877	3,906	3,571
8,128	7,859	8,225	8,552	8,424	9,834
1,315	1,019	1,113	1,197	1,002	868
3,022	2,841	2,900	2,947	2,349	1,988
345	373	334	377	393	367
1,086	831	936	912	1,062	991
216	166	203	199	200	207
4,995	6,398	6,672	5,610	6,134	6,852
388	397	405	533	312	236
6,958	6,886	7,722	6,652	6,075	5,170
259	141	135	345	245	150
10,939	11,706	11,832	11,432	11,373	10,540
810	837	500	1,051	724	500
3,527	3,509	4,384	4,219	4,771	4,170
377	358	319	294	294	333
11,558	12,844	12,444	12,803	10,070	10,605
88	90	94	131	100	116
28	34	36	43	41	33
970	970	970	970	970	970
16,631	17,261	17,488	18,045	17,163	13,259
8,325	7,666	8,120	7,584	7,655	7,585
32,211	31,265	31,690	31,022	31,197	30,738
2,643	7,639	1,141	10,655	2,999	7,548

CERRO GORDO COUNTY, IOWA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2010	2011	2012	2013
Public Safety and Legal Services:				
Sheriff:				
Number of vehicles	26	28	28	29
Physical Health and Social Services:				
Health Department:				
Number of vehicles	9	9	9	9
County Environment and Education:				
Conservation:				
Number of park areas	31	31	31	31
Total acres managed	3,284	3,284	3,284	3,284
Number of vehicles	15	15	15	15
Roads and Transportation:				
Engineer:				
Number of vehicles	44	44	46	46
Number of buildings	6	6	6	6
Governmental Services to Residents:				
Auditor, elections:				
Number of voting machines	59	59	59	62

Source: Various County Departments.

Note: Several programs do not have capital assets specific to their area and have been eliminated from this schedule.

Beginning in FY2009, tandem trucks and single axle trucks were classified as vehicles.

Fiscal Year					
2014	2015	2016	2017	2018	2019
29	29	29	29	29	29
9	11	9	9	10	10
32	34	35	35	35	34
3,309	3,433	3,444	3,444	3,444	3,444
15	14	14	14	15	15
46	46	46	46	46	47
7	7	7	7	7	9
62	61	64	67	68	68

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FINANCIAL INFORMATION REQUIRED
BY THE STATE AUDITOR

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION - ALL GOVERNMENTAL FUNDS Years Ended June 30,

	Modified Accrual Basis			
	2019	2018	2017	2016
Revenues:				
Property and Other County Tax	\$ 18,585,723	\$ 17,692,061	\$ 16,872,117	\$ 16,531,525
Tax Increment Financing	17,286	46,163	70,511	0
Local Option Sales Tax	1,698,530	1,656,500	1,732,131	1,803,331
Interest and Penalty on Property Tax	191,486	152,884	145,759	148,127
Intergovernmental	10,817,246	10,360,262	9,802,673	8,703,780
Licenses and Permits	156,893	165,698	167,887	133,989
Charges for Services	1,800,316	2,124,942	1,645,611	1,710,171
Use of Money and Property	716,632	537,827	300,827	273,850
Fines, Forfeitures, and Defaults	36,448	60,961	73,916	31,043
Miscellaneous	1,139,467	1,190,244	1,090,300	1,321,770
Total	\$ 35,160,027	\$ 33,987,542	\$ 31,901,732	\$ 30,657,586
Expenditures:				
Operating:				
Public Safety and Legal Services	\$ 9,100,310	\$ 8,972,657	\$ 8,712,033	\$ 8,389,453
Physical Health and Social Services	6,118,575	5,637,490	5,005,487	5,098,205
Mental Health	2,088,247	2,329,891	2,744,081	1,848,842
County Environment and Education	1,593,856	1,434,640	1,360,421	1,249,483
Roads and Transportation	7,851,936	6,401,635	5,665,460	5,837,654
Governmental Services to Residents	1,147,836	1,239,005	1,220,779	1,203,391
Administrative Services	3,069,854	3,336,359	3,379,361	3,048,671
Non-program	858,987	360,759	364,685	293,382
Debt Service	998,567	999,842	1,429,923	1,435,699
Capital Projects	1,875,561	1,200,730	3,632,991	19,424
Total	\$ 34,703,729	\$ 31,913,008	\$ 33,515,221	\$ 28,424,204

See Accompanying Independent Auditors' Report.

