



**CERRO GORDO COUNTY**  
**IOWA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2017**

# **CERRO GORDO COUNTY, IOWA**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017**

**Prepared by: Cerro Gordo County Auditor's Office**

## INTRODUCTORY SECTION

# CERRO GORDO COUNTY, IOWA

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# CERRO GORDO COUNTY, IOWA

OFFICIALS  
June 30, 2017

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(Before January 2017)

## Board of Supervisors

<u>Name</u>	<u>Term Expires</u>	<u>Address</u>
Casey Callanan .....	January 2019 .....	Clear Lake, Iowa
Phillip Dougherty .....	January 2017 .....	Dougherty, Iowa
Jay Urdahl.....	January 2017 .....	Mason City, Iowa

## Officers

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>
Kenneth Kline.....	January 2017 .....	Auditor
Patricia Wright.....	January 2019 .....	Treasurer
Colleen Pearce.....	January 2019 .....	Recorder
Kevin Pals.....	January 2017 .....	Sheriff
John Boedeker .....	Appointed.....	County Assessor
Danielle Shipley .....	Appointed.....	City Assessor
Carlyle Dalen.....	January 2019 .....	County Attorney

(After January 2017)

## 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

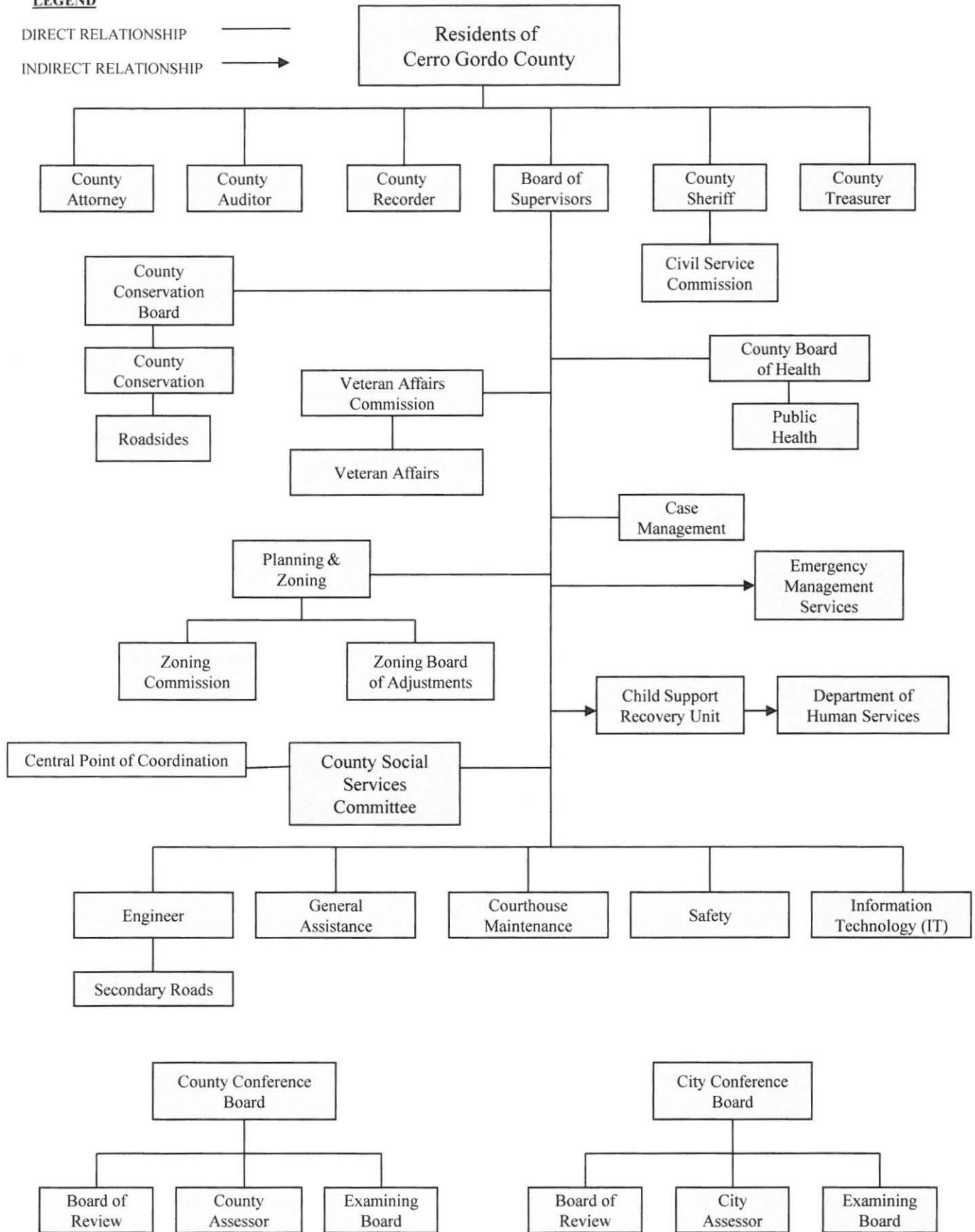
## Officers

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>
Kenneth Kline.....	January 2021 .....	Auditor
Patricia Wright.....	January 2019 .....	Treasurer
Colleen Pearce.....	January 2019 .....	Recorder
Kevin Pals.....	January 2021 .....	Sheriff
John Boedeker .....	Appointed.....	County Assessor
Danielle Shipley .....	Appointed.....	City Assessor
Carlyle Dalen.....	January 2019 .....	County Attorney

# 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, 2016**

Executive Director/CEO



## County Auditor Cerro Gordo County Courthouse

220 N Washington Ave  
Kenneth W. Kline, Auditor  
www.co.cerro-gordo.ia.us

Mason City, IA 50401-3254

(641) 421-3028  
FAX (641) 421-3139

December 20, 2017

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, 2017, 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, 2017 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 unqualified opinion on the County's financial statements for the fiscal year ended June 30, 2017, 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 and 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 15<sup>th</sup> for the fiscal year beginning the following July 1<sup>st</sup>. 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 thirteenth 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 43,000-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. According to figures from the Iowa Economic Development Authority, the County ranks eleventh in the state for tourism expenditures with more than \$196 million in annual spending, resulting in almost 1,560 tourism related jobs.

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, and Kaplan University, which offers AAS and BA degrees.

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. The City of Mason City has the third highest number of physicians per capita in the State, trailing only the Cities of Des Moines and Iowa City. Mercy Medical Center - North Iowa 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 22,690 to 22,370, a decrease of 1.4% from June 2016 to June 2017, 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 2016 was 88.4% of the national average, according to the ACCRA Cost of Living Index, ranking it the third lowest cost of living for all Iowa communities that participate in the ACCRA index.

### **Major Initiatives**

On June 13, 2017 the Board of Supervisors adopted an ordinance regarding the possession, sale, transfer, purchase, and use of fireworks. This action was in response to a new state law that granted authority to local jurisdictions over fireworks, and included the following requirements:

- 1) Approval of public exhibitions of display fireworks
- 2) Approval of permit applications for display of display fireworks
- 3) Proof of liability insurance standards for persons or groups that sell consumer fireworks
- 4) Proof of Fireworks Sales Permits from State Fire Marshall's Office
- 5) Approval of permit applications for the sale of consumer fireworks
- 6) Approval of property owner at location where fireworks are sold
- 7) Prohibition of the sale of fireworks in a temporary structure, vehicle, travel trailer, or trailer
- 8) Prohibition of use of consumer fireworks within unincorporated areas of the County
- 9) Inspection of any location where fireworks are sold by local Fire Chief and Zoning Administrator

On June 30, 2017, the four-year license agreement with the Iowa Precinct Atlas Consortium (IPAC) came to an end, at which time the \$25,000 final payment was due to Cerro Gordo County. Prior to the end of the fiscal year, IPAC contracted with the Iowa State Association of Counties (ISAC) for ongoing support services beginning July 1, 2017, conditioned on a temporary extension of support from the County. On May 23, 2017 County Supervisors approved a 3-month extension of technical and hardware support, and a 6-month extension of business support services at a total cost of \$20,000.

On that same date, the Supervisors also approved a Copyright Acquisition Agreement with IPAC for purchase of all copyrights to the Precinct Atlas programs for a purchase price of \$10,000. This amount was in addition to the Limited Exclusive License Agreement four years prior that sold a license to the programs for \$200,000. That prior agreement transferred rights and control of the programs within the State of Iowa to the Consortium, while the new agreement essentially transferred all other program rights, including those outside the State of Iowa.

During FYE 2017, the County issued General Obligation Capital Loan Notes, Series 2015A in the amount of \$400,000. This issuance was a reallocation of unspent proceeds on courthouse tuck pointing and generator replacement projects that were not implemented, with the funds going instead toward new radios for the Sheriff's Department. The County also issued \$6.2 million in Private School Facility Revenue Notes, Series 2017. This issuance was for the Newman Catholic School Systems Project, and was essentially a pass-through of funds, with no risk or liability for the County.

On January 17, 2017, the Supervisors adopted a resolution approving a funding application to the Iowa Economic Development Department (IDED) for a community development block Grant (CDBG) in the

amount of \$800,000. The application was made on behalf of the North Iowa Transition Center, with supporting agencies including Mercy Medical Center – North Iowa, the Mason City Police Department, the Cerro Gordo County Sheriff, and WellSource, the local community mental health center. Grant funds will be used for purchase of a building to develop and deliver crisis stabilization residential services. The building will house a 16-bed facility and provide a safe, secure environment that is less intensive and restrictive than an inpatient psychiatric hospital.

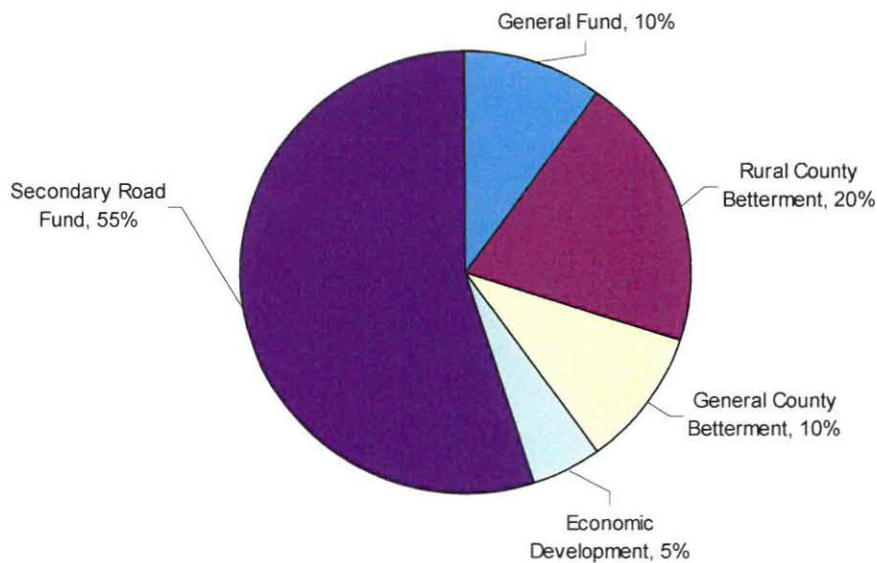
In January 2017, county officials met with E.ON Climate and Renewables, a wind farm company that has been studying the potential of a large-scale wind farm in Owen and Dougherty Townships. On that same day was a meeting with an attorney who specializes in tax increment financing about the process of creating a TIF district for purposes of capturing the growth in value from a possible wind farm project to use for road and bridge projects. Separately in May 2017, county officials also had an exploratory meeting by telephone with representatives from Alliant Energy about a possible wind farm project.

### 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 FY2017, Cerro Gordo County received a total of \$1,732,131 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, 2016. This was the twenty-first 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 Thomsen**  
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, 2017, 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, 2017, 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 Funding Progress for the Retiree Health Plan on pages 11-21 and 61-68 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, 2016 (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 20, 2017, 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 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 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.

*Gardiner Thomsen, P.C.*

Charles City, Iowa

December 20, 2017

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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, 2017. 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 4.06% or \$1,244,146 from \$30,657,586 in fiscal year 2016 (FY16) to \$31,901,732 in fiscal year 2017 (FY17). Property taxes and other county taxes increased \$411,103, local option sales tax dollars decreased \$71,200, intergovernmental revenues increased \$1,098,893, licenses and permits increased \$33,898, charges for services decreased \$64,560, use of money and property increased \$26,977, and miscellaneous revenues decreased \$188,597 from FY16.
- ◆ Cerro Gordo County governmental fund expenditures for FY17 were \$33,515,221, an increase of \$5,091,017 from \$28,424,204 in FY16. This increase was primarily contributable to the Capital Projects increase of \$3,613,567, the Mental Health increase of \$895,239, and the increase in Public Safety and Legal Services of \$322,580.
- ◆ The assets of the county exceeded liabilities at fiscal year ended June 30, 2017 by \$47,193,945 (net position compared to \$42,262,726 at June 30, 2016).
- ◆ Cerro Gordo County's net position increased 11.67% or \$4,931,219 for the fiscal year ended June 30, 2017. Government activities increased \$5,002,129 and business-type activities decreased by \$70,910. For fiscal year ended June 30, 2016, total net position increased \$2,755,418. Governmental activities increased \$2,834,473 and business-type activities decreased \$79,055.
- ◆ Cerro Gordo County's governmental funds reported combined ending fund balances of \$16,273,973, a decrease of \$1,801,968 in comparison with the FY16 fund balances of \$18,075,941. Approximately 37% of the total amount, \$6,093,603, 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 \$1,065,056 during the fiscal year, from \$9,420,760 in FY16 to \$8,355,704 in FY17. This change was due to scheduled debt payments during FY17.

### 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 22-25). 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 26) 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 Funding Progress for the Retiree Health Plan.

Supplemental 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 as a Whole**

### 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 all of the County's all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two 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 26 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:

1) 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, 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.

2) Cerro Gordo County maintains two types of proprietary funds: internal service funds and enterprise funds.

- a) Cerro Gordo County has two internal service funds: Central Services Fund and Health Insurance Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.
- b) 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.

3) 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.

#### 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 38.

#### Supplemental Information

The supplemental information begins on page 69 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 \$4,931,219 from \$42,262,726 to \$47,193,945. 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  
June 30, 2017**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$37,265,371	\$37,569,010	\$118,668	\$123,788	\$37,384,039	\$37,692,798
Capital Assets	47,080,466	42,001,128	1,385,542	1,470,827	48,466,008	43,471,955
Total Assets	<u>84,345,837</u>	<u>79,570,138</u>	<u>1,504,210</u>	<u>1,594,615</u>	<u>85,850,047</u>	<u>81,164,753</u>
Deferred Outflows of Resources	<u>3,089,317</u>	<u>2,786,384</u>	<u>0</u>	<u>0</u>	<u>3,089,317</u>	<u>2,786,384</u>
Long-Term Debt Outstanding	19,898,883	17,940,013	474,340	487,921	20,373,223	18,427,934
Other Liabilities	3,823,830	4,017,276	14,121	20,035	3,837,951	4,037,311
Total Liabilities	<u>23,722,713</u>	<u>21,957,289</u>	<u>488,461</u>	<u>507,956</u>	<u>24,211,174</u>	<u>22,465,245</u>
Deferred Inflows of Resources	<u>17,534,245</u>	<u>19,223,166</u>	<u>0</u>	<u>0</u>	<u>17,534,245</u>	<u>19,223,166</u>
Net Position:						
Invested in Capital Assets, Net of Related Debt	39,672,513	33,383,175	897,621	969,910	40,570,134	34,353,085
Restricted	6,883,575	8,472,965	0	0	6,883,575	8,472,965
Unrestricted	<u>( 377,892)</u>	<u>( 680,073)</u>	<u>118,128</u>	<u>116,749</u>	<u>(259,764)</u>	<u>(563,324)</u>
Total Net Position	<u>\$46,178,196</u>	<u>\$41,176,067</u>	<u>\$1,015,749</u>	<u>\$1,086,659</u>	<u>\$47,193,945</u>	<u>\$42,262,726</u>

The largest portion of the County's net position, 85.97%, is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. 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, 14.59% or \$6,883,575, 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 \$(259,764) or -0.55%.

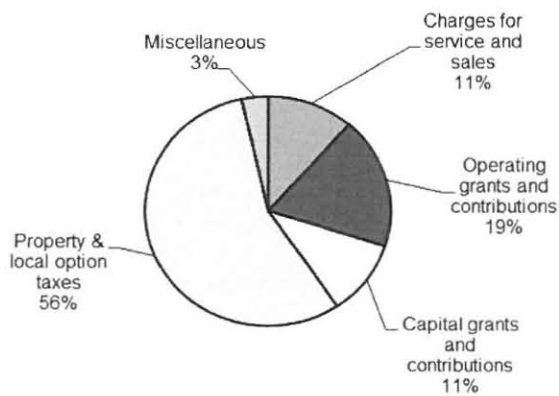
The County's net position increased \$4,931,219 during the current fiscal year. The governmental-type activities increased by \$5,002,129 and the business-type activities decreased \$70,910.

The following table highlights the County's revenues and expenses for the fiscal year ended June 30, 2017 and 2016. 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.