Modified Accrual Basis					
2015	2014	2013	2012	2011	2010
\$ 16,239,286	\$ 16,413,160	\$ 15,472,254	\$ 14,948,508	\$ 14,501,161	\$ 14,321,599
0	0	0	0	0	0
1,748,080	1,505,343	1,584,772	1,682,466	1,650,341	1,424,656
158,706	152,169	153,414	163,122	161,757	174,381
8,278,038	7,961,602	7,144,890	7,295,931	7,827,411	12,253,236
154,958	220,980	120,712	125,044	126,934	413,794
1,402,231	1,422,442	1,304,748	1,332,932	1,391,135	1,248,757
188,814	495,212	250,226	283,542	277,433	311,405
79,834	25,191	28,995	58,479	9,465	42,893
2,285,161	1,036,683	1,284,456	889,753	924,345	1,433,282
\$ 30,535,108	\$ - \$ 29,232,782	\$ 27,344,467	\$ 26,779,777	\$ 26,869,982	\$ 31,624,003
\$ 8,184,564	\$ 7,962,487	\$ 7,577,137	\$ 7,500,849	\$ 7,095,863	\$ 6,826,705
5,110,132	4,914,277	4,845,164	4,639,871	5,095,095	4,656,497
2,561,090	2,018,171	2,361,533	3,793,476	676,241	5,941,119
1,275,293	1,851,989	1,106,735	1,233,631	1,181,451	1,302,316
5,618,674	5,500,566	4,417,491	5,066,973	4,963,655	5,340,158
1,461,109	1,077,312	1,048,894	1,052,040	988,933	970,387
2,995,191	2,659,540	2,580,211	2,485,101	2,355,944	2,886,708
189,518	95,989	27,405	84,682	114,044	167,932
1,027,135	991,707	992,257	10,412,411	3,060,946	1,379,120
1,762,502	978,252	1,850,331	1,769,644	2,628,619	3,022,467
\$ 30,185,208	\$ 28,050,290	\$ 26,807,158	\$ 38,038,678	\$ 28,160,791	\$ 32,493,409

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SINGLE AUDIT SECTION

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of Housing and Urban Development Office of Lead Hazard Control and Healthy Homes Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	IALHB0628-16	\$591,560
U.S. Department of Health and Human Services Food and Drug Administration Active Managerial Control – The Backbone of Local Food Safety Initiatives	93.103	5U18FD005631-04	69,867
Food and Safety Training	93.103	G-T-1611-03576	2,943
			72,810
Total Direct			\$664,370
Indirect:			
U.S. Department of Agriculture Iowa Department of Human Services Human Services Administrative Reimbursements: SNAP Cluster: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY19	\$38,016
U.S. Department of Housing and Urban Development Iowa Economic Development Authority Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii Disaster Recovery Housing Program (1)	14.228	08-DRH-202	3,600
U.S. Department of Justice Iowa Department of Justice Federal Victims of Crime Act Violence Against Women Formula Grants	16.575 16.588	VW-19-29-16 VW-19-01-CJ	55,481 636
U.S. Department of Transportation Iowa Department of Transportation Highway Planning and Construction Highway Planning and Construction	20.205 20.205	BROS-C017(76)—8J-17 TAP-R-C017(75)—8T-17	162,057 17,456
			179,513
Iowa Department of Public Safety Governor's Traffic Safety Bureau State and Community Highway Safety Grant State and Community Highway Safety Grant	20.600 20.600	18-402-M0AL, Task 03 19-402-M0AL, Task 03	5,960 13,999
			19,959
U.S. Department of Health and Human Services Iowa Department of Elder Affairs Special Programs for the Aging – Title III Homemaker	93.044	FY19	24,545
Iowa Department of Public Health Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	5889BT02	342,973
Affordable Care Act Personal Responsibility Education Program	93.092	5889CH12P	31,758
Immunization Cooperative Agreements	93.268	5889I415	2,237