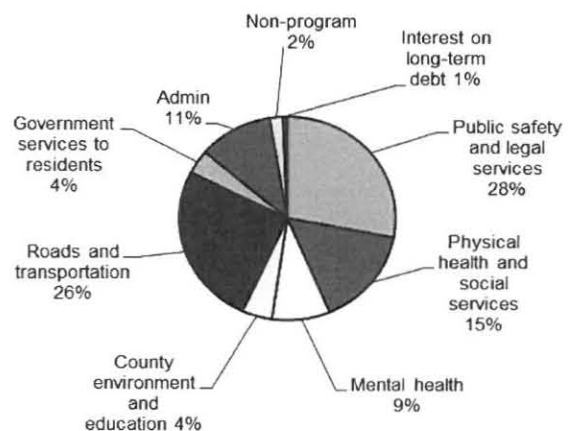
## Cerro Gordo County's Changes in Net Position June 30, 2017

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program Revenues:						
Charges for Service	\$4,036,758	\$3,673,092	\$63,790	\$84,097	\$4,100,548	\$3,757,189
Operating Grants, Contributions & Restricted Interest	6,657,110	6,310,156	0	0	6,657,110	6,310,156
Capital Grants, Contributions & Restricted Interest	3,799,988	572,773	0	0	3,799,988	572,773
General Revenues:						
Property Taxes	16,879,012	16,476,597	0	0	16,879,012	16,476,597
Penalty & Interest on Property Tax	145,759	148,127	0	0	145,759	148,127
State Tax Credits	1,322,146	1,264,653	0	0	1,322,146	1,264,653
Local Option Sales & Service Tax	1,732,131	1,803,331	0	0	1,732,131	1,803,331
Tax Increment Financing	70,511	58,781	0	0	70,511	58,781
Unrestricted Investment Earnings	124,604	70,713	62	66	124,666	70,779
Miscellaneous	1,143,947	1,529,990	0	0	1,143,947	1,529,990
Loss on Disposal of Capital Assets	(27,607)	(48,337)	0	0	(27,607)	(48,337)
<b>Total Revenues</b>	<b>35,884,359</b>	<b>31,859,876</b>	<b>63,852</b>	<b>84,163</b>	<b>35,948,211</b>	<b>31,944,039</b>
<b>Expenses:</b>						
Public Safety and Legal Services	8,702,477	8,291,562	0	0	8,702,477	8,291,562
Physical Health and Social Services	4,825,144	5,052,470	0	0	4,825,144	5,052,470
Mental Health	2,702,145	1,842,523	0	0	2,702,145	1,842,523
County Environment and Education	1,388,699	1,245,636	0	0	1,388,699	1,245,636
Roads and Transportation	7,943,799	7,836,177	0	0	7,943,799	7,836,177
Government Services to Residents	1,197,544	1,206,907	0	0	1,197,544	1,206,907
Administration	3,423,941	3,053,373	0	0	3,423,941	3,053,373
Non-Program	501,760	280,242	134,762	163,218	636,522	443,460
Interest on Long-Term Debt	196,721	216,513	0	0	196,721	216,513
<b>Total Expenses</b>	<b>30,882,230</b>	<b>29,025,403</b>	<b>134,762</b>	<b>163,218</b>	<b>31,016,992</b>	<b>29,188,621</b>
<b>Increase (Decrease) in Net Position</b>	<b>5,002,129</b>	<b>2,834,473</b>	<b>(70,910)</b>	<b>(79,055)</b>	<b>4,931,219</b>	<b>2,755,418</b>
Net Position July 1,	41,176,067	38,341,594	1,086,659	1,165,714	42,262,726	39,507,308
<b>Net Position June 30,</b>	<b>46,178,196</b>	<b>41,176,067</b>	<b>1,015,749</b>	<b>1,086,659</b>	<b>47,193,945</b>	<b>42,262,726</b>

**Revenues by Type**



**Expenses by Program**





## **Governmental Activities**

Revenues for governmental activities increased 12.63% or \$4,024,483 over the prior year. Charges for services increased \$363,660 due to additional services for mental health. The County's operating grants, contributions and restricted interest revenues were \$6,657,110, an additional \$346,954 over FY16 due to an increase in the Roads and Transportation grants. The most significant change in revenues was in capital grants, contributions and restricted interest. Roads and Transportation received additional grants and contributions in FY17, causing the capital grants, contributions, and restricted interest to have an increase of \$3,227,215 over the prior year's amount of \$572,773. Property tax revenues increased \$402,415 due to an increase in taxable valuation in the county. Unrestricted investment earnings increased \$53,891 due to a higher investment rate of return.

The cost of all governmental activities this year was \$30,882,230, an increase of \$1,856,827 over the prior years' \$29,025,403. However, as shown in the Statement of Activities on page 24-25, the amount the taxpayers ultimately financed for these activities through County taxes was only \$16,388,374 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.

Mental Health had the largest increase in expenditures of \$859,622 due to additional employees for Mental Health services and reclassifying the Case Management department as Mental Health expenditures rather than Physical Health and Social Services expenditures for FY17. This also caused the Physical Health and Social Services to decrease expenditures for the current year by \$227,326. Public Safety and Legal Services increased \$410,915 for additional expenditures for the County Attorney's Office and the County Sheriff's Department. Administration services experienced an increase of \$370,568. This was due to additional expenditures within the Information Technology (IT) department and also for the clean-up of the second floor courthouse water leak in August 2016. This resulted in significant damage to a judge's office, the IT office and workroom, the back elevator, and various other rooms. The damage totaled \$110,000, with all but \$5,000 reimbursed by the county's insurance carrier.

Cerro Gordo County maintained the rural levy rate of 3.50739 and decreased the countywide levy rate from 6.24934 for FY16 to 6.23314 for FY17. The combined tax rates resulted in decreased property tax dollars of approximately \$98,000 for mental health services and \$16,000 for debt services and increased property tax dollars of \$557,000 for general purposes, \$67,000 for rural purposes.

## **Business-Type Activities**

Business-type activities decreased the County's net position by \$70,910.

## **The County's Individual Major Funds**

As Cerro Gordo County completed the year, its governmental funds reported a combined fund balance of \$16,273,973, which is a decrease of \$1,801,968 or 9.97% over the combined fund balance for FY16. Of this amount, \$6,093,603 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 FY17 with a 53.93% ending fund balance totaling \$7,862,045. This is a \$148,230 decrease from the prior year's \$8,010,275 fund balance. Revenues and expenditures both experienced similar increases. Revenues increased 2.59% from the prior year, or \$415,745. Expenditures experienced an increase of \$367,314, or 2.58% from FY16. Transfers Out increased \$469,112 in FY17 due to a General Fund transfer to the Secondary Road fund for \$400,000. This is the first transfer between the two funds on over 25 years.

- ◆ 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 decreased from \$696,774 in FY16 to \$495,837, a decrease of \$200,937. For the year, revenues were \$2,543,144, an increase of \$649,683, or 34.31%, due to an increase in intergovernmental revenues. Expenditures totaled \$2,744,081, an increase of \$895,239 or 48.42% over last year's expenditures of \$1,848,842. This increase was due to \$227,634 additional reimbursement requests from CSS, and the reclassification of our Case Management department to the Mental Health from the General Fund.
- ◆ The Rural Services Fund balance decreased \$191,329 to \$955,100 from the prior year ending balance of \$1,146,429. Revenues increased \$81,196, from \$2,664,159 in FY16 to \$2,745,355 in FY17. Expenditures totaled \$636,684, an increase of \$63,170, or 11.01% over last year's expenditures of \$573,514. This was due to an increase in the Roadside budget for equipment purchases. The County supports the secondary roads fund with an annual property tax dollar transfer out of the rural services fund. In FY17, the transfer was \$2,300,000, up \$300,000 from the previous year.
- ◆ The Secondary Roads Fund expenditures increased \$3,359,142 or 60.05%, from \$5,593,970 in FY16 to \$8,953,112 in FY17. This was due to an increase in capital projects in FY17. Capital project expenditures for FY17 were \$3,603,530 compared to \$19,424 in FY16. Revenues increased slightly from \$5,154,091 in FY16 to \$5,340,182 in FY17. Transfers In for the Secondary Road fund increased \$700,000 in FY17 from the previous year's transfer of \$2,000,000. The Secondary Roads fund balance decreased \$912,930, from \$4,412,403 in FY16 to \$3,070,979 in FY17 due to the increased capital projects expenditures.
- ◆ The Public Health Fund ended FY17 with a fund balance of \$1,207,808, a decrease of \$78,872 over the prior year's balance of \$1,286,680. Expenditures totaled \$4,238,676, an increase of \$363,087, or 9.37% over the prior year. Revenues also increased 1.32%, or \$31,644.
- ◆ The Debt Service Fund had a fund balance of \$54,601, all of which is restricted for the payment of debt.
- ◆ The Capital Projects fund balance remained at \$402,980 at June 30, 2017.

## **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 one time. The budgetary comparison schedule on pages 61-62 provides more information. The amendment, approved in May 2017, resulted in the following:

Revenues and Other Financing Sources increased \$2,080,189, which included:

- ◆ An increase of \$106,901 in local option sales and service tax and an increase of \$12,367 in utility replacement excise tax.
- ◆ An increase of \$983,834 in intergovernmental revenues comprised of \$123,333 for state tax credits, \$459,312 for additional mental health funds, \$149,638 for Public Health department, and \$20,810 for various departments. There was a reclassification of Sheriff revenues of (\$284,060) and mental health revenue of \$514,801.

- ◆ An increase of \$7,500 in licenses and permits for the Planning & Zoning office and the Public Health department.
- ◆ Charges for services increased \$325,208. This was comprised of an increase of \$50,555 for fees provided by the Public Health department, \$17,000 from the Conservation department, \$3,300 from Planning & Zoning, and an additional \$41,000 received by the County Treasurer for services. There was a reclassification of Sheriff revenues of \$213,653.
- ◆ Use of money & property increased \$15,040 due to additional interest income.
- ◆ Miscellaneous revenue decreased \$99,170 due to several factors. Departments receiving additional miscellaneous revenue were Public Health \$65,855, Medical Examiner \$15,000, and County Attorney \$130,000. The County also received insurance reimbursement from water damage within the Courthouse of \$105,055. There was a decrease of \$33,000 by various departments. Also, revenue was reclassified for the Sheriff's department of \$132,721 and mental health of (\$514,801).
- ◆ Other Financing Sources of \$728,509 is proceeds from the sale of capital assets of \$12,800 and Transfers In of \$715,709.

Expenditures and Other Financing Uses increased \$3,827,617 which included:

- ◆ Increase of \$12,888 in Public Safety and Legal Services. This is due to a decrease of expenditures for the Medical Examiner department of \$21,000 and the Sheriff's department of \$28,112. The County Attorney department also increased their budget by \$62,000.
- ◆ Decrease of \$1,401 in Physical Health and Social Services due to additional expenditures for Public Health of \$356,760 and a reclassification of Case Management expenditures of (\$358,161).
- ◆ Increase of \$688,265 in Mental Health. This is comprised of additional expenditures of \$235,104 and a reclassification of Case Management expenditures of \$453,161.
- ◆ An increase of \$11,500 in County Environment & Education for additional county grants awarded to outside agencies.
- ◆ An increase of \$586,000 in Roads and Transportation for Secondary Roads department.
- ◆ An increase of \$3,000 in Government Services to Residents. This is comprised of additional expenditures of \$15,000 for the County Treasurer and decreased expenditures of \$12,000 for the County Auditor.
- ◆ An increase of \$91,656 in Administration stems from increased expenditures for the HIPPA department of \$12,250, the Auditor's department of \$12,000 and Non-Department of \$82,406. Also, there was a decrease in expenditures for the Treasurer's department of \$15,000.
- ◆ An increase in capital projects of \$1,720,000. This included additional expenditures of \$1,900,000 for Secondary Road capital projects and also a reduction in expenditures for Capital Loan Note proceeds of \$180,000 for approved projects.
- ◆ Other Financing Uses of \$715,709 is additional Transfers Out, primarily to the Secondary Road fund for \$700,000.

During the year, however, revenues were \$438,822 less than budgetary revenues and expenditures were \$2,329,126 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, 2017 was \$86,305,383, an increase of \$434,159 or .05% compared to FY15. This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, machinery & equipment, vehicles, intangibles, and infrastructure.

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

### **Cerro Gordo County's Capital Assets FYE 2017**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,788,492	\$ 1,788,492	\$ 62,300	\$ 62,300	\$ 1,850,792	\$ 1,850,792
Construction in Progress	1,739,424	590,174	0	0	1,739,424	590,174
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	7,625,491	7,157,933	0	0	7,625,491	7,157,933
Vehicles	4,594,909	4,593,604	0	0	4,594,909	4,593,604
Intangibles	263,734	263,734	0	0	263,734	263,734
Infrastructure, road network	57,294,320	51,040,381	2,706,643	2,706,643	60,000,963	53,747,024
<b>Total</b>	<u>91,408,492</u>	<u>83,536,440</u>	<u>2,768,943</u>	<u>2,768,943</u>	<u>94,177,435</u>	<u>86,305,383</u>
Less: Accumulated Depreciation	<u>44,328,026</u>	<u>41,535,312</u>	<u>1,383,401</u>	<u>1,298,116</u>	<u>45,711,427</u>	<u>42,833,427</u>
<b>Total</b>	<u><u>47,080,466</u></u>	<u><u>42,001,128</u></u>	<u><u>1,385,542</u></u>	<u><u>1,470,827</u></u>	<u><u>48,466,008</u></u>	<u><u>43,471,956</u></u>

For governmental activities, Cerro Gordo County had depreciation expense of \$3,273,109 and total accumulated depreciation of \$44,328,026 for the year ended June 30, 2017. For business-type activities, depreciation expense was \$85,286 and total accumulated depreciation was \$1,383,401 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, 2017, Cerro Gordo County had total long-term debt outstanding for governmental activities of \$8,355,704, a decrease of \$1,065,056 compared to FY16. The County issued \$218,215 in drainage warrants. The change in debt also resulted from capital loan note retirement of \$1,231,500 and \$51,771 of drainage warrants. In the current year, the County paid \$1,231,500 in principal and \$198,423 in interest on outstanding debt, compared to \$1,216,500 in principal and \$219,199 in interest for FY16.

Sewer revenue capital loan notes (Business-Type Activities) outstanding totaled \$487,921. This is a decrease of \$12,996 due to debt retirement. Business-Type Activities paid \$12,996 in principal and \$22,541 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 \$243 million.

### Cerro Gordo County's Outstanding Debt June 30, 2017

	2017	2016
Governmental Activities:		
Capital Loan Notes & Revenue Bonds	\$ 8,067,250	\$ 9,298,750
Drainage Warrants	288,454	122,010
<b>Total</b>	<b>\$ 8,355,704</b>	<b>\$ 9,420,760</b>
Business-Type Activities:		
Sewer Revenue Bonds	\$ 487,921	\$ 500,917

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 2018 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 3.30% versus 3.76% a year ago. This compares with the State unemployment rate of 3.20% and the national rate of 4.40%.

- ◆ For the budget year ending June 30, 2018, Cerro Gordo County maintained the rural county levy rate at \$3.50739 per thousand of taxable valuation and decreased the countywide levy rate from \$6.23314 for FY17 to \$6.19934 per thousand of taxable valuation.
- ◆ The tax base for Cerro Gordo County increased 5.91% over the prior year.
- ◆ The total expenditures for the FY18 budget are \$35,114,949, an increase of \$2,318,701, or 7.07%, from the FY16 budget. The major areas of increase are Physical Health and Social Services \$654,821, Mental Health \$778,582, and Capital Projects \$855,000. 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, 2018 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.

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# CERRO GORDO COUNTY, IOWA

## STATEMENT OF NET POSITION

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash, Cash Equivalents and Pooled Investments	\$17,236,742	\$105,430	\$17,342,172
Receivables:			
Property Tax:			
Delinquent	42,666	0	42,666
Succeeding Year	17,267,538	0	17,267,538
Succeeding Year Tax Increment Financing	46,313	0	46,313
Interest and Penalty on Property Tax	6,803	0	6,803
Accounts	743,331	0	743,331
Accrued Interest	22,867	0	22,867
Special Assessments	38,292	0	38,292
Drainage Assessments	6,095	0	6,095
Due From Other Governments	1,080,623	13,238	1,093,861
Inventories	774,101	0	774,101
Capital Assets:			
Land	1,788,492	62,300	1,850,792
Construction in Progress	1,739,424	0	1,739,424
Intangibles	263,734	0	263,734
Other Capital Assets	87,616,842	2,706,643	90,323,485
Less Accumulated Depreciation/Amortization	(44,328,026)	(1,383,401)	(45,711,427)
<b>Total Assets</b>	<b>\$84,345,837</b>	<b>\$1,504,210</b>	<b>\$85,850,047</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Deferred Outflows	\$3,089,317	\$0	\$3,089,317
<b>LIABILITIES</b>			
Accounts Payable	\$1,606,479	\$540	\$1,607,019
Accrued Interest Payable	14,779	0	14,779
Salaries and Benefits Payable	266,232	0	266,232
Due to Other Governments	5,704	0	5,704
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
General Obligation Bonds/Revenue Notes	822,000	13,581	835,581
Compensated Absences	1,015,576	0	1,015,576
Termination Benefits	93,060	0	93,060
Portion Due or Payable After One Year:			
General Obligation Bonds/Revenue Notes	7,245,250	474,340	7,719,590
Drainage District Warrants Payable	288,454	0	288,454
Termination Benefits	155,760	0	155,760
Net Pension Liability	8,858,084	0	8,858,084
Net OPEB Liability	3,351,335	0	3,351,335
<b>Total Liabilities</b>	<b>\$23,722,713</b>	<b>\$488,461</b>	<b>\$24,211,174</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax Revenue	\$17,267,538	\$0	\$17,267,538
Deferred Tax Increment Financing	46,313	0	46,313
Pension Related Deferred Inflows	220,394	0	220,394
<b>Total Deferred Inflows of Resources</b>	<b>\$17,534,245</b>	<b>\$0</b>	<b>\$17,534,245</b>

(Continued)



# CERRO GORDO COUNTY, IOWA

## STATEMENT OF NET POSITION June 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$39,672,513	\$897,621	\$40,570,134
Restricted For:			
Non-Expendable:			
Strand Endowment	60,000	0	60,000
Expendable:			
Supplemental Levy Purposes	461,623	0	461,623
Mental Health Purposes	483,950	0	483,950
Secondary Roads Purposes	2,875,861	0	2,875,861
Debt Service	43,015	0	43,015
Capital Projects	933	0	933
Other Purposes	2,958,193	0	2,958,193
Unrestricted	(377,892)	118,128	(259,764)
<b>Total Net Position</b>	<b>\$46,178,196</b>	<b>\$1,015,749</b>	<b>\$47,193,945</b>

(Concluded)

See Notes to Financial Statements.