CERRO GORDO COUNTY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019 (Continued)

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Health and Human Services			
Iowa Department of Public Health			
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	5889I415	\$10,926
Cancer Prevention	93.898	5889NB07	8,550
HIV Care Formula Grant	93.917	5888AP04	70,274
HIV Care Formula Grant	93.917	5889AP04	54,278
			124,552
HIV Prevention Activities	93.940	5888AP04	15,002
HIV Prevention Activities	93.940	5889AP04	10,002
			25,004
Iowa Department of Human Services			
Human Services Administrative Reimbursement			
Refugee and Entrant Assistance	93.566	FY19	148
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY19	9,599
Foster Care Title IV-E	93.658	FY19	13,488
Adoption Assistance	93.659	FY19	4,568
Social Services Block Grant	93.667	FY19	11,291
Children's Health Insurance Program	93.767	FY19	264
Medicaid Cluster:			
Medical Assistance Program	93.778	FY19	61,531
U.S. Department of Homeland Security			
Iowa Department of Homeland Security and Emergency Management			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4386-DR-1A	97,444
Emergency Management Performance Grant	97.042	EMPG-19-PT-17	35,450
Homeland Security Grant Program	97.067	16-11-04	9,900
Homeland Security Grant Program	97.067	16-11-03	6,900
			16,800
Total Indirect			\$1,118,333
Grand Total			\$1,782,703

(1) The amount reported on the schedule includes \$3,600 passed through to subrecipients.

CERRO GORDO COUNTY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019 (Continued)

During the year ended June 30, 2019, the Federal Emergency Management Agency approved \$97,444 of eligible expenditures that were incurred in the prior year. These approved eligible expenditures incurred in the prior year are included in the Schedule of Expenditures of Federal Awards of Cerro Gordo County for the year ended June 30, 2019.

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Cerro Gordo County under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cerro Gordo County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Cerro Gordo County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - Cerro Gordo County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See Accompanying Independent Auditor's Report.



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 Cerro Gordo County
Mason City, Iowa

We have audited, in accordance with the 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, the business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County, Iowa, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise Cerro Gordo County, Iowa's basic financial statements and have issued our report thereon dated December 19, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items II-A-19 and II-B-19, that we consider to be material weaknesses.

Compliance and Other Matters

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

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

Cerro Gordo County, Iowa's Responses to Findings

Cerro Gordo County, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Cerro Gordo 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gardner + Company, P.C.

Charles City, Iowa

December 19, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Officials of Cerro Gordo County
Mason City, Iowa

Report on Compliance for Each Major Federal Program

We have audited Cerro Gordo County, Iowa's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cerro Gordo County, Iowa's major federal programs for the year ended June 30, 2019. Cerro Gordo County, Iowa's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Cerro Gordo County, Iowa's compliance.

Opinion on Each Major Federal Program

In our opinion, Cerro Gordo County, Iowa, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance as described in the accompanying Schedule of Findings and Questioned Costs as item III-A-19 (2019-001) that we consider to be a material weakness.

Cerro Gordo County, Iowa's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Cerro Gordo County, Iowa's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Grubbs + Company, P.C.

Charles City, Iowa

December 19, 2019

CERRO GORDO COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2019

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

- a. Unmodified opinions were issued on the financial statements prepared in accordance with accounting principles generally accepted in the United States of America.
- b. Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c. The audit did not disclose any non-compliance which is material to the financial statements.
- d. A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- e. An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- f. The audit disclosed audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- g. The major programs were CFDA Number 14.900 – Lead-Based Paint Hazard Control in Privately-Owned Housing and CFDA Number 20.205 – Highway Planning and Construction.
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. Cerro Gordo County did not qualify as a low-risk auditee.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2019

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-19 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 that with a limited number of office employees, segregation of duties is difficult. However, each County official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances.