# CERRO GORDO COUNTY, IOWA

## STATEMENT OF ACTIVITIES Year Ended June 30, 2017

	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>FUNCTIONS/PROGRAMS:</b>				
Governmental Activities:				
Public Safety and Legal Services	\$8,702,477	\$1,043,633	\$554,501	\$0
Physical Health and Social Services	4,825,144	508,409	1,743,866	0
Mental Health	2,702,145	892,871	0	0
County Environment and Education	1,388,699	91,241	40,256	0
Roads and Transportation	7,943,799	52,193	4,318,356	3,799,988
Governmental Services to Residents	1,197,544	829,853	131	0
Administration	3,423,941	157,447	0	0
Non-Program	501,760	461,111	0	0
Interest on Long Term Debt	196,721	0	0	0
	<u>30,882,230</u>	<u>4,036,758</u>	<u>6,657,110</u>	<u>3,799,988</u>
Business-type Activities:				
Wastewater Collection and Treatment	134,762	63,790	0	0
Total	<u>\$31,016,992</u>	<u>\$4,100,548</u>	<u>\$6,657,110</u>	<u>\$3,799,988</u>

### 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
(\$7,104,343)	\$0	(\$7,104,343)
(2,572,869)	0	(2,572,869)
(1,809,274)	0	(1,809,274)
(1,257,202)	0	(1,257,202)
226,738	0	226,738
(367,560)	0	(367,560)
(3,266,494)	0	(3,266,494)
(40,649)	0	(40,649)
(196,721)	0	(196,721)
(16,388,374)	0	(16,388,374)
0	(70,972)	(70,972)
(\$16,388,374)	(\$70,972)	(\$16,459,346)
\$15,581,470	\$0	\$15,581,470
1,297,542	0	1,297,542
145,759	0	145,759
1,322,146	0	1,322,146
1,732,131	0	1,732,131
70,511	0	70,511
124,604	62	124,666
1,116,340	0	1,116,340
21,390,503	62	21,390,565
5,002,129	(70,910)	4,931,219
41,176,067	1,086,659	42,262,726
\$46,178,196	\$1,015,749	\$47,193,945

# CERRO GORDO COUNTY, IOWA

## BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2017

	Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	Public Health
<b>Assets</b>					
Cash, Cash Equivalents and Pooled Investments	\$8,065,252	\$281,221	\$959,697	\$2,301,769	\$1,079,005
Receivables:					
Property Tax:					
Delinquent	31,033	3,887	4,332	0	0
Succeeding Year	12,580,806	1,334,084	2,477,402	0	0
Succeeding Year Tax Increment Financing	0	0	0	0	0
Interest and Penalty on Property Tax	6,803	0	0	0	0
Accounts	144,277	0	0	12,483	151,534
Accrued Interest	20,746	0	0	0	0
Special Assessments	21,245	0	0	0	0
Drainage Assessments	0	0	0	0	0
Due From Other Funds	362	0	0	0	0
Due From Other Governments	179,315	226,978	400	471,203	150,584
Inventories	0	0	0	774,101	0
<b>Total Assets</b>	<b>\$21,049,839</b>	<b>\$1,846,170</b>	<b>\$3,441,831</b>	<b>\$3,559,556</b>	<b>\$1,381,123</b>
<b>Liabilities, Deferred Inflows of Resources And Fund Balances</b>					
Liabilities:					
Accounts Payable	\$398,697	\$3,850	\$3,536	\$440,441	\$103,968
Salaries and Benefits Payable	149,441	8,566	3,490	42,559	61,719
Due To Other Funds	0	217	0	145	0
Due To Other Governments	4,391	81	38	494	175
Compensated Absences	5,499	0	0	4,938	7,453
<b>Total Liabilities</b>	<b>558,028</b>	<b>12,714</b>	<b>7,064</b>	<b>488,577</b>	<b>173,315</b>
Deferred Inflows of Resources:					
Deferred Revenues:					
Succeeding Year Property Tax	12,580,806	1,334,084	2,477,402	0	0
Succeeding Year Tax Increment Financing	0	0	0	0	0
Other	48,960	3,535	2,265	0	0
<b>Total Deferred Inflows of Resources</b>	<b>12,629,766</b>	<b>1,337,619</b>	<b>2,479,667</b>	<b>0</b>	<b>0</b>

Debt Service	Capital Projects	Nonmajor	Total
\$54,380	\$402,980	\$2,239,800	\$15,384,104
3,414	0	0	42,666
875,246	0	0	17,267,538
0	0	46,313	46,313
0	0	0	6,803
0	0	21,356	329,650
0	0	2,121	22,867
0	0	17,047	38,292
0	0	6,095	6,095
0	0	0	362
0	0	52,128	1,080,608
0	0	0	774,101
\$933,040	\$402,980	\$2,384,860	\$34,999,399

\$0	\$0	\$89,800	\$1,040,292
0	0	457	266,232
0	0	0	362
0	0	525	5,704
0	0	0	17,890

0	0	90,782	1,330,480
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875,246	0	0	17,267,538
0	0	46,313	46,313
3,193	0	23,142	81,095
878,439	0	69,455	17,394,946

(Continued)

# CERRO GORDO COUNTY, IOWA

BALANCE SHEET – GOVERNMENTAL FUNDS (Continued)  
June 30, 2017

	Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	Public Health
Fund Balances:					
Nonspendable:					
Inventories	\$0	\$0	\$0	\$774,101	\$0
Trust	0	0	0	0	0
Restricted For:					
Supplemental Levy Purposes	453,198	0	0	0	0
Mental Health Purposes	0	495,837	0	0	0
Rural Services Purposes	0	0	955,100	0	0
Secondary Roads Purposes	0	0	0	2,296,878	0
Drainage Warrants	0	0	0	0	0
Conservation Land Acquisition	136,559	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	1,207,808
Assigned – Health Screenings	12,327	0	0	0	0
Assigned – Conservation Parks	175,582	0	0	0	0
Assigned – Capital Improvements	511,941	0	0	0	0
Assigned – Bayside	316,186	0	0	0	0
Assigned – Sheriff's Department	162,649	0	0	0	0
Unassigned	6,093,603	0	0	0	0
<b>Total Fund Balances</b>	<b>7,862,045</b>	<b>495,837</b>	<b>955,100</b>	<b>3,070,979</b>	<b>1,207,808</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$21,049,839</b>	<b>\$1,846,170</b>	<b>\$3,441,831</b>	<b>\$3,559,556</b>	<b>\$1,381,123</b>

See Notes To Financial Statements.

Debt Service	Capital Projects	Nonmajor	Total
\$0	\$0	\$0	\$774,101
0	0	60,000	60,000
0	0	0	453,198
0	0	0	495,837
0	0	0	955,100
0	0	0	2,296,878
0	0	83,042	83,042
0	0	0	136,559
0	0	125,191	125,191
54,601	0	0	54,601
0	402,980	0	402,980
0	0	1,956,390	1,956,390
0	0	0	1,207,808
0	0	0	12,327
0	0	0	175,582
0	0	0	511,941
0	0	0	316,186
0	0	0	162,649
0	0	0	6,093,603
54,601	402,980	2,224,623	16,273,973
\$933,040	\$402,980	\$2,384,860	\$34,999,399

(Concluded)

# CERRO GORDO COUNTY, IOWA

## RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2017

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Total Governmental Fund Balances (page 29) \$16,273,973

*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 \$91,408,492 and the accumulated depreciation/amortization is \$44,328,026. 47,080,466

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	\$33,515	
Property Taxes – Debt Service	3,193	
Drainage Assessments/Special Assessments	<u>44,387</u>	81,095

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 telephone service and 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. 1,700,147

Pension 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	3,089,317	
Deferred Inflows of Resources	<u>(220,394)</u>	2,868,923

Long-term liabilities, bonds and notes payable, accrued interest payable, other post employment benefits payable, termination benefits payable, net pension liability and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (21,826,408)

**Net position of governmental activities (page 23) \$46,178,196**

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, 2017

	Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	Public Health
<b>REVENUES:</b>					
Property and Other County Tax	\$11,521,034	\$1,442,388	\$2,611,934	\$0	\$0
Tax Increment Financing	0	0	0	0	0
Local Option Sales Tax	173,213	0	0	952,671	0
Interest and Penalty on Property Tax	145,759	0	0	0	0
Intergovernmental	2,545,534	1,087,359	132,776	4,317,310	1,584,580
Licenses and Permits	45,620	0	0	23,830	98,437
Charges For Service	1,118,711	0	0	0	409,973
Use of Money and Property	294,716	0	0	0	0
Fines, Forfeitures and Defaults	0	0	0	0	0
Miscellaneous	611,387	13,397	645	46,371	335,743
<b>Total Revenues</b>	<b>16,455,974</b>	<b>2,543,144</b>	<b>2,745,355</b>	<b>5,340,182</b>	<b>2,428,733</b>
<b>EXPENDITURES:</b>					
Operating:					
Public Safety and Legal Services	8,455,923	0	96,221	0	0
Physical Health and Social Services	686,316	0	0	0	4,238,676
Mental Health	0	2,744,081	0	0	0
County Environment and Education	876,832	0	221,510	0	0
Roads and Transportation	0	0	315,878	5,349,582	0
Governmental Services to Residents	1,217,284	0	3,075	0	0
Administration	3,311,368	0	0	0	0
Non-Program	0	0	0	0	0
Debt Service	0	0	0	0	0
Capital Projects	29,461	0	0	3,603,530	0
<b>Total Expenditures</b>	<b>14,577,184</b>	<b>2,744,081</b>	<b>636,684</b>	<b>8,953,112</b>	<b>4,238,676</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,878,790	(200,937)	2,108,671	(3,612,930)	(1,809,943)
Other Financing Sources (Uses):					
Sale of Capital Assets	21,800	0	0	0	0
Drainage Warrants Issued	0	0	0	0	0
Transfers In	82,251	0	0	2,700,000	1,731,071
Transfers Out	(2,131,071)	0	(2,300,000)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(2,027,020)</b>	<b>0</b>	<b>(2,300,000)</b>	<b>2,700,000</b>	<b>1,731,071</b>
Change in Fund Balances	(148,230)	(200,937)	(191,329)	(912,930)	(78,872)
Fund Balances Beginning of Year	8,010,275	696,774	1,146,429	4,412,403	1,286,680
Decrease in Reserve For: Inventories	0	0	0	(428,494)	0
<b>Fund Balances End of Year</b>	<b>\$7,862,045</b>	<b>\$495,837</b>	<b>\$955,100</b>	<b>\$3,070,979</b>	<b>\$1,207,808</b>

See Notes To Financial Statements.

Debt Service	Capital Projects	Nonmajor	Total
\$1,296,761	\$0	\$0	\$16,872,117
0	0	70,511	70,511
0	0	606,247	1,732,131
0	0	0	145,759
108,827	0	26,287	9,802,673
0	0	0	167,887
0	0	116,927	1,645,611
327	0	5,784	300,827
0	0	73,916	73,916
0	0	82,757	1,090,300
1,405,915	0	982,429	31,901,732
0	0	159,889	8,712,033
0	0	80,495	5,005,487
0	0	0	2,744,081
0	0	262,079	1,360,421
0	0	0	5,665,460
0	0	420	1,220,779
0	0	67,993	3,379,361
0	0	364,685	364,685
1,404,939	0	24,984	1,429,923
0	0	0	3,632,991
1,404,939	0	960,545	33,515,221
976	0	21,884	(1,613,489)
0	0	0	21,800
0	0	218,215	218,215
0	0	0	4,513,322
0	0	(82,251)	(4,513,322)
0	0	135,964	240,015
976	0	157,848	(1,373,474)
53,625	402,980	2,066,775	18,075,941
0	0	0	(428,494)
\$54,601	\$402,980	\$2,224,623	\$16,273,973

# 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, 2017

Change in fund balances - Total governmental funds (page 32) (\$1,373,474)

*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	\$4,601,866	
Capital Assets Contributed by the Iowa Department of Transportation	3,799,988	
Depreciation/Amortization Expense	(3,273,109)	5,128,745

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. (49,407)

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	6,893	
Other	(238,596)	(231,703)

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:

Drainage Warrants Issued	(218,215)	
Principal Payments	1,231,500	
Drainage Warrants Payments	51,771	1,065,056

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. 1,237,678

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	(40,366)	
Other Postemployment Benefits/Termination Benefits	(366,104)	
Pension	(164,654)	
Interest on Long-Term Debt	1,702	(569,422)

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. (428,494)

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

223,150

**Change in net position of governmental activities (page 25)**

\$5,002,129

See Notes to Financial Statements.

# CERRO GORDO COUNTY, IOWA

## STATEMENT OF NET POSITION – PROPRIETARY FUNDS June 30, 2017

	Enterprise			Internal Service
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Totals	
<b>ASSETS</b>				
Current Assets:				
Cash, Cash Equivalents and Pooled Investments	\$32,716	\$72,714	\$105,430	\$1,852,638
Receivables:				
Accounts	0	0	0	413,681
Due From Other Governments	8,300	4,938	13,238	15
Total Current Assets	41,016	77,652	118,668	2,266,334
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	(683,270)	(700,131)	(1,383,401)	0
Total Non-Current Assets	896,256	489,286	1,385,542	0
<b>Total Assets</b>	<b>\$937,272</b>	<b>\$566,938</b>	<b>\$1,504,210</b>	<b>\$2,266,334</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$355	\$185	\$540	\$566,187
Note Payable:				
Portion Due Within One Year:				
Note Payable	6,851	6,730	13,581	0
Total Current Liabilities	7,206	6,915	14,121	566,187
Non-Current Liabilities:				
Portion Due After One Year:				
Note Payable	285,819	188,521	474,340	0
<b>Total Liabilities</b>	<b>293,025</b>	<b>195,436</b>	<b>488,461</b>	<b>566,187</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	603,586	294,035	897,621	0
Unrestricted	40,661	77,467	118,128	1,700,147
	<b>\$644,247</b>	<b>\$371,502</b>	<b>\$1,015,749</b>	<b>\$1,700,147</b>

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, 2017

	Enterprise		Totals	Internal Service
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility		
<b>OPERATING REVENUES:</b>				
Interfund Services Provided	\$0	\$0	\$0	\$2,891,758
Employee Payments	0	0	0	171,093
Miscellaneous	34,521	29,269	63,790	260,865
<b>Total Operating Revenues</b>	<b>34,521</b>	<b>29,269</b>	<b>63,790</b>	<b>3,323,716</b>
<b>OPERATING EXPENSES:</b>				
Waste Water Treatment Facility:				
Depreciation	48,805	36,481	85,286	0
Miscellaneous	14,508	12,427	26,935	0
Health Insurance:				
Medical Claims	0	0	0	2,282,638
Insurance Premiums	0	0	0	412,678
Administrative Fees	0	0	0	68,800
Miscellaneous	0	0	0	9,592
Central Services:				
Telephone	0	0	0	46,652
Insurance	0	0	0	280,983
<b>Total Operating Expenses</b>	<b>63,313</b>	<b>48,908</b>	<b>112,221</b>	<b>3,101,343</b>
Operating Income (Loss)	(28,792)	(19,639)	(48,431)	222,373
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest Income	23	39	62	777
Interest Expense	(13,465)	(9,076)	(22,541)	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(13,442)</b>	<b>(9,037)</b>	<b>(22,479)</b>	<b>777</b>
Net Income (Loss)	(42,234)	(28,676)	(70,910)	223,150
Net Position Beginning of Year	686,481	400,178	1,086,659	1,476,997
Net Position End of Year	\$644,247	\$371,502	\$1,015,749	\$1,700,147

See Notes To Financial Statements.

# CERRO GORDO COUNTY, IOWA

## STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS Year Ended June 30, 2017

	Enterprise		Totals	Internal Service
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$29,737	\$29,319	\$59,056	\$0
Cash Received from Operating Funds	0	0	0	2,891,758
Cash Received from Employees and Others	8,410	0	8,410	344,406
Cash Paid to Suppliers for Services	(20,834)	(12,601)	(33,435)	(3,042,617)
Net Cash Provided by Operating Activities	17,313	16,718	34,031	193,547
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Income	23	39	62	777
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Interest Expense	(13,465)	(9,076)	(22,541)	0
Note Payments	(6,556)	(6,440)	(12,996)	0
Net Cash Used in Capital and Related Financing Activities	(20,021)	(15,516)	(35,537)	0
Net Increase (Decrease) in Cash	(2,685)	1,241	(1,444)	194,324
Cash – Beginning of Year	35,401	71,473	106,874	1,658,314
Cash – End of Year	\$32,716	\$72,714	\$105,430	\$1,852,638
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	(\$28,792)	(\$19,639)	(\$48,431)	\$222,373
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	48,805	36,481	85,286	0
(Increase) Decrease in Receivables	3,626	50	3,676	(87,552)
Increase (Decrease) in Payables	(6,326)	(174)	(6,500)	58,726
Net Cash Provided by Operating Activities	\$17,313	\$16,718	\$34,031	\$193,547

See Notes To Financial Statements.

# CERRO GORDO COUNTY, IOWA

## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS

June 30, 2017

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### ASSETS

Cash, Cash Equivalents and Pooled Investments:

County Treasurer \$3,958,415  
Other County Officials 241,422

Receivables:

Property Tax:

Delinquent 8,089  
Succeeding Year 56,975,496

Accounts 35,412

Assessments 1,060,647

Due From Other Governments 140,517

**Total Assets** \$62,419,998

### LIABILITIES

Accounts Payable \$472,429

Salaries and Benefits Payable 13,323

Due To Other Governments 61,498,920

Trusts Payable 402,433

Compensated Absences 32,893

**Total Liabilities** \$62,419,998

### NET POSITION

\$0

See Notes To Financial Statements.



# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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### 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 the interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

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

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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### 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. Enabling legislation did not result in any restricted net position.

*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, required transfers from the General and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road 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 proprietary 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 telephone service and 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, 2017

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### 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 College
- 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, 2017

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### 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 judgements 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 EQUITY

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 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, they have a maturity date no longer than three months.

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### 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 taxes 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 deferred 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 become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2016.

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 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, 2017, 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. 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. 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, 2017

### 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:

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
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) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and 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 represent 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, 2017. 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, Mental Health, Rural Services and Secondary Road Funds.

Long-Term Liabilities – In the government-wide financial statements 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.

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 consist of property tax receivable and other receivables not collected within sixty days after year-end.

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 and the unamortized portion of the net difference between projected and actual earnings on IPERS’ investments.

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### Note 1: Summary of Significant Accounting Policies (Continued)

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

Fund Equity – 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 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 designed 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, 2017, disbursements did not exceed amounts budgeted, however, disbursements in certain departments exceeded the amounts appropriated.

### Note 2: Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2017 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, 2017, the County had the following investments:

Investment	Fair Value	Maturity
Federal Farm Credit Bank (FFCB)	\$248,093	November 2019
Federal Farm Credit Bank (FFCB)	243,262	October 2020
Federal National Mortgage Association (FNMA)	249,105	October 2018
Federal National Mortgage Association (FNMA)	249,995	May 2021
Federal Home Loan Banks (FHLBanks)	246,385	July 2020
Federal Home Loan Mortgage Company (FHLMC)	249,035	March 2022
	<u>\$1,485,875</u>	

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### Note 2: Cash, Cash Equivalents and Pooled Investments (Continued)

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 \$491,355, the FNMA securities of \$499,100, the FHLBanks securities of \$246,385 and the FHLMC securities of \$249,035 were determined using the last reported sales price at current exchange rates. (Level 1 inputs)

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

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

**Credit Risk** – The County does not have a policy relating to the credit risk of investments. The County’s FCCB, FNMA, FHLBanks and FHLMC investments at June 30, 2017 are rated Aaa by Moody’s Investors Service.

**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 total investments are in the Federal National Mortgage Association and the Federal Farm Credit Bank. The County’s investments in the Federal National Mortgage Association and Federal Farm Credit Bank are 11.70% and 11.70%, respectively, of the County’s total investments.

### Note 3: Due from and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue:	
	Mental Health	\$217
	Secondary Roads	145
Total		<u>\$362</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, 2017 is as follows:

Transfer To	Transfer From	Amount
General Fund	Special Revenue:	
	Rural County Betterment	\$40,000
	Tax Increment Financing	42,251
Special Revenue:	General Fund	400,000
Secondary Roads	Special Revenue:	
	Rural Services	2,300,000
Secondary Roads	General Fund	1,731,071
Public Health		
Total		<u>\$4,513,322</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, 2017

### Note 5: Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental Activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$1,788,492	\$0	\$0	\$1,788,492
Construction in progress	590,174	1,739,424	590,174	1,739,424
Total capital assets not being depreciated/amortized	<u>2,378,666</u>	<u>1,739,424</u>	<u>590,174</u>	<u>3,527,916</u>
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	7,157,933	845,372	377,814	7,625,491
Vehicles	4,593,604	153,292	151,987	4,594,909
Intangibles	263,734	0	0	263,734
Infrastructure, road network	51,040,381	6,253,939	0	57,294,320
Total capital assets being depreciated/amortized	<u>81,157,774</u>	<u>7,252,603</u>	<u>529,801</u>	<u>87,880,576</u>
Less accumulated depreciation/amortization for:				
Buildings	4,819,160	336,042	0	5,155,202
Improvements other than buildings	488,965	8,884	0	497,849
Machinery and equipment	5,634,198	363,511	368,007	5,629,702
Vehicles	3,369,803	432,172	112,388	3,689,587
Intangibles	263,734	0	0	263,734
Infrastructure, road network	26,959,452	2,132,500	0	29,091,952
Total accumulated depreciation/amortization	<u>41,535,312</u>	<u>3,273,109</u>	<u>480,395</u>	<u>44,328,026</u>
Total capital assets being depreciated/amortized, net	<u>39,622,462</u>	<u>3,979,494</u>	<u>49,406</u>	<u>43,552,550</u>
Governmental activities capital assets, net	<u>\$42,001,128</u>	<u>\$5,718,918</u>	<u>\$639,580</u>	<u>\$47,080,466</u>

Depreciation/amortization expense was charged to the following functions:

Governmental Activities:

Public Safety and Legal Services	\$409,214
Physical Health and Social Services	16,866
County Environment and Education	39,503
Roads and Transportation	2,610,566
Governmental Services to Residents	46,275
Administration	150,685

Total depreciation/amortization expense – governmental activities

\$3,273,109

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### Note 5: Capital Assets (Continued)

Capital asset activity of the Enterprise Funds for the year ended June 30, 2017 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	1,298,115	85,286	0	1,383,401
Total capital assets being depreciated, net	1,408,528	(85,286)	0	1,323,242
Business-type activities capital assets, net	\$1,470,828	(\$85,286)	\$0	\$1,385,542

### 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, 2017 is as follows:

Fund	Description	Amount
General	Services	\$4,391
Special Revenue:		
Mental Health		81
Rural Services		38
Secondary Roads		494
Public Health		175
Sheriff Forfeiture		525
Total Governmental Funds		\$5,704
Agency:	Collections	
County Assessor		\$1,383,759
City Assessor		895,865
Schools		29,606,652
Community Colleges		1,725,315
Corporations		23,781,031
City Special Assessments		1,036,612
Auto License and Use Tax		1,149,936
Clear Lake Sanitary District		438,197
E911 Operations		830,500
All Others		651,053
Total for Agency Funds		\$61,498,920

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS June 30, 2017

### Note 7: Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2017, is as follows:

<b>Governmental Activities</b>	Capital Loan			Termination Benefits
	Notes & Revenue Bonds	Compensated Absences		
Balance – Beginning of Year	\$9,298,750	\$974,400		\$172,260
Increases	0	1,015,576		197,340
Decreases	1,231,500	974,400		120,780
Balance – End of Year	\$8,067,250	\$1,015,576		\$248,820
Due within one year	\$822,000	\$1,015,576		\$93,060

	Drainage Warrants	Net Pension Liability	Net OPEB Liability	Total
	Balance – Beginning of Year	\$122,010	\$6,614,382	\$3,061,791
Increases	218,215	2,243,702	365,436	4,040,269
Decreases	51,771	0	75,892	2,454,343
Balance – End of Year	\$288,454	\$8,858,084	\$3,351,335	\$21,829,519
Due within one year	\$0	\$0	\$0	\$1,930,636

<b>Business Type Activities</b>	Sewer Revenue Capital Loan	
	Notes	
Balance – Beginning of Year	\$500,917	
Increases	0	
Decreases	12,996	
Balance – End of Year	\$487,921	
Due within one year	\$13,581	

### 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, 2017 general obligation indebtedness is as follows:

Year Ending June 30,	2012A \$9,365,000 Issue		
	Interest Rate	Principal	Interest
2018	2.00%	\$800,000	\$174,128
2019	2.00%	815,000	158,127
2020	2.00%	830,000	141,828
2021	2.00%	845,000	125,227
2022	2.10%	865,000	108,327
2023-2026	2.25%-2.65%	3,655,000	234,463
		\$7,810,000	\$942,100

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### 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 2017 totaled \$ 21,500. Details of the outstanding bonds are as follows:

Year Ending June 30,	Interest Rate	2008 \$885,000 Issue	
		Principal	Interest
2018	1.25%	\$22,000	\$3,216
2019	1.25%	22,000	2,941
2020	1.25%	22,500	2,666
2021	1.25%	23,000	2,384
2022	1.25%	23,000	2,097
2023-2027	1.25%	119,500	6,072
2028	1.25%	25,250	315
		<u>\$257,250</u>	<u>\$19,691</u>

During the year ended June 30, 2015, the County issued \$850,000 of General Obligation Capital Loan Notes for the purchase of Information Systems equipment and other courthouse improvement projects. The notes are payable from a continuing annual levy of taxes on all of the taxable property in the County. Interest on the notes is due annually on December 1 and principal and interest payments are due annually on June 1. This obligation was paid in full during the fiscal year ended June 30, 2017.

### Note 9: 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, 2017, the County has obligations to fourteen participants with a total liability of \$248,820. Retirement benefits expenses for twenty retirees for the year ended June 30, 2017 totaled \$120,780 and were paid from the General Fund and the Secondary Roads Fund.

### Note 10: 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 Special Revenue Fund solely from special assessments against benefited properties.

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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### Note 11: Operating Leases

During the fiscal year ended June 30, 2014, the County entered into operating lease agreements for four vehicles for the Cerro Gordo County Public Health Department. During the fiscal year ended June 30, 2015, the County entered into operating lease agreements for two vehicles for the Cerro Gordo County Public Health Department. During the fiscal year ended June 30, 2017, four of these leases reached maturity and the County entered into operating lease agreements for seven new vehicles for the Cerro Gordo County Public Health Department. Rental expense for the year ended June 30, 2017 is \$18,857. 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, 2017:

Year Ending June 30,	Vehicles
2018	\$13,828
2019	11,410
2020	9,808
Total	<u>\$35,046</u>

The County entered into operating lease agreements for copiers for the Cerro Gordo County Auditor, Attorney, Recorder, Sheriff, Treasurer and Board of Supervisor offices. Rental expense for the year ended June 30, 2017 is \$18,474. 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, 2017:

Year Ending June 30,	Copiers
2018	\$15,951
2019	14,623
2020	8,593
2021	5,347
Total	<u>\$44,514</u>

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### Note 12: 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
2018	\$6,730	\$8,786	\$15,516
2019	7,033	8,483	15,516
2020	7,349	8,167	15,516
2021	7,680	7,836	15,516
2022	8,025	7,491	15,516
2023-2027	45,880	31,700	77,580
2028-2032	57,175	20,405	77,580
2033-2036	55,379	6,346	61,725
	<u>\$195,251</u>	<u>\$99,214</u>	<u>\$294,465</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
2018	\$1,140	\$2,135	\$4,882	\$9,148	\$829	\$1,887	\$6,851	\$13,170
2019	1,192	2,083	5,101	8,929	867	1,849	7,160	12,861
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
2023-2027	7,771	8,604	33,281	36,869	5,654	7,926	46,706	53,399
2028-2032	9,684	6,691	41,474	28,676	7,045	6,535	58,203	41,902
2033-2037	12,068	4,307	51,685	18,465	8,780	4,800	72,533	27,572
2038-2042	11,687	1,339	50,148	5,752	10,941	2,639	72,776	9,730
2043-2044	0	0	0	0	4,971	335	4,971	335
	<u>\$47,447</u>	<u>\$31,079</u>	<u>\$203,295</u>	<u>\$133,205</u>	<u>\$41,928</u>	<u>\$31,278</u>	<u>\$292,670</u>	<u>\$195,562</u>

### Note 13: 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 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

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

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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### Note 13: 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 that 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 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.63% of covered payroll for a total rate of 19.26%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2017 were \$1,237,678.

**Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2017, the County reported a liability of \$8,858,084 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 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, 2017

### Note 13: Pension Plan (Continued)

At June 30, 2016, the County's proportion was 0.140754% which was an increase of 0.006873% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$1,185,351. At June 30, 2017, 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	\$73,652	\$179,018
Changes of Assumptions	127,143	29,222
Net Difference Between Projected and Actual Earnings on IPERS' Investments	1,630,806	0
Changes in Proportion and Differences Between County Contributions and the County's Proportionate Share of Contributions	20,038	12,154
County Contributions Subsequent to the Measurement Date	1,237,678	0
Total	\$3,089,317	\$220,394

\$1,237,678 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 ended June 30, 2018. 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,	Total
2018	\$167,590
2019	167,590
2020	833,059
2021	473,466
2022	(10,460)
Total	\$1,631,245

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00% per annum
Rates of Salary Increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation, Rates vary by membership group
Long-Term Investment Rate of Return (Effective June 30, 1996)	7.50 %, compounded annually, net of investment expense, including inflation
Wage Growth (Effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA.



# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### Note 13: 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 weighing 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
Core Plus Fixed Income	28%	1.90%
Domestic Equity	24	5.85
International Equity	16	6.32
Private Equity/Debt	11	10.31
Real Estate	8	3.87
Credit Opportunities	5	4.48
U.S. TIPS	5	1.36
Other Real Assets	2	6.42
Cash	1	(0.26)
Total	100%	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50%. 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 7.50%, 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's Proportionate Share of the Net Pension Liability:	\$15,701,694	\$8,858,084	\$3,086,780

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

**Payables to IPERS** – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2017.

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### Note 14: Other Postemployment Benefits (OPEB)

**Plan Description.** The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 246 active and 21 retired members in the plan. Employees must be age 55 or older at retirement. The medical/prescription drug benefits are provided through a self-funded medical plan. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability. The plan does not issue a stand-alone report.

**Funding Policy.** The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

**Annual OPEB Cost and Net OPEB Obligation.** The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$522,858
Interest on net OPEB obligation	72,323
Adjustment to annual required contribution	<u>(229,745)</u>
Annual OPEB cost	365,436
Contributions made	<u>(75,892)</u>
Increase in net OPEB obligation	289,544
Net OPEB obligation - beginning of the year	<u>3,061,791</u>
Net OPEB obligation – end of the year	<u><u>\$3,351,335</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017. For the year ended June 30, 2017, the County contributed \$ 75,892 to the medical plan. Plan members receiving benefits contributed \$151,784, or 66.67% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$345,810	22.26%	\$2,785,472
June 30, 2016	\$343,621	19.59%	\$3,061,791
June 30, 2017	\$365,436	20.77%	\$3,351,335

**Funded Status and Funding Progress.** As of July 1, 2016, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$3,747,565, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,747,565. The covered payroll (annual payroll of active employees covered by the plan) was \$12,164,463, and the ratio of the UAAL to the covered payroll was 30.81%. As of June 30, 2017, there were no trust fund assets. The General Fund and the Special Revenue Secondary Roads Fund will be used to liquidate the net pension obligation.

**Actuarial Methods and Assumptions.** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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### Note 14: Other Postemployment Benefits (OPEB) (Continued)

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

As of the July 1, 2016 actuarial valuation date, the Frozen Entry Age Actuarial Cost method was used. The actuarial assumptions included a 2.50% discount rate based on the County's funding policy. The projected annual medical trend rate is 6.00%. An inflation rate of 0.00% is assumed for the purpose of this computation.

Mortality rates are from the RP 2000 Annuity Mortality Table, applied on a gender specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the retirement probabilities from the Actuary's Pension Handbook and applying the termination factors using the scale T-9 tables.

Projected claim costs of the medical plan are \$950 per month for retirees. The salary increase rate was assumed to be 4.00% per year. The UAAL is being amortized as a level percentage on an open basis over 30 years.

### Note 15: 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 753 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, 2017 were \$251,693.

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.

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS June 30, 2017

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### Note 15: Risk Management (Continued)

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, 2017, no liability has been recorded in the County's financial statements. As of June 30, 2017, 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.

### Note 16: 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 Blue Cross and Blue Shield of Iowa. 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, 2017 was \$ 2,611,634.

Amounts payable from the Cerro Gordo County Health Insurance Fund at June 30, 2017 total \$551,724 which is for incurred but not reported (IBNR) claims, reported but not paid claims and stop-loss coverage premiums. 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 \$1,705,281 at June 30, 2017 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
2016-2017	\$467,969	\$2,328,641	\$2,282,638	\$513,972

### Note 17: 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, 2017 was \$46,338 and the cumulative rebated amount is \$148,635.

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS June 30, 2017

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### Note 18: 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, 2017, the County abated \$46,338 of property tax under the urban renewal and economic development projects.

#### Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Mason City	Urban renewal and economic Development projects	\$219,101
City of Clear Lake	Urban renewal and economic Development projects	\$27,522
City of Rockwell	Urban renewal and economic Development projects	\$666

### Note 19: 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, 2017, the County did not anticipate any additional assessments for closure and postclosure care costs.

### Note 20: 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 contract totals were less than \$1,500 for the fiscal year or the county employee did not participate in acquiring the services.

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### Note 21: 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 Heartland Asphalt for a milling and resurfacing project. As of June 30, 2017, costs of \$1,482,996 have been incurred on the project.

Through the Iowa Department of Transportation Farm to Market program, the County has entered into a contract with Peterson Contractors totaling \$263,836 for a culvert replacement project. As of June 30, 2017, costs of \$256,428 has been incurred on the project. The balance remaining on the contract will be paid as work on the project progresses.

### Note 22: 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 2561 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, 2017 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State Grants:			
Early Childhood	\$76,717	\$0	\$76,717
Family Support and Parent Education	0	261,709	261,709
Preschool Support for Low-Income Families	0	112,192	112,192
Quality Improvement	0	54,350	54,350
Allocation for Administration	4,038	14,707	18,745
Other Grant Programs	0	31,409	31,409
Total State Grants	80,755	474,367	555,122
Interest on Investments	15	71	86
Total Revenues	80,770	474,438	555,208
Expenditures:			
Program Services:			
Early Childhood	91,709	0	91,709
Family Support and Parent Education	0	256,008	256,008
Preschool Support for Low-Income Families	0	126,445	126,445
Quality Improvement	0	52,165	52,165
Other Program Services	0	39,880	39,880
Total Program Services	91,709	474,498	566,207
Administration	4,038	14,644	18,682
Total Expenditures	95,747	489,142	584,889
Net Change in Fund Balance	(14,977)	(14,704)	(29,681)
Fund Balance Beginning of Year	34,189	77,935	112,124
Fund Balance End of Year	\$19,212	\$63,231	\$82,443

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### Note 23: 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 which became effective July 10, 2014, 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, 2017 as follows:

Revenues:		
Property and Other County Tax		\$1,442,388
Intergovernmental Revenues:		
State Tax Credits	\$121,903	
Payments from Regional Fiscal Agent	965,456	1,087,359
Miscellaneous		13,397
Total Revenues		<u>2,543,144</u>
Expenditures:		
Services to Persons With:		
Mental Illness		55,170
General Administration:		
Direct Administration	423,451	
Distribution to Regional Fiscal Agent	1,847,753	2,271,204
County Provided Case Management		417,707
Total Expenditures		<u>2,744,081</u>
Deficiency of Revenues Under Expenditures		(200,937)
Fund Balance – Beginning of Year		<u>696,774</u>
Fund Balance – End of Year		<u>\$495,837</u>

### Note 24: New Accounting Pronouncement

The County adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about the County's tax abatements and tax abatements of other entities which impact the County.

### Note 25: Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's other postemployment benefits.

### Note 26: Subsequent Events

Management has evaluated subsequent events through December 20, 2017, 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, 2017**

	Actual	Less Funds Not Required To Be Budgeted	Net
<b>REVENUES:</b>			
Property and Other County Tax	\$18,674,759	\$0	\$18,674,759
Interest and Penalty on Property Tax	145,759	0	145,759
Intergovernmental	9,802,673	0	9,802,673
Licenses and Permits	167,887	0	167,887
Charges for Service	1,645,611	109,323	1,536,288
Use of Money and Property	300,827	50	300,777
Miscellaneous	1,164,216	0	1,164,216
<b>Total Revenues</b>	<u>31,901,732</u>	<u>109,373</u>	<u>31,792,359</u>
<b>EXPENDITURES:</b>			
Public Safety and Legal Services	8,712,033	0	8,712,033
Physical Health and Social Services	5,005,487	0	5,005,487
Mental Health	2,744,081	0	2,744,081
County Environment and Education	1,360,421	0	1,360,421
Roads and Transportation	6,093,954	0	6,093,954
Governmental Services to Residents	1,220,779	0	1,220,779
Administration	3,379,361	0	3,379,361
Non-Program	364,685	364,685	0
Debt Service	1,429,923	0	1,429,923
Capital Projects	3,632,991	0	3,632,991
<b>Total Expenditures</b>	<u>33,943,715</u>	<u>364,685</u>	<u>33,579,030</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,041,983)	(255,312)	(1,786,671)
Other Financing Sources, Net	240,015	218,215	21,800
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,801,968)	(37,097)	(1,764,871)
Balance Beginning of Year	18,075,941	120,139	17,955,802
Balance End of Year	<u>\$16,273,973</u>	<u>\$83,042</u>	<u>\$16,190,931</u>

See Accompanying Independent Auditor's Report.