Response - We have reviewed procedures and plan to make the necessary changes to improve internal control. Specifically, the custody, record-keeping and reconciling functions currently performed by the Deputy will be separated and spread among the County Official, Deputy and Clerks. We plan to implement these changes as soon as possible.

Conclusion – Response accepted.

II-B-19 Financial Reporting

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

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

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

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

Recommendation— The County should establish procedures to ensure all receivables are identified and properly reported in the County's financial statements.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2019

Part II: Findings Related to the Financial Statements: (Continued)

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 reported.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 14.900: Lead-Based Paint Hazard Control in Privately-Owned Housing

Federal Award Year: 2019

Prior Year Finding Number: III-B-18 (2018-002)

U.S. Department of Housing and Urban Development

CFDA Number 20.205: Highway Planning and Construction

Pass-Through Entity Identifying Numbers: BROS-C017(76)—8J-17 and TAP-R-C017(75)—8T-17

Federal Award Year: 2019

Prior Year Finding Number: N/A

U.S. Department of Transportation

Passed through the Iowa Department of Transportation

III-A-19 **Segregation of Duties over Federal Revenue** – Duties related to the custody, recordkeeping and reconciling of
(2019-001) federal awards are not properly segregated by the County. See item II-A-19.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2019

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-19 Certified Budget – Disbursements during the year ended June 30, 2019 did not exceed the amounts budgeted.

IV-B-19 Questionable Disbursements – Certain expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. Those expenditures are detailed as follows:

Paid To	Purpose	Amount
CG Family Preservation Court	HyVee Gift Cards	\$225

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 certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

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

Response – We will document this in the future.

Conclusion – Response accepted.

IV-C-19 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-19 Business Transactions – The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction	Amount
Tracie Siemers, Auditor's Office		
Steve Siemers, Spouse	Snow Removal	\$1,391
Linda Weatherwax, Mother	Election Worker	652

In accordance with Chapter 331.342 of the Code of Iowa, the transactions with Steve Siemers and Linda Weatherwax do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year.

IV-E-19 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure that the coverage is adequate for current operations.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2019

Part IV: Other Findings Related to Required Statutory Reporting: (Continued)

IV-F-19 **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not. However, it was noted that the list of claims approved, including the purpose of the claim, was not published for two meetings tested.

Recommendation – The County should publish the Board minutes, including a list of claims approved and the purpose of the claim, in accordance with Chapter 349.18 of the Code of Iowa.

Response – The Board minutes will be published in accordance with Chapter 349.18 of the Code of Iowa.

Conclusion – Response accepted.

IV-G-19 **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.

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

IV-I-19 **Economic Development** – During the year ended June 30, 2019, the County paid \$103,100 for Economic Development, which appears to be an appropriate expenditure of public funds since the public benefits to be derived have been clearly documented.

IV-J-19 **County Extension Office** – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and consequently, is not included in the Government-wide Statement of Net Position or the Government-wide Statement of Activities. Disbursements for the County Extension Office during the year ended June 30, 2019, did not exceed the amount budgeted.

IV-K-19 **Early Childhood Iowa Area Board** – Cerro Gordo County is the fiscal agent for the Cerro Gordo, Hancock, Worth Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization.

IV-L-19 **Tax Increment Financing** – For the year ended June 30, 2019, the County Auditor prepared a reconciliation for each City reconciling TIF receipts with total outstanding TIF debt.

IV-M-19 **Annual Urban Renewal Report** – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2019

Part IV: Other Findings Related to Required Statutory Reporting: (Continued)

IV-N-19 Hotel/Motel Tax – It was noted the County does not track the hotel/motel tax receipted into the General Fund. Therefore, it could not be determined whether hotel/motel tax receipts were expended in accordance with Chapter 423A.7(4) of the Code of Iowa.

Recommendation – The County should implement procedures to ensure hotel/motel tax receipts are expended in accordance with Chapter 423A.7(4) of the Code of Iowa.

Response – The County established a project number to record the hotel/motel receipts and disbursements.

Conclusion – Response accepted.