Budgeted Amounts		Final to Net Variance - Positive (Negative)
Original	Final	
\$18,650,465	\$18,769,733	(\$94,974)
165,000	165,000	(19,241)
8,823,443	9,807,277	(4,604)
129,600	137,100	30,787
1,249,350	1,574,558	(38,270)
209,570	224,610	76,167
1,652,073	1,552,903	(388,687)
30,879,501	32,231,181	(438,822)
9,026,814	9,039,702	327,669
5,356,824	5,355,423	349,936
2,144,386	2,832,651	88,570
1,592,152	1,603,652	243,231
6,056,231	6,642,231	548,277
1,253,573	1,256,573	35,794
3,520,992	3,612,648	233,287
0	0	0
1,430,276	1,430,276	353
2,415,000	4,135,000	502,009
32,796,248	35,908,156	2,329,126
(1,916,747)	(3,676,975)	1,890,304
0	12,800	9,000
(1,916,747)	(3,664,175)	1,899,304
17,973,963	17,973,963	(18,161)
\$16,057,216	\$14,309,788	\$1,881,143

# CERRO GORDO COUNTY, IOWA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING June 30, 2017

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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, a budget amendment increased budgeted revenues and expenditures by \$1,351,680 and \$3,111,908 respectively. This 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, 2017, disbursements did not exceed the amounts budgeted, however, disbursements in certain departments exceeded the amounts appropriated.

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM - LAST THREE YEARS\* REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

	2015	2016	2017
County's Proportion of the Net Pension Liability	0.126753%	0.133881%	0.140754%
County's Proportionate Share of the Net Pension Liability	\$ 5,026,904	\$ 6,614,382	\$ 8,858,084
County's Covered-Employee Payroll	\$ 11,356,394	\$ 11,763,018	\$ 12,150,989
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	44.26%	56.23%	72.90%
IPERS' Net Position as a Percentage of the Total Pension Liability	87.61%	85.19%	81.82%

\*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			
	2008	2009	2010	2011
Statutorily Required Contribution	\$ 646,745	\$ 732,243	\$ 794,797	869,139
Contributions in Relation to the Statutorily Required Contribution	(646,745)	(732,243)	(794,797)	(869,139)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
County's Covered-Employee Payroll	\$ 10,089,513	\$ 10,637,529	\$ 10,993,725	\$ 11,163,893
Contributions as a Percentage of Covered-Employee Payroll	6.41%	6.88%	7.23%	7.79%

See Accompanying Independent Auditor's Report.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 1,056,889	\$ 1,065,375	\$ 1,105,050	\$ 1,139,628	\$ 1,110,617	\$ 1,237,678
(1,056,889)	(1,065,375)	(1,105,050)	(1,139,628)	(1,110,617)	(1,237,678)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 11,334,109	\$ 11,247,738	\$ 11,356,394	\$ 11,763,018	\$ 12,150,989	\$ 13,596,109
9.32%	9.47%	9.73%	9.69%	9.14%	9.10%

# CERRO GORDO COUNTY, IOWA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY YEAR ENDED JUNE 30, 2017

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### Changes of Benefit Terms:

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

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and nation guard installation security officers – from Regular membership to the protected occupation group for future service only.

### Changes of Assumptions:

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 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 FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN (IN THOUSANDS) REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
2009	July 1, 2008	\$0	\$2,045	\$2,045	0%	\$9,426	21.7%
2010	July 1, 2008	\$0	\$2,045	\$2,045	0%	\$9,761	20.9%
2011	July 1, 2010	\$0	\$4,399	\$4,399	0%	\$9,861	44.6%
2012	July 1, 2010	\$0	\$4,743	\$4,743	0%	\$10,446	45.4%
2013	July 1, 2012	\$0	\$4,302	\$4,302	0%	\$9,959	43.2%
2014	July 1, 2012	\$0	\$4,302	\$4,302	0%	\$10,111	42.5%
2015	July 1, 2014	\$0	\$3,535	\$3,535	0%	\$10,460	33.8%
2016	July 1, 2014	\$0	\$3,535	\$3,535	0%	\$10,964	32.2%
2017	July 1, 2016	\$0	\$3,748	\$3,748	0%	\$12,164	30.8%

See Note 14 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB costs and Net OPEB Obligation, and the funded status and funding progress.

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, 2017

### REVENUES:

Property and Other County Tax:		
Property Tax	\$10,928,246	
Local Option Sales Tax	173,213	
Utility Tax Replacement Excise Tax	584,457	
Other County Tax	<u>8,331</u>	\$11,694,247
Interest and Penalty on Property Tax		145,759
Intergovernmental:		
State Shared Revenues		19,556
State Tax Credits		973,163
State and Federal Pass-Thru Revenues:		
Child Support Recovery Incentives	485,901	
Human Services Administration Reimbursement	149,286	
Other	<u>63,210</u>	698,397
Contributions From Other Intergovernmental Units		769,122
State Grants and Entitlements		85,296
Licenses and Permits		45,620
Charges for Service:		
Office Fees and Collections:		
County Auditor	1,227	
County Recorder	295,198	
County Sheriff	104,227	
Auto License, Use Tax and Postage	424,786	
Miscellaneous	<u>293,273</u>	1,118,711
Use of Money and Property:		
Interest on Investments	121,352	
Miscellaneous	<u>173,364</u>	294,716
Miscellaneous:		
Reimbursements	370,952	
Assessments	1,966	
Miscellaneous	<u>238,469</u>	611,387
<b>Total Revenues</b>		<u>16,455,974</u>

(Continued)

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND (Continued) Year Ended June 30, 2017

### EXPENDITURES:

Operating:		
Public Safety and Legal Services		\$8,455,923
Physical Health and Social Services		686,316
County Environment and Education		876,832
Governmental Services to Residents		1,217,284
Administration		3,311,368
Capital Projects		29,461
<b>Total Expenditures</b>		<u>14,577,184</u>
Excess of Revenues Over Expenditures		1,878,790
Other Financing Sources (Uses):		
Sale of Capital Assets	\$21,800	
Transfers In:		
Rural County Betterment	40,000	
Tax Increment Financing	42,251	
Transfers Out:		
Secondary Roads	(400,000)	
Public Health	<u>(1,731,071)</u>	(2,027,020)
Change in Fund Balance		(148,230)
Fund Balance Beginning of Year		8,010,275
Fund Balance End of Year		<u><u>\$7,862,045</u></u>

See Accompanying Independent Auditor's Report.

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF EXPENDITURES – GENERAL FUND Year Ended June 30, 2017

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### Public Safety and Legal Services:

#### Law Enforcement:

Uniformed Patrol Services	\$1,621,811
Law Enforcement Communications	1,022,595
Adult Correctional Services	2,838,203
Administration	652,807
	<hr/>
	6,135,416

#### Legal Services:

Criminal Prosecution	1,323,749
Medical Examinations	143,563
Child Support Recovery	480,981
	<hr/>
	1,948,293

#### Emergency Services:

Emergency Management	30,906
Fire Protection and Rescue Services	21,000
	<hr/>
	51,906

#### Assistance to District Court System:

Physical Operations	1,899
Research and Other Assistance	250
	<hr/>
	2,149

#### Court Proceeding Program:

Juries and Witnesses	30,262
Detention Services	22,791
Court Costs	5,032
Service of Civil Papers	212,245
	<hr/>
	270,330

#### Juvenile Justice Administration:

Juvenile Victim Restitution	40,408
Juvenile Representation Services	600
Court-Appointed Attorneys and Court Costs for Juveniles	6,821
	<hr/>
	47,829

### **Total Public Safety and Legal Services**

\$8,455,923

(Continued)

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF EXPENDITURES – GENERAL FUND (Continued) Year Ended June 30, 2017

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### Physical Health and Social Services:

#### Services to the Poor:

Administration	\$334,330	
General Welfare Services	32,238	
	<u>366,568</u>	

#### Services to Military Veterans:

Administration	141,751	
General Services to Veterans	22,211	
	<u>163,962</u>	

#### Children's and Family Services:

Youth Guidance	128,965	
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#### Services to Other Adults:

Other Social Services	8,004	
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#### Chemical Dependency:

Treatment Services	6,592	
Preventive Services	12,225	
	<u>18,817</u>	

### Total Physical Health and Social Services

\$686,316

### County Environment and Education:

#### Conservation and Recreation Services:

Administration	\$494,425	
Maintenance and Operations	248,823	
	<u>743,248</u>	

#### Animal Control:

Animal Shelter	17,045	
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#### County Development:

Land Use and Building Controls	116,539	
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### Total County Environment and Education

\$876,832

(Continued)

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF EXPENDITURES – GENERAL FUND (Continued) Year Ended June 30, 2017

### Governmental Services to Residents:

#### Representation Services:

Elections Administration	\$374,104	
Local Elections	35,410	
Township Officials	35	
	<u>409,549</u>	

#### State Administrative Services:

Motor Vehicle Registrations and Licensing	423,973	
Recording of Public Documents	383,762	
	<u>807,735</u>	

### Total Governmental Services to Residents

\$1,217,284

### Administration:

#### Policy and Administration:

General County Management	\$392,473	
Administrative Management Services	573,729	
Treasury Management Services	174,787	
Other Policy and Administration	59,760	
	<u>1,200,749</u>	

#### Central Services:

General Services	681,718	
Information Technology Services	1,142,555	
GIS Systems	137,199	
	<u>1,961,472</u>	

#### Risk Management Services:

Safety of Workplace	133,692	
Fidelity of Public Officers	7,773	
Unemployment Compensation	7,682	
	<u>149,147</u>	

### Total Administration

\$3,311,368

### Capital Projects:

Other Capital Projects	\$29,461	
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### Total Expenditures

\$14,577,184

(Concluded)

See Accompanying Independent Auditor's Report.



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# CERRO GORDO COUNTY, IOWA

## COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS June 30, 2017

	Resource Enhancement and Protection	Recorder's Records Management	General County Betterment	Nature Center	Supplemental Environmental Project
<b>ASSETS</b>					
Cash, Cash Equivalents and Pooled Investments	\$147,376	\$32,777	\$20,101	\$404,574	\$104
Receivables:					
Property Tax:					
Succeeding Year Tax Increment Financing	0	0	0	0	0
Accounts	0	2,015	0	16,386	0
Accrued Interest	0	24	0	180	0
Special Assessments	0	0	0	0	0
Drainage Assessments	0	0	0	0	0
Due From Other Governments	0	0	7,447	0	0
<b>Total Assets</b>	<b>\$147,376</b>	<b>\$34,816</b>	<b>\$27,548</b>	<b>\$421,140</b>	<b>\$104</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$0	\$0	\$4,750	\$345	\$0
Salaries and Benefits Payable	0	0	0	457	0
Due to Other Governments	0	0	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>4,750</b>	<b>802</b>	<b>0</b>
Deferred Inflows of Resources:					
Deferred Revenues:					
Succeeding Year Tax Increment Financing	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Fund Balances</b>	<b>147,376</b>	<b>34,816</b>	<b>22,798</b>	<b>420,338</b>	<b>104</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$147,376</b>	<b>\$34,816</b>	<b>\$27,548</b>	<b>\$421,140</b>	<b>\$104</b>

See Accompanying Independent Auditor's Report.

Rural County Betterment	Economic Development	On Site Sewage Program	Sanberg Estate	Tax Increment Financing	Drainage	Strand Estate Grant
\$182,308	\$326,480	\$21,511	\$647,199	\$21	\$165,706	\$67,378
0	0	0	0	46,313	0	0
0	0	0	10	0	0	0
0	0	0	1,917	0	0	0
0	0	17,047	0	0	0	0
0	0	0	0	0	6,095	0
29,786	14,893	0	0	0	0	0
\$212,094	\$341,373	\$38,558	\$649,126	\$46,334	\$171,801	\$67,378
\$706	\$0	\$0	\$34	\$0	\$82,664	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
706	0	0	34	0	82,664	0
0	0	0	0	46,313	0	0
0	0	17,047	0	0	6,095	0
0	0	17,047	0	46,313	6,095	0
0	0	0	0	0	0	60,000
0	0	0	0	0	83,042	0
0	0	0	0	0	0	0
211,388	341,373	21,511	649,092	21	0	7,378
211,388	341,373	21,511	649,092	21	83,042	67,378
\$212,094	\$341,373	\$38,558	\$649,126	\$46,334	\$171,801	\$67,378

(Continued)

# CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 June 30, 2017

	Sheriff Forfeiture	Attorney Forfeiture	Attorney Collections	Total
<b>ASSETS</b>				
Cash, Cash Equivalents and Pooled Investments	\$150,945	\$49,159	\$24,161	\$2,239,800
Receivables:				
Property Tax:				
Succeeding Year Tax Increment Financing	0	0	0	46,313
Accounts	0	0	2,945	21,356
Accrued Interest	0	0	0	2,121
Special Assessments	0	0	0	17,047
Drainage Assessments	0	0	0	6,095
Due From Other Governments	0	0	2	52,128
<b>Total Assets</b>	<b>\$150,945</b>	<b>\$49,159</b>	<b>\$27,108</b>	<b>\$2,384,860</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$1,240	\$0	\$61	\$89,800
Salaries and Benefits Payable	0	0	0	457
Due to Other Governments	525	0	0	525
<b>Total Liabilities</b>	<b>1,765</b>	<b>0</b>	<b>61</b>	<b>90,782</b>
Deferred Inflows of Resources:				
Deferred Revenues:				
Succeeding Year Tax Increment Financing	0	0	0	46,313
Other	0	0	0	23,142
	0	0	0	69,455
Fund Balances:				
Nonspendable	0	0	0	60,000
Restricted for:				
Drainage Warrants	0	0	0	83,042
Nature Center Endowment	0	0	0	125,191
Other Purposes	149,180	49,159	27,047	1,956,390
<b>Total Fund Balances</b>	<b>149,180</b>	<b>49,159</b>	<b>27,047</b>	<b>2,224,623</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$150,945</b>	<b>\$49,159</b>	<b>\$27,108</b>	<b>\$2,384,860</b>

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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, 2017

	Resource Enhancement and Protection	Recorder's Records Management	General County Betterment	Nature Center	Supplemental Environmental Project
<b>REVENUES:</b>					
Tax Increment Financing	\$0	\$0	\$0	\$0	\$0
Local Option Sales Tax	0	0	86,607	0	0
Intergovernmental	23,918	0	0	0	0
Charges For Service	0	7,584	0	0	0
Use of Money and Property	70	106	0	1,566	0
Fines, Forfeitures and Defaults	0	0	0	0	0
Miscellaneous	0	0	0	48,409	0
<b>Total Revenues</b>	<b>23,988</b>	<b>7,690</b>	<b>86,607</b>	<b>49,975</b>	<b>0</b>
<b>EXPENDITURES:</b>					
Operating:					
Public Safety and Legal Services	0	0	0	0	0
Physical Health and Social Services	0	0	65,795	0	0
County Environment and Education	0	0	10,250	38,968	0
Governmental Services to Residents	0	420	0	0	0
Administration	0	0	10,000	0	0
Non-Program	0	0	0	0	0
Debt Service	0	0	0	0	0
<b>Total Expenditures</b>	<b>0</b>	<b>420</b>	<b>86,045</b>	<b>38,968</b>	<b>0</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,988	7,270	562	11,007	0
Other Financing Sources (Uses):					
Drainage Warrants Issued	0	0	0	0	0
Transfers Out	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
 Change in Fund Balances	 23,988	 7,270	 562	 11,007	 0
Fund Balances Beginning of Year	123,388	27,546	22,236	409,331	104
Fund Balances End of Year	\$147,376	\$34,816	\$22,798	\$420,338	\$104

See Accompanying Independent Auditor's Report.

Rural County Betterment	Economic Development	On Site Sewage Program	Sanberg Estate	Tax Increment Financing	Drainage
\$0	\$0	\$0	\$0	\$70,511	\$0
346,426	173,214	0	0	0	0
0	0	0	0	2,369	0
0	0	0	0	0	109,323
0	0	0	3,460	21	50
0	0	0	0	0	0
0	0	9,184	110	0	0
346,426	173,214	9,184	3,570	72,901	109,373
116,270	0	0	0	0	0
14,700	0	0	0	0	0
68,462	83,600	0	14,461	46,338	0
0	0	0	0	0	0
57,993	0	0	0	0	0
0	0	0	0	0	364,685
24,984	0	0	0	0	0
282,409	83,600	0	14,461	46,338	364,685
64,017	89,614	9,184	(10,891)	26,563	(255,312)
0	0	0	0	0	218,215
(40,000)	0	0	0	(42,251)	0
(40,000)	0	0	0	(42,251)	218,215
24,017	89,614	9,184	(10,891)	(15,688)	(37,097)
187,371	251,759	12,327	659,983	15,709	120,139
\$211,388	\$341,373	\$21,511	\$649,092	\$21	\$83,042

(Continued)

# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (Continued) Year Ended June 30, 2017

	Strand Estate Grant	Sheriff Forfeiture	Attorney Forfeiture	Attorney Collections	Total
<b>REVENUES:</b>					
Tax Increment Financing	\$0	\$0	\$0	\$0	\$70,511
Local Option Sales Tax	0	0	0	0	606,247
Intergovernmental	0	0	0	0	26,287
Charges For Service	20	0	0	0	116,927
Use of Money and Property	511	0	0	0	5,784
Fines, Forfeitures and Defaults	0	63,709	10,207	0	73,916
Miscellaneous	0	0	0	25,054	82,757
<b>Total Revenues</b>	<b>531</b>	<b>63,709</b>	<b>10,207</b>	<b>25,054</b>	<b>982,429</b>
<b>EXPENDITURES:</b>					
Operating:					
Public Safety and Legal Services	0	32,264	2,500	8,855	159,889
Physical Health and Social Services	0	0	0	0	80,495
County Environment and Education	0	0	0	0	262,079
Governmental Services to Residents	0	0	0	0	420
Administration	0	0	0	0	67,993
Non-Program	0	0	0	0	364,685
Debt Service	0	0	0	0	24,984
<b>Total Expenditures</b>	<b>0</b>	<b>32,264</b>	<b>2,500</b>	<b>8,855</b>	<b>960,545</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	531	31,445	7,707	16,199	21,884
Other Financing Sources (Uses):					
Drainage Warrants Issued	0	0	0	0	218,215
Transfers Out	0	0	0	0	(82,251)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>135,964</b>
 Change in Fund Balances	 531	 31,445	 7,707	 16,199	 157,848
 Fund Balances Beginning of Year	 66,847	 117,735	 41,452	 10,848	 2,066,775
 Fund Balances End of Year	 \$67,378	 \$149,180	 \$49,159	 \$27,047	 \$2,224,623

(Concluded)



# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF NET POSITION – INTERNAL SERVICE FUNDS June 30, 2017

	Central Services	Health Insurance	Total
<b>ASSETS</b>			
Cash, Cash Equivalents and Pooled Investments	\$8,984	\$1,843,654	\$1,852,638
Receivables:			
Accounts	330	413,351	413,681
Due From Other Governments	15	0	15
<b>Total Assets</b>	<b>\$9,329</b>	<b>\$2,257,005</b>	<b>\$2,266,334</b>
<b>LIABILITIES</b>			
Liabilities			
Accounts Payable	\$14,463	\$551,724	\$566,187
Net Position			
Unrestricted	(\$5,134)	\$1,705,281	\$1,700,147

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, 2017

	Central Services	Health Insurance	Total
<b>OPERATING REVENUES:</b>			
Interfund Services Provided	\$280,124	\$2,611,634	\$2,891,758
Employee Payments	0	171,093	171,093
Miscellaneous	7,534	253,331	260,865
<b>Total Operating Revenues</b>	<b>287,658</b>	<b>3,036,058</b>	<b>3,323,716</b>
<b>OPERATING EXPENSES:</b>			
Health Insurance:			
Medical Claims	0	2,282,638	2,282,638
Insurance Premiums	0	412,678	412,678
Administrative Fees	0	68,800	68,800
Miscellaneous	0	9,592	9,592
Central Services:			
Telephone	46,652	0	46,652
Insurance	280,983	0	280,983
<b>Total Operating Expenses</b>	<b>327,635</b>	<b>2,773,708</b>	<b>3,101,343</b>
Operating Income (Loss)	(39,977)	262,350	222,373
<b>NON-OPERATING REVENUES:</b>			
Interest Income	0	777	777
Net Income (Loss)	(39,977)	263,127	223,150
Net Position Beginning of Year	34,843	1,442,154	1,476,997
Net Position End of Year	(\$5,134)	\$1,705,281	\$1,700,147

See Accompanying Independent Auditor's Report.

# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF CASH FLOWS – INTERNAL SERVICE FUNDS Year Ended June 30, 2017

	Central Services	Health Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Operating Funds	\$280,124	\$2,611,634	\$2,891,758
Cash Received from Employees and Others	8,584	335,822	344,406
Cash Paid to Suppliers for Services	(319,358)	(2,723,259)	(3,042,617)
Net Cash Provided By (Used In) Operating Activities	(30,650)	224,197	193,547
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest Income	0	777	777
Net Increase (Decrease) in Cash	(30,650)	224,974	194,324
Cash Beginning of Year	39,634	1,618,680	1,658,314
Cash End of Year	\$8,984	\$1,843,654	\$1,852,638
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	(\$39,977)	\$262,350	\$222,373
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:			
(Increase) Decrease in Receivables	1,050	(88,602)	(87,552)
Increase in Payables	8,277	50,449	58,726
Net Cash Provided By (Used In) Operating Activities	(\$30,650)	\$224,197	\$193,547

See Accompanying Independent Auditor's Report.

# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS June 30, 2017

	Elected Officials	Other	Total
<b>ASSETS</b>			
Cash, Cash Equivalents and Pooled Investments:			
County Treasurer	\$0	\$3,958,415	\$3,958,415
Other County Officials	241,422	0	241,422
Receivables:			
Property Tax:			
Delinquent	0	8,089	8,089
Succeeding Year	0	56,975,496	56,975,496
Accounts	5,934	29,478	35,412
Assessments	0	1,060,647	1,060,647
Due From Other Governments	0	140,517	140,517
<b>Total Assets</b>	<b>\$247,356</b>	<b>\$62,172,642</b>	<b>\$62,419,998</b>
<b>LIABILITIES</b>			
Accounts Payable	\$0	\$472,429	\$472,429
Salaries and Benefits Payable	0	13,323	13,323
Due to Other Governments	1,339	61,497,581	61,498,920
Trusts Payable	246,017	156,416	402,433
Compensated Absences	0	32,893	32,893
<b>Total Liabilities</b>	<b>\$247,356</b>	<b>\$62,172,642</b>	<b>\$62,419,998</b>

See Accompanying Independent Auditor's Report.

# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ELECTED OFFICIALS June 30, 2017

	Relief Representative Payee	Veterans Affairs	Recorder	Sheriff	Total
<b>ASSETS</b>					
Cash, Cash Equivalents and Pooled Investments:					
Other County Officials	\$152,931	\$1,001	(\$4,595)	\$92,085	\$241,422
Receivables:					
Accounts	0	0	5,934	0	5,934
<b>Total Assets</b>	<b>\$152,931</b>	<b>\$1,001</b>	<b>\$1,339</b>	<b>\$92,085</b>	<b>\$247,356</b>
<b>LIABILITIES</b>					
Due to Other Governments	\$0	\$0	\$1,339	\$0	\$1,339
Trusts Payable	152,931	\$1,001	0	92,085	246,017
<b>Total Liabilities</b>	<b>\$152,931</b>	<b>\$1,001</b>	<b>\$1,339</b>	<b>\$92,085</b>	<b>\$247,356</b>

See Accompanying Independent Auditor's Report.

# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS June 30, 2017

	Agricultural Extension Education	County Assessor	City Assessor	Schools
<b>ASSETS</b>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$2,199	\$775,565	\$567,019	\$227,262
Receivables:				
Property Tax:				
Delinquent	16	318	12	6,607
Succeeding Year	272,440	695,054	651,171	29,372,783
Accounts	0	0	0	0
Assessments	0	0	0	0
Due From Other Governments	0	0	0	0
<b>Total Assets</b>	<b>\$274,655</b>	<b>\$1,470,937</b>	<b>\$1,218,202</b>	<b>\$29,606,652</b>
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$54,827	\$309,829	\$0
Salaries and Benefits Payable	0	7,157	4,809	0
Due to Other Governments	274,655	1,383,759	895,865	29,606,652
Trusts Payable	0	0	0	0
Compensated Absences	0	25,194	7,699	0
<b>Total Liabilities</b>	<b>\$274,655</b>	<b>\$1,470,937</b>	<b>\$1,218,202</b>	<b>\$29,606,652</b>

See Accompanying Independent Auditor's Report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
\$13,391	\$194,832	\$2,534	\$25,885	\$1,149,936	\$61
452	505	119	0	0	58
1,711,472	23,583,791	302,160	0	0	7,372
0	0	0	0	0	0
0	1,903	0	1,010,727	0	0
0	0	0	0	0	0
<u>\$1,725,315</u>	<u>\$23,781,031</u>	<u>\$304,813</u>	<u>\$1,036,612</u>	<u>\$1,149,936</u>	<u>\$7,491</u>

\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
1,725,315	23,781,031	304,813	1,036,612	1,149,936	7,491
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$1,725,315</u>	<u>\$23,781,031</u>	<u>\$304,813</u>	<u>\$1,036,612</u>	<u>\$1,149,936</u>	<u>\$7,491</u>

(Continued)

# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS (Continued) June 30, 2017

	Joint Disaster Services	Clear Lake Sanitary District	County EMS Association	Advance Tax	Cash Long/Short
<b>ASSETS</b>					
Cash, Cash Equivalents and Pooled Investments:					
County Treasurer	\$24,118	\$10,925	\$3,311	\$117,864	\$700
Receivables:					
Property Tax:					
Delinquent	0	2	0	0	0
Succeeding Year	0	379,253	0	0	0
Accounts	0	0	0	0	0
Assessments	0	48,017	0	0	0
Due From Other Governments	35,384	0	0	0	0
<b>Total Assets</b>	<b>\$59,502</b>	<b>\$438,197</b>	<b>\$3,311</b>	<b>\$117,864</b>	<b>\$700</b>
<b>LIABILITIES</b>					
Accounts Payable	\$919	\$0	\$0	\$0	\$0
Salaries and Benefits Payable	1,357	0	0	0	0
Due to Other Governments	57,226	438,197	3,311	0	700
Trusts Payable	0	0	0	117,864	0
Compensated Absences	0	0	0	0	0
<b>Total Liabilities</b>	<b>\$59,502</b>	<b>\$438,197</b>	<b>\$3,311</b>	<b>\$117,864</b>	<b>\$700</b>



E911 Operations	Recorder's Transfer Fee	Pass Through Projects	Empowerment	Employee Benefits	Total
\$752,670	\$814	\$0	\$82,443	\$6,886	\$3,958,415
0	0	0	0	0	8,089
0	0	0	0	0	56,975,496
25,404	704	3,370	0	0	29,478
0	0	0	0	0	1,060,647
56,871	0	48,262	0	0	140,517
<u>\$834,945</u>	<u>\$1,518</u>	<u>\$51,632</u>	<u>\$82,443</u>	<u>\$6,886</u>	<u>\$62,172,642</u>
\$4,445	\$0	\$51,632	\$50,777	\$0	\$472,429
0	0	0	0	0	13,323
830,500	1,518	0	0	0	61,497,581
0	0	0	31,666	6,886	156,416
0	0	0	0	0	32,893
<u>\$834,945</u>	<u>\$1,518</u>	<u>\$51,632</u>	<u>\$82,443</u>	<u>\$6,886</u>	<u>\$62,172,642</u>

(Concluded)

# CERRO GORDO COUNTY, IOWA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS Year Ended June 30, 2017

	Elected Officials			Balance June 30, 2017
	Balance July 1, 2016	Additions	Deductions	
<b>ASSETS</b>				
Cash, Cash Equivalents and Pooled Investments:				
Other County Officials	\$267,762	\$4,541,941	\$4,568,281	\$241,422
Receivables:				
Accounts	146	5,934	146	5,934
<b>Total Assets</b>	<b>\$267,908</b>	<b>\$4,547,875</b>	<b>\$4,568,427</b>	<b>\$247,356</b>
<b>LIABILITIES</b>				
Due to Other Governments	(\$47)	\$4,301,858	\$4,300,472	\$1,339
Trusts Payable	267,955	246,017	267,955	246,017
<b>Total Liabilities</b>	<b>\$267,908</b>	<b>\$4,547,875</b>	<b>\$4,568,427</b>	<b>\$247,356</b>
<hr/>				
	Other Agency Funds			Balance June 30, 2017
	Balance July 1, 2016	Additions	Deductions	
<b>ASSETS</b>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$4,856,339	\$24,632,978	\$25,530,902	\$3,958,415
Receivables:				
Property Tax:				
Delinquent	2,410	8,089	2,410	8,089
Succeeding Year	52,383,522	56,975,496	52,383,522	56,975,496
Accounts	35,142	29,478	35,142	29,478
Assessments	1,048,515	1,060,647	1,048,515	1,060,647
Due From Other Governments	632,541	140,517	632,541	140,517
<b>Total Assets</b>	<b>\$58,958,469</b>	<b>\$82,847,205</b>	<b>\$79,633,032</b>	<b>\$62,172,642</b>
<b>LIABILITIES</b>				
Accounts Payable	\$1,391,028	\$472,429	\$1,391,028	\$472,429
Salaries and Benefits Payable	36,317	13,323	36,317	13,323
Due to Other Governments	57,370,103	82,172,144	78,044,666	61,497,581
Trusts Payable	132,887	156,416	132,887	156,416
Compensated Absences	28,134	32,893	28,134	32,893
<b>Total Liabilities</b>	<b>\$58,958,469</b>	<b>\$82,847,205</b>	<b>\$79,633,032</b>	<b>\$62,172,642</b>

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, 2017

	Relief Representative Payee	Veterans Affairs	Auditor	Recorder	Sheriff	Total
<b>ASSETS AND LIABILITIES</b>						
Balance Beginning of Year	\$119,027	\$1,000	\$0	(\$47)	\$147,928	\$267,908
Additions:						
Office Fees and Collections	0	0	1,227	793,319	2,195,397	2,989,943
Trusts	1,227,502	1	0	0	330,429	1,557,932
<b>Total Additions</b>	<b>1,227,502</b>	<b>1</b>	<b>1,227</b>	<b>793,319</b>	<b>2,525,826</b>	<b>4,547,875</b>
Deductions:						
Agency Remittances:						
To County Funds	0	0	1,227	295,198	104,227	400,652
To Other Governments	0	0	0	496,385	8,457	504,842
Trusts Paid Out	1,193,598	0	0	350	2,468,985	3,662,933
<b>Total Deductions</b>	<b>1,193,598</b>	<b>0</b>	<b>1,227</b>	<b>791,933</b>	<b>2,581,669</b>	<b>4,568,427</b>
Balance End of Year	\$152,931	\$1,001	\$0	\$1,339	\$92,085	\$247,356

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, 2017

	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
<b>ASSETS AND LIABILITIES</b>					
Balance Beginning of Year	\$260,304	\$1,669,202	\$1,351,736	\$26,580,097	\$1,584,897
Additions:					
Property and Other County Tax	284,111	754,065	646,839	30,356,211	1,782,888
E911 Surcharge	0	0	0	0	0
State Tax Credits	22,791	41,192	74,914	2,457,333	138,788
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	6	1,966	0	0
<b>Total Additions</b>	<b>306,902</b>	<b>795,263</b>	<b>723,719</b>	<b>32,813,544</b>	<b>1,921,676</b>
Deductions:					
Agency Remittances:					
To Other Governments	292,551	993,528	857,253	29,786,989	1,781,258
Trusts Paid Out	0	0	0	0	0
<b>Total Deductions</b>	<b>292,551</b>	<b>993,528</b>	<b>857,253</b>	<b>29,786,989</b>	<b>1,781,258</b>
Balance End of Year	\$274,655	\$1,470,937	\$1,218,202	\$29,606,652	\$1,725,315

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
\$22,050,322	\$288,121	\$1,037,266	\$1,133,813	\$7,253	\$63,034	\$855,334
23,530,164	328,895	0	0	22,263	0	399,400
0	0	0	0	0	0	0
2,246,875	14,552	0	0	635	0	43,065
0	0	0	12,797,227	0	0	0
7,245	0	251,375	0	0	0	42,510
0	0	0	0	0	0	0
0	0	0	0	0	127,318	0
25,784,284	343,447	251,375	12,797,227	22,898	127,318	484,975
24,053,575	326,755	252,029	12,781,104	22,660	130,850	902,112
0	0	0	0	0	0	0
24,053,575	326,755	252,029	12,781,104	22,660	130,850	902,112
\$23,781,031	\$304,813	\$1,036,612	\$1,149,936	\$7,491	\$59,502	\$438,197

(Continued)

# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS (Continued) Year Ended June 30, 2017

	County EMS Association	Advance Tax	Cash Long/Short	Tax Sale Redemption	E911 Operations
<b>ASSETS AND LIABILITIES</b>					
Balance Beginning of Year	\$6,702	\$99,540	\$632	\$0	\$687,634
<b>Additions:</b>					
Property and Other County Tax	0	0	0	0	0
E911 Surcharge	0	0	0	0	306,786
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	18,324	0	561,158	0
Miscellaneous	0	0	68	0	100,716
<b>Total Additions</b>	<b>0</b>	<b>18,324</b>	<b>68</b>	<b>561,158</b>	<b>407,502</b>
<b>Deductions:</b>					
Agency Remittances:					
To Other Governments	3,391	0	0	0	260,191
Trusts Paid Out	0	0	0	561,158	0
<b>Total Deductions</b>	<b>3,391</b>	<b>0</b>	<b>0</b>	<b>561,158</b>	<b>260,191</b>
Balance End of Year	\$3,311	\$117,864	\$700	\$0	\$834,945

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Recorder's Transfer Fee	Pass Through Projects	Empowerment	Employee Benefits	Total
\$1,648	\$1,163,229	\$112,124	\$5,581	\$58,958,469
0	0	0	0	58,104,836
0	0	0	0	306,786
0	0	0	0	5,040,145
0	0	0	0	12,797,227
0	0	0	0	301,130
0	4,598,971	555,208	325,762	6,059,423
7,584	0	0	0	237,658
7,584	4,598,971	555,208	325,762	82,847,205
7,714	0	0	0	72,451,960
0	5,710,568	584,889	324,457	7,181,072
7,714	5,710,568	584,889	324,457	79,633,032
\$1,518	\$51,632	\$82,443	\$6,886	\$62,172,642

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# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF CAPITAL ASSETS BY FUNDING SOURCE

Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Disposals	Balance June 30, 2017
<b>ASSETS</b>				
Land	\$ 1,788,492	\$ 0	\$ 0	\$ 1,788,492
Construction in Progress	590,174	1,739,424	590,174	1,739,424
Buildings	17,506,698	0	0	17,506,698
Improvements other than Buildings	595,424	0	0	595,424
Machinery and Equipment	7,157,933	845,372	377,814	7,625,491
Vehicles	4,593,604	153,292	151,987	4,594,909
Intangibles	263,734	0	0	263,734
Infrastructure, road network	51,040,381	6,253,939	0	57,294,320
	<u>\$ 83,536,440</u>	<u>\$ 8,992,027</u>	<u>\$ 1,119,975</u>	<u>\$ 91,408,492</u>
<b>FUNDING SOURCE</b>				
General Fund	\$ 6,460,055	\$ 146,711	\$ 93,200	\$ 6,513,566
Special Revenue Funds	62,728,115	8,845,316	1,013,803	70,559,628
Capital Project Fund	14,348,270	0	12,972	14,335,298
	<u>\$ 83,536,440</u>	<u>\$ 8,992,027</u>	<u>\$ 1,119,975</u>	<u>\$ 91,408,492</u>

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY AS OF JUNE 30, 2017

	Land	Construction in Progress	Buildings
Public Safety and Legal Services			
Law Enforcement	\$ 0	\$ 0	\$ 13,273,609
Legal Services	0	0	90,020
<b>Total Public Safety and Legal Services</b>	<b>0</b>	<b>0</b>	<b>13,363,629</b>
Physical Health and Social Services:			
Physical Health Services	0	0	0
Services to Poor	0	0	0
<b>Total Physical Health and Social Services</b>	<b>0</b>	<b>0</b>	<b>0</b>
Mental Health, MR & DD:			
Chronic Mental Illness	0	0	0
<b>Total Mental Health, MR &amp; DD</b>	<b>0</b>	<b>0</b>	<b>0</b>
County Environment and Education:			
Conservation and Recreation Services	292,898	0	490,292
County Development	0	0	0
<b>Total County Environment and Education</b>	<b>292,898</b>	<b>0</b>	<b>490,292</b>
Roads & Transportation:			
Secondary Roads Administration and Engineering	0	0	325,259
Roadway Maintenance	0	1,739,424	0
General Roadway Expenditures	0	0	266,661
<b>Total Roads &amp; Transportation</b>	<b>0</b>	<b>1,739,424</b>	<b>591,920</b>
Government Services to Residents:			
Representation Services	0	0	0
State Administration Services	0	0	0
<b>Total Government Services to Residents</b>	<b>0</b>	<b>0</b>	<b>0</b>
Administration:			
Policy and Administration		0	417,192
Central Services	1,495,594	0	2,643,665
<b>Total Administration</b>	<b>1,495,594</b>	<b>0</b>	<b>3,060,857</b>
<b>Total Capital Assets</b>	<b>\$ 1,788,492</b>	<b>\$ 1,739,424</b>	<b>\$ 17,506,698</b>

Improvements other than Buildings	Machinery and Equipment	Vehicles	Intangibles	Infrastructure, road network	Total
\$ 35,379	\$ 441,139	\$ 730,879	\$ 0	\$ 0	\$ 14,481,006
0	10,925	0	0	0	100,945
35,379	452,064	730,879	0	0	14,581,951
0	278,966	0	0	0	278,966
0	7,996	0	0	0	7,996
0	286,962	0	0	0	286,962
0	0	13,037	0	0	13,037
0	0	13,037	0	0	13,037
132,939	267,332	236,536	0	0	1,419,997
0	5,157	10,641	0	0	15,798
132,939	272,489	247,177	0	0	1,435,795
31,151	88,868	22,854	0	0	468,132
0	106,537	142,113	0	57,294,320	59,282,394
0	5,295,555	3,433,849	0	0	8,996,065
31,151	5,490,960	3,598,816	0	57,294,320	68,746,591
0	209,713	0	97,786	0	307,499
0	36,943	0	0	0	36,943
0	246,656	0	97,786	0	344,442
395,955	41,653	0	0	0	458,845
395,955	834,707	5,000	165,948	0	5,540,869
395,955	876,360	5,000	165,948	0	5,999,714
<b>\$ 595,424</b>	<b>\$ 7,625,491</b>	<b>\$ 4,594,909</b>	<b>\$ 263,734</b>	<b>\$ 57,294,320</b>	<b>\$ 91,408,492</b>

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<b>Public Safety and Legal Services</b>				
Law Enforcement	\$ 14,466,668	\$ 112,000	\$ 97,662	\$ 14,481,006
Legal Services	100,945	0	0	100,945
<b>Total Public Safety and Legal Services</b>	<b>14,567,613</b>	<b>112,000</b>	<b>97,662</b>	<b>14,581,951</b>
<b>Physical Health and Social Services:</b>				
Physical Health Services	288,936	37,256	47,226	278,966
Services to Poor	7,996	0	0	7,996
<b>Total Physical Health and Social Services</b>	<b>296,932</b>	<b>37,256</b>	<b>47,226</b>	<b>286,962</b>
<b>Mental Health, MR &amp; DD:</b>				
Persons with Chronic Mental Illness	13,037	0	0	13,037
<b>Total Mental Health, MR &amp; DD</b>	<b>13,037</b>	<b>0</b>	<b>0</b>	<b>13,037</b>
<b>County Environment and Education:</b>				
Conservation and Recreation Services	1,417,990	21,046	19,039	1,419,997
County Development	15,798	0	0	15,798
<b>Total County Environment and Education</b>	<b>1,433,788</b>	<b>21,046</b>	<b>19,039</b>	<b>1,435,795</b>
<b>Roads &amp; Transportation:</b>				
Secondary Roads Administration & Engineering	468,132	0	0	468,132
Roadway Maintenance	51,866,278	8,038,270	622,154	59,282,394
General Roadway Expenditures	8,627,963	646,844	278,742	8,996,065
<b>Total Roads &amp; Transportation</b>	<b>60,962,373</b>	<b>8,685,114</b>	<b>900,896</b>	<b>68,746,591</b>
<b>Government Services to Residents:</b>				
Representation Services	296,809	10,690	0	307,499
State Administration Services	36,943	0	0	36,943
<b>Total Government Services to Residents</b>	<b>333,752</b>	<b>10,690</b>	<b>0</b>	<b>344,442</b>
<b>Administration:</b>				
Policy and Administration	471,730	5,245	18,130	458,845
Central Services	5,457,215	120,676	37,022	5,540,869
<b>Total Administration</b>	<b>5,928,945</b>	<b>125,921</b>	<b>55,152</b>	<b>5,999,714</b>
<b>Total Capital Assets</b>	<b>\$ 83,536,440</b>	<b>\$ 8,992,027</b>	<b>\$ 1,119,975</b>	<b>\$ 91,408,492</b>

## STATISTICAL SECTION

# CERRO GORDO COUNTY, IOWA

STATISTICAL SECTION  
June 30, 2017

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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.

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	99-108
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	109-118
<b>Debt Capacity</b> 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.	119-123
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	124-125
<b>Operating Information</b> 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.	126-131

# CERRO GORDO COUNTY, IOWA

## NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2008	2009	2010	2011
Government activities:				
Invested in capital assets, net of related debt	\$ 26,166,841	\$ 28,174,721	\$ 29,988,315	\$ 30,961,033
Restricted	6,552,918	8,449,567	7,113,380	7,714,036
Unrestricted	5,609,581	5,136,789	5,173,073	4,918,867
Total government activities net position	<u>\$ 38,329,340</u>	<u>\$ 41,761,077</u>	<u>\$ 42,274,768</u>	<u>\$ 43,593,936</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 1,910,172	\$ 1,490,330	\$ 1,414,592	\$ 1,339,288
Restricted	0	0	0	0
Unrestricted	(270,020)	83,268	92,301	95,914
Total business-type activities net position	<u>\$ 1,640,152</u>	<u>\$ 1,573,598</u>	<u>\$ 1,506,893</u>	<u>\$ 1,435,202</u>
Primary Government:				
Invested in capital assets, net of related debt	\$ 28,077,013	\$ 29,665,051	\$ 31,402,907	\$ 32,300,321
Restricted	6,552,918	8,449,567	7,113,380	7,714,036
Unrestricted	5,339,561	5,220,057	5,265,374	5,014,781
Total primary government net position	<u>\$ 39,969,492</u>	<u>\$ 43,334,675</u>	<u>\$ 43,781,661</u>	<u>\$ 45,029,138</u>

Source: County Records

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 31,446,880	\$ 33,106,986	\$ 34,748,299	\$ 34,084,193	\$ 33,383,175	\$ 39,672,513
5,912,520	5,221,592	6,340,085	6,172,763	8,472,965	6,883,575
4,179,261	4,531,042	3,918,057	(1,915,362)	(680,073)	(377,892)
<u>\$ 41,538,661</u>	<u>\$ 42,859,620</u>	<u>\$ 45,006,441</u>	<u>\$ 38,341,594</u>	<u>\$ 41,176,067</u>	<u>\$ 46,178,196</u>
\$ 1,264,433	\$ 1,189,440	\$ 1,116,146	\$ 1,042,761	\$ 969,910	\$ 897,621
0	0	0	0	0	0
100,842	113,468	116,805	122,953	116,749	118,128
<u>\$ 1,365,275</u>	<u>\$ 1,302,908</u>	<u>\$ 1,232,951</u>	<u>\$ 1,165,714</u>	<u>\$ 1,086,659</u>	<u>\$ 1,015,749</u>
\$ 32,711,313	\$ 34,296,426	\$ 35,864,445	\$ 35,126,954	\$ 34,353,085	\$ 40,570,134
5,912,520	5,221,592	6,340,085	6,172,763	8,472,965	6,883,575
4,280,103	4,644,510	4,034,862	(1,792,409)	(563,324)	(259,764)
<u>\$ 42,903,936</u>	<u>\$ 44,162,528</u>	<u>\$ 46,239,392</u>	<u>\$ 39,507,308</u>	<u>\$ 42,262,726</u>	<u>\$ 47,193,945</u>



# CERRO GORDO COUNTY, IOWA

## CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2008	2009	2010	2011
Expenses:				
Government activities:				
Public safety and legal services	\$ 6,549,905	\$ 7,202,831	\$ 7,269,875	\$ 7,580,694
Physical health and social services	4,884,946	5,111,164	4,726,961	5,289,561
Mental health	6,373,624	5,813,641	5,943,074	660,626
County environment and education	1,536,823	1,676,138	1,329,604	1,171,665
Roads and transportation	5,944,155	6,534,326	7,061,925	6,838,237
Government services to residents	998,437	1,019,291	969,501	1,117,534
Administration or general government	2,448,491	2,166,888	2,920,542	2,482,454
Non-program	172,344	916,010	2,399,569	240,487
Interest on long-term debt	557,654	535,303	513,578	515,350
Total governmental activities expenses	29,466,379	30,975,592	33,134,629	25,896,608
Business-type activities:				
Wastewater collection and treatment	165,782	140,356	133,970	137,781
Total government expenses	\$ 29,632,161	\$ 31,115,948	\$ 33,268,599	\$ 26,034,389
Program Revenues:				
Government activities:				
Charges for services:				
Public safety and legal services	\$ 900,473	\$ 893,693	\$ 921,982	\$ 924,425
Physical health and social services	579,215	574,979	649,560	413,120
Mental health	586,315	548,039	557,386	43,112
County environment and education	63,167	90,782	78,204	80,193
Roads and Transportation	23,057	57,906	58,176	53,251
Government services to residents	721,702	641,497	694,326	674,094
Administration or general government	232,344	253,284	187,016	176,074
Non-program	89,556	153,355	228,208	182,654
Operating grants and contributions	8,755,036	9,992,973	7,396,827	6,339,798
Capital grants and contributions revenues	611,123	3,974,119	5,371,687	429,002
	12,561,988	17,180,627	16,143,372	9,315,723
Business-type activities:				
Charges for services:				
Wastewater collection and treatment revenues	74,612	73,802	67,217	66,040
Total government program revenues	\$ 74,612	\$ 73,802	\$ 67,217	\$ 66,040
	\$ 12,636,600	\$ 17,254,429	\$ 16,210,589	\$ 9,381,763

Source: County Records

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 7,841,364	\$ 8,030,019	\$ 8,402,604	\$ 7,916,626	\$ 8,291,562	\$ 8,702,477	
4,816,751	4,932,071	5,066,738	4,915,152	5,052,470	4,825,144	
3,805,315	2,371,135	2,030,635	2,548,983	1,842,523	2,702,145	
1,267,463	1,152,679	1,917,261	1,164,838	1,245,636	1,388,699	
6,906,435	6,732,570	7,167,177	7,098,406	7,836,177	7,943,799	
1,118,476	1,118,470	1,117,636	1,239,392	1,206,907	1,197,544	
2,697,211	2,924,656	2,771,301	3,295,671	3,053,373	3,423,941	
217,755	204,592	283,087	342,098	280,242	501,760	
799,924	426,969	415,531	390,401	216,513	196,721	
29,470,694	27,893,161	29,171,970	28,911,567	29,025,403	30,882,230	
136,701	129,405	134,236	130,172	163,218	134,762	
\$ 29,607,395	\$ 28,022,566	\$ 29,306,206	\$ 29,041,739	\$ 29,188,621	\$ 31,016,992	
\$ 949,400	\$ 1,035,154	\$ 1,011,057	\$ 1,105,818	\$ 1,054,368	\$ 1,043,633	
375,956	363,339	430,535	413,983	479,945	508,409	
0	26	0	102,868	228,722	892,871	
86,241	80,471	195,454	156,790	100,589	91,241	
19,285	61,890	30,591	36,305	68,131	52,193	
728,588	714,053	827,250	727,195	834,257	829,853	
208,308	181,257	375,668	78,154	152,164	157,447	
204,314	173,985	233,391	229,409	754,916	461,111	
5,735,343	5,855,315	6,290,644	6,299,549	6,310,156	6,657,110	
937,276	1,651,919	2,152,813	198,500	572,773	3,799,988	
9,244,711	10,117,409	11,547,403	9,348,571	10,556,021	14,493,856	
66,716	66,979	64,219	62,871	84,097	63,790	
66,716	66,979	64,219	62,871	84,097	63,790	
\$ 9,311,427	\$ 10,184,388	\$ 11,611,622	\$ 9,411,442	\$ 10,640,118	\$ 14,557,646	

(Continued)

# CERRO GORDO COUNTY, IOWA

## CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2008	2009	2010	2011
Net (Expense)/Revenue:				
Governmental activities	\$ (16,904,391)	\$ (13,794,965)	\$ (16,991,257)	\$ (16,580,885)
Business-type activities	(91,170)	(66,554)	(66,753)	(71,741)
Total government net expense	<u>\$ (16,995,561)</u>	<u>\$ (13,861,519)</u>	<u>\$ (17,058,010)</u>	<u>\$ (16,652,626)</u>
General Revenues and Other Changes in Net Position:				
Governmental activities				
Property and other county tax levied for:				
General purposes	\$ 12,116,096	\$ 12,881,530	\$ 13,373,304	\$ 13,558,781
Debt service	1,396,144	952,133	951,217	950,610
Penalty and interest on property tax	146,433	166,230	174,381	161,757
State tax credits, unrestricted	483,910	457,716	443,450	408,057
Local option sales and service tax	1,787,415	1,539,950	1,424,656	1,650,341
Tax Increment Financing	0	0	0	0
Grants & contribution not restricted to specific purpose	0	0	0	0
Unrestricted investment earnings	718,515	282,175	134,595	110,664
Loss on Disposal of Capital Assets	(24,774)	(19,063)	(582,918)	(16,798)
Miscellaneous	925,932	966,031	1,464,133	1,076,641
Total governmental activities	<u>17,549,671</u>	<u>17,226,702</u>	<u>17,382,818</u>	<u>17,900,053</u>
Business-type activities:				
Wastewater collection and treatment	0	0	48	50
Total business-type activities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 48</u>	<u>\$ 50</u>
Total government	<u>\$ 17,549,671</u>	<u>\$ 17,226,702</u>	<u>\$ 17,382,866</u>	<u>\$ 17,900,103</u>
Change in Net Position:				
Governmental activities	\$ 645,280	\$ 3,431,737	\$ 391,561	\$ 1,319,168
Business-type activities	(91,170)	(66,554)	(66,705)	(71,691)
Total government program revenues	<u>\$ 554,110</u>	<u>\$ 3,365,183</u>	<u>\$ 324,856</u>	<u>\$ 1,247,477</u>

Source: County Records

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ (20,225,983)	\$ (17,775,752)	\$ (17,624,567)	\$ (19,562,996)	\$ (18,469,382)	\$ (16,388,374)
(69,985)	(62,426)	(70,017)	(67,301)	(79,121)	(70,972)
\$ (20,295,968)	\$ (17,838,178)	\$ (17,694,584)	\$ (19,630,297)	\$ (18,548,503)	\$ (16,459,346)

\$ 14,012,037	\$ 14,527,567	\$ 15,474,761	\$ 15,286,100	\$ 15,156,934	\$ 15,581,470
936,277	936,215	932,567	951,463	1,319,663	1,297,542
163,122	153,414	152,169	158,706	148,127	145,759
420,545	466,927	565,129	887,296	1,264,653	1,322,146
1,682,466	1,584,772	1,505,343	1,748,080	1,803,331	1,732,131
0	0	8,912	2,960	58,781	70,511
0	0	0	0	0	0
88,847	48,577	42,439	46,530	70,713	124,604
(34,141)	(13,888)	(10,724)	(14,457)	(48,337)	(27,607)
952,897	1,393,127	1,100,792	2,296,860	1,529,990	1,143,947
18,222,050	19,096,711	19,771,388	21,363,538	21,303,855	21,390,503

58	59	60	64	66	62
\$ 58	\$ 59	\$ 60	\$ 64	\$ 66	\$ 62
\$ 18,222,108	\$ 19,096,770	\$ 19,771,448	\$ 21,363,602	\$ 21,303,921	\$ 21,390,565

\$ (2,003,933)	\$ 1,320,959	\$ 2,146,821	\$ 1,800,542	\$ 2,834,473	\$ 5,002,129
(69,927)	(62,367)	(69,957)	(67,237)	(79,055)	(70,910)
\$ (2,073,860)	\$ 1,258,592	\$ 2,076,864	\$ 1,733,305	\$ 2,755,418	\$ 4,931,219

(Concluded)

# CERRO GORDO COUNTY, IOWA

## FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified accrual accounting)

(Unaudited)

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	611,152	792,804	1,062,596	591,110
Committed		0	0	0
Assigned	836,483	885,085	1,026,793	1,296,116
Unassigned	4,263,906	4,285,163	4,207,065	4,550,586
Total General Fund	<u>\$5,711,541</u>	<u>\$5,963,052</u>	<u>\$6,296,454</u>	<u>\$6,437,812</u>
All Other Governmental Funds				
Nonspendable	\$1,480,937	\$1,062,380	\$1,203,806	\$1,384,730
Restricted	4,586,705	6,105,723	5,200,556	5,812,740
Committed	0	0	0	0
Assigned	635,649	721,725	893,266	871,341
Unassigned	(254,172)	0	(20,262)	0
Total all other governmental funds	<u>\$6,449,119</u>	<u>\$7,889,828</u>	<u>\$7,277,366</u>	<u>\$8,068,811</u>
Total Fund Balance All Governmental Funds	<u>\$12,160,660</u>	<u>\$13,852,880</u>	<u>\$13,573,820</u>	<u>\$14,506,623</u>

Source: County Records

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$0	\$0	\$0	\$0	\$0	\$0
162,622	48,546	185,143	250,958	525,160	589,757
0	0	0	0	0	0
1,208,277	1,267,562	1,086,036	1,102,657	1,162,680	1,178,685
4,976,088	5,295,536	6,143,872	6,473,260	6,322,435	6,093,603
<u>\$6,346,987</u>	<u>\$6,611,644</u>	<u>\$7,415,051</u>	<u>\$7,826,875</u>	<u>\$8,010,275</u>	<u>\$7,862,045</u>
\$1,273,866	\$1,097,904	\$888,073	\$1,241,840	\$1,262,595	\$834,101
4,168,577	4,407,104	4,691,776	5,500,449	7,516,391	6,370,019
0	0	0	0	0	0
704,823	774,065	954,307	1,103,221	1,286,680	1,207,808
0	0	0	0	0	0
<u>\$6,147,266</u>	<u>\$6,279,073</u>	<u>\$6,534,156</u>	<u>\$7,845,510</u>	<u>\$10,065,666</u>	<u>\$8,411,928</u>
<u>\$12,494,253</u>	<u>\$12,890,717</u>	<u>\$13,949,207</u>	<u>\$15,672,385</u>	<u>\$18,075,941</u>	<u>\$16,273,973</u>

# CERRO GORDO COUNTY, IOWA

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified accrual accounting)

(Unaudited)

	Fiscal Year			
	2008	2009	2010	2011
<b>Revenues:</b>				
Property and Other County Tax	\$ 15,308,353	\$ 15,367,915	\$ 15,746,255	\$ 16,151,502
Interest and Penalty on Property Tax	146,433	166,230	174,381	161,757
Intergovernmental	10,584,094	12,986,761	12,253,236	7,827,411
Licenses and Permits	414,152	397,960	413,794	126,934
Charges for Services	1,155,633	1,173,034	1,248,757	1,391,135
Use of Money and Property	902,907	439,098	311,405	277,433
Miscellaneous	921,893	942,716	1,476,175	933,810
<b>Total Revenues</b>	<b>29,433,465</b>	<b>31,473,714</b>	<b>31,624,003</b>	<b>26,869,982</b>
<b>Expenditures:</b>				
Public Safety and Legal Services	6,229,452	6,769,038	6,826,705	7,095,863
Physical Health and Social Services	4,866,227	5,150,211	4,656,497	5,095,095
Mental Health	6,366,901	5,802,641	5,941,119	676,241
County Environment and Education	1,631,652	1,661,836	1,302,316	1,181,451
Roads and Transportation	4,972,994	5,079,324	5,340,158	4,963,655
Government Services to Residents	928,523	939,846	970,387	988,933
Administrative Services	2,466,608	2,187,056	2,886,708	2,355,944
Non-Program	50,342	276,787	167,932	114,044
Debt Service				
Principal	955,000	964,252	861,763	2,541,936
Interest	560,657	528,766	517,357	519,010
Capital Projects	6,858,012	1,224,944	3,022,467	2,628,619
<b>Total Expenditures</b>	<b>35,886,368</b>	<b>30,584,701</b>	<b>32,493,409</b>	<b>28,160,791</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(6,452,903)</b>	<b>889,013</b>	<b>(869,406)</b>	<b>(1,290,809)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from the sale of capital assets	10,910	60,525	214,204	7,714
Transfers in	2,600,826	2,738,466	2,860,798	3,227,450
Transfers out	(2,600,826)	(2,738,466)	(2,860,798)	(3,227,450)
Issuance of drainage warrants	5,781	18,985	45,287	34,974
Issuance of general obligation capital loan notes	0	0	0	0
Issuance of crossover refunding capital loan notes	0	0	0	2,000,000
Issuance of capital lease purchase agreement	0	199,413	20,679	0
Issuance of LOSST revenue bonds	0	300,000	168,750	0
Issuance of installment purchase contracts	0	642,841	0	0
<b>Total other financing sources (uses)</b>	<b>16,691</b>	<b>1,221,764</b>	<b>448,920</b>	<b>2,042,688</b>
<b>Net change in fund balances</b>	<b>\$ (6,436,212)</b>	<b>\$ 2,110,777</b>	<b>\$ (420,486)</b>	<b>\$ 751,879</b>
<b>Debt service as % of noncapital expenditures</b>	<b>5.22%</b>	<b>5.09%</b>	<b>4.39%</b>	<b>12.22%</b>

Source: County Records

							Fiscal Year					
2012		2013		2014		2015		2016		2017		
\$	16,630,974	\$	17,057,026	\$	17,918,503	\$	17,987,366	\$	18,334,856	\$	18,674,759	
	163,122		153,414		152,169		158,706		148,127		145,759	
	7,295,931		7,144,890		7,961,602		8,278,038		8,703,780		9,802,673	
	125,044		120,712		220,980		154,958		133,989		167,887	
	1,332,932		1,304,748		1,422,442		1,402,231		1,710,171		1,645,611	
	283,542		250,226		495,212		188,814		273,850		300,827	
	948,232		1,313,451		1,061,874		2,364,995		1,352,813		1,164,216	
	26,779,777		27,344,467		29,232,782		30,535,108		30,657,586		31,901,732	
	7,500,849		7,577,137		7,962,487		8,184,564		8,389,453		8,712,033	
	4,639,871		4,845,164		4,914,277		5,110,132		5,098,205		5,005,487	
	3,793,476		2,361,533		2,018,171		2,561,090		1,848,842		2,744,081	
	1,233,631		1,106,735		1,851,989		1,275,293		1,249,483		1,360,421	
	5,066,973		4,417,491		5,500,566		5,618,674		5,837,654		5,665,460	
	1,052,040		1,048,894		1,077,312		1,461,109		1,203,391		1,220,779	
	2,485,101		2,580,211		2,659,540		2,995,191		3,048,671		3,379,361	
	84,682		27,405		95,989		189,518		293,382		364,685	
	9,607,704		564,368		575,238		622,246		1,216,500		1,231,500	
	804,707		427,889		416,469		404,889		219,199		198,423	
	1,769,644		1,850,331		978,252		1,762,502		19,424		3,632,991	
	38,038,678		26,807,158		28,050,290		30,185,208		28,424,204		33,515,221	
	(11,258,901)		537,309		1,182,492		349,900		2,233,382		(1,613,489)	
	12,000		24,266		29,016		24,321		48,994		21,800	
	3,241,067		3,352,612		3,354,612		3,467,670		3,666,959		4,513,322	
	(3,241,067)		(3,352,612)		(3,354,612)		(3,467,670)		(3,666,959)		(4,513,322)	
	31,737		10,851		56,813		145,190		100,425		218,215	
	0		0		0		850,000		0		0	
	9,365,000		0		0		0		0		0	
	0		0		0		0		0		0	
	0		0		0		0		0		0	
	0		0		0		0		0		0	
	9,408,737		35,117		85,829		1,019,511		149,419		240,015	
\$	(1,850,164)	\$	572,426	\$	1,268,321	\$	1,369,411	\$	2,382,801	\$	(1,373,474)	
	29.22%		4.05%		3.81%		3.71%		5.17%		4.95%	



# CERRO GORDO COUNTY, IOWA

## PROGRAM REVENUES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2008	2009	2010	2011
Government Activities:				
Public Safety and Legal Services	\$ 1,480,436	\$ 1,536,881	\$ 1,561,615	\$ 1,589,118
Physical Health and Social Services	3,025,728	2,917,504	2,975,874	2,915,052
Mental Health	3,248,590	4,571,818	2,032,435	49,943
County Environment and Education	114,371	586,783	128,474	121,681
Roads and Transportation	3,646,140	6,323,786	6,188,066	3,596,827
Government Services to Residents	724,823	642,216	694,771	674,408
Administrative Services	232,344	448,284	187,016	186,040
Non-Program	89,556	153,355	2,375,121	182,654
Total Governmental Activities Program Revenues	<u>12,561,988</u>	<u>17,180,627</u>	<u>16,143,372</u>	<u>9,315,723</u>
Business-Type Activities:				
Wastewater Collection and Treatment	74,612	73,802	67,217	66,040
Total Business-Type Activities Program Revenues	<u>74,612</u>	<u>73,802</u>	<u>67,217</u>	<u>66,040</u>
Total Government Program Revenues	<u>\$ 12,636,600</u>	<u>\$ 17,254,429</u>	<u>\$ 16,210,589</u>	<u>\$ 9,381,763</u>

Source: County Records

Fiscal Year						
	2012	2013	2014	2015	2016	2017
\$	1,548,358	\$ 1,626,138	\$ 1,591,878	\$ 1,659,477	\$ 1,609,729	\$ 1,598,134
	2,394,545	2,490,087	2,938,155	2,702,555	2,164,079	2,252,275
	0	26	0	102,868	228,722	892,871
	137,477	98,434	219,358	231,295	171,028	131,497
	3,840,156	4,792,027	5,314,851	3,617,560	4,641,083	8,170,537
	728,731	714,103	827,302	727,253	834,300	829,984
	391,130	222,609	422,468	78,154	152,164	157,447
	204,314	173,985	233,391	229,409	754,916	461,111
	9,244,711	10,117,409	11,547,403	9,348,571	10,556,021	14,493,856
	66,716	66,979	64,219	62,871	84,097	63,790
	66,716	66,979	64,219	62,871	84,097	63,790
\$	9,311,427	\$ 10,184,388	\$ 11,611,622	\$ 9,411,442	\$ 10,640,118	\$ 14,557,646

# 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
2008	\$ 1,931,601,558	\$ 415,706,118	\$ 118,533,891	\$ 245,007,595	\$
2009	2,082,080,113	454,631,950	124,087,009	291,362,364	
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

Fiscal Year Ended June 30	Taxable Value of Property				
	Residential Property	Commercial Property	Industrial Property	Agricultural Property	(3) Multi- Residential Property
2008	\$ 871,747,220	\$ 415,706,118	\$ 118,533,891	\$ 245,007,595	\$
2009	903,062,500	453,264,680	124,087,009	262,503,636	
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

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
\$ 83,605,174	\$ 557,706,923	\$ 3,352,161,259	\$ 6,674,947	\$ 3,345,486,312
94,990,249	524,896,066	3,572,047,751	6,546,853	3,565,500,898
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

**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
\$ 83,605,174	\$ 167,798,894	\$ 1,902,398,892	\$ 6,674,947	\$ 1,895,723,945	6.59468
94,990,249	184,296,587	2,022,204,661	6,546,853	2,015,657,808	6.32224
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

# 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			
	2008	2009	2010	2011
<b>County Direct Rates:</b>				
General Basic	3.50000	3.50000	3.50000	3.50000
General Supplemental	1.07508	1.14634	1.19301	1.19709
MH/DD Service	1.26084	1.18958	1.14291	1.11742
Debt Service	0.75876	0.48632	0.46603	0.45591
Total Urban County Rate	6.59468	6.32224	6.30195	6.27042
Rural Basic	3.51050	3.51050	3.51050	3.50739
Total Rural County Rate	10.10518	9.83274	9.81245	9.77781
<b>City and Town Rates:</b>				
Mason City	12.67114	12.80116	12.73451	13.39427
Clear Lake	10.04870	10.04870	10.04870	10.04870
Dougherty	18.19878	17.66675	21.69736	21.92952
Meservey	9.79728	9.77245	9.69634	9.76964
Plymouth	8.91887	11.49429	12.08788	12.39961
Rock Falls	6.50130	6.50131	6.50132	6.50142
Rockwell	8.10000	8.10000	8.10000	8.10000
Swaledale	16.60736	17.07777	16.51678	16.69821
Thornton	12.76987	12.63540	11.98426	13.18875
Ventura	7.73398	6.78313	9.98439	10.98226
Nora Springs	13.22906	14.05105	14.70933	14.14998
<b>Township Rates:</b>				
Bath	0.53818	0.53818	0.53818	0.53818
Clear Lake (3)	0.26611	0.25174	0.23068	0.24488
Clear Lake - Clear Lake Fire (3)				
Clear Lake - Ventura Fire (3)				
Dougherty	0.35070	0.35070	0.35017	0.33910
Falls	0.61663	0.61663	0.61663	0.61663
Geneseo	0.45847	0.39507	0.37468	0.40500
Grant - Clear Lake Schools	0.51236	0.41656	0.41084	0.38541
Grant - Forest City Schools	0.51236	0.44159	0.41065	0.38544
Grant - Ventura Schools	0.51236	0.38047	0.38938	0.40805
Gimes	0.77703	0.76320	0.72990	0.72990
Lake	0.11828	0.09846	0.12063	0.11862
Lime Creek	0.40500	0.40500	0.40500	0.40500
Lincoln	0.39256	0.36839	0.34787	0.34428
Mason	0.40500	0.40500	0.40500	0.40500
Mount Vernon	0.47647	0.48884	0.48673	0.48673
Owen	0.63008	0.63008	0.63008	0.63008
Pleasant Valley	0.51401	0.51851	0.49223	0.48381
Portland	0.40500	0.46050	0.44455	0.43574
Union	0.24998	0.25000	0.24998	0.25329

Source: Cerro Gordo County Auditors Office

Fiscal Year Taxes are Payable					
2012	2013	2014	2015	2016	2017
3.50000	3.50000	3.50000	3.50000	3.50000	3.50000
1.23408	1.26294	1.43434	1.43434	1.49075	1.55513
1.08252	1.05366	0.89872	0.90717	0.69761	0.63323
0.43417	0.41922	0.40276	0.40783	0.56098	0.54478
6.25077	6.23582	6.23582	6.24934	6.24934	6.23314
3.50739	3.50739	3.50739	3.50739	3.50739	3.50739
9.75816	9.74321	9.74321	9.75673	9.75673	9.74053
13.56506	13.55111	13.02255	13.85102	13.51799	13.71268
10.54051	10.54051	10.54051	10.54051	10.54051	10.04870
20.60153	20.64068	21.77695	22.84754	24.26206	24.58217
9.74292	9.81933	9.78939	9.74056	9.69966	9.72881
12.11006	12.20913	12.12610	11.98483	12.09539	11.89468
6.50149	6.50154	6.50145	6.50148	6.50153	6.54562
8.10000	11.08920	10.94949	10.88225	10.73172	10.79451
16.52590	16.58887	16.30666	16.56274	15.35735	15.44233
13.55458	13.27395	13.57071	13.92504	13.71065	11.26277
10.31588	11.99924	11.99276	11.39807	10.78005	10.66823
13.65250	13.52895	13.02874	12.41945	12.48296	11.94478
0.53818	0.53818	0.53818	0.53818	0.53818	0.53008
0.24488	0.21442	0.20265	0.32721		
				0.24501	0.24501
				0.63750	0.63750
0.33910	0.32847	0.31617	0.31617	0.31617	0.32636
0.61663	0.61663	0.61663	0.61663	0.61663	0.61663
0.35250	0.35250	0.35250	0.35490	0.34546	0.35568
0.42718	0.37829	0.38821	0.56082	0.56627	0.56541
0.42718	0.45467	0.46532	0.66611	0.52668	0.52397
0.42718	0.39710	0.42416	0.62767	0.52598	0.77596
0.81888	0.81888	0.81888	0.81628	0.81628	0.81297
0.11476	0.13259	0.11136	0.11327	0.17683	0.16233
0.40500	0.40500	0.40500	0.40500	0.40500	0.40500
0.33077	0.31231	0.29717	0.32293	0.40392	0.42136
0.40500	0.40500	0.40500	0.40500	0.40500	0.39701
0.45272	0.46750	0.42705	0.48964	0.54213	0.54380
0.63008	0.62431	0.67200	0.67130	0.66892	0.67182
0.46551	0.48580	0.52831	0.52811	0.58311	0.50503
0.43226	0.41877	0.40730	0.41188	0.41034	0.41598
0.25327	0.26324	0.27000	0.40000	0.40000	0.41999

(Continued)

# 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			
	2008	2009	2010	2011
School District Rates:				
Clear Lake	11.89687	11.88147	11.88062	12.94152
Forest City	14.64114	15.01163	15.43304	16.73516
Mason City	14.08418	13.67407	13.61683	15.11732
Meservey-Thornton (1)	10.27369	10.77109	11.32179	11.67653
Central Springs (4)				
Central Springs - Nora Springs-Rock Falls (2) & (4)	16.74779	16.45780	16.84643	16.40896
Central Springs - North Central (2) & (4)	14.20496	13.47035	14.30978	14.47611
Rockwell-Swaledale (1)	14.37108	14.25721	13.77531	13.76616
Rudd-Rockford-Marble Rock	15.78545	16.23993	14.00920	14.01998
Sheffield-Chapin (1)	12.59045	12.85186	13.28760	13.58888
Ventura	10.09573	9.61432	10.38817	10.56830
West Fork (1)				
Other Taxing Authority Rates:				
County Assessor	0.48820	0.56120	0.54784	0.52205
City Assessor	0.23479	0.25655	0.23130	0.23123
North Iowa Area Community College	0.66022	0.66226	0.62025	0.65707
Ag. Extension	0.11423	0.10413	0.10752	0.10718
State	0.00350	0.00350	0.00350	0.00350
Clear Lake Sanitary Sewer	1.65991	1.59050	1.49445	1.45557
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.

Source: Cerro Gordo County Auditors Office

Fiscal Year Taxes are Payable					
2012	2013	2014	2015	2016	2017
12.92279	12.91652	12.23909	11.48331	10.78057	9.58620
16.26585	15.74705	13.57052	13.25268	13.32296	13.40134
15.11036	13.31719	11.04654	13.19829	13.95080	14.13036
					11.16423
14.11412	12.11061	11.90297	10.73475	10.45408	
14.60022	13.58070	13.33098	12.16563	10.45408	
13.99784	14.00006	11.99531	11.62550	11.65981	11.68003
9.91583	8.93613	9.19665	8.88310	9.66527	10.01424
10.98663	12.01129	11.16849	11.82496	11.24071	10.41784
0.42718	0.42584	0.52836	0.54081	0.56281	0.56281
0.25035	0.23272	0.64245	0.64240	0.63172	0.63172
0.66261	0.66163	0.66157	0.64054	0.71508	0.71508
0.10730	0.11294	0.10859	0.11261	0.11950	0.11950
0.00320	0.00320	0.00330	0.00330	0.00330	0.00330
1.34516	1.30997	1.27051	1.24120	1.22510	1.20067
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 2017			Fiscal Year 2008		
	Total Taxable Value	Rank	Percent of Total Taxable Value	Total Taxable Value	Rank	Percent of Total Taxable Value
Interstate Power & Light Co	\$ 106,531,172	1	4.38%	\$ 91,559,784	1	4.81%
Union Pacific	42,338,945	2	1.74%	17,267,788	5	0.91%
Golden Grain Energy LLC	18,353,277	3	0.75%	30,794,075	2	1.62%
Windmill Realty, LLC	15,967,998	4	0.66%			
Lehigh Portland Cement Co	15,908,151	5	0.65%	19,691,489	3	1.04%
Magellan Pipeline Company, LLC	14,486,201	6	0.60%			
MFF Mortgage Borrower 20, LLC	12,561,354	7	0.52%			
Hawkeye Power Partners, LLC	11,302,866	8	0.46%	12,788,301	9	0.67%
Wal-Mart Real Estate Business Trust	10,840,023	9	0.45%			
Five Star Cooperative	10,082,823	10	0.41%	14,368,199	8	0.76%
Ag Processing, LLC				19,646,772	4	1.03%
Holcim (US) Inc				15,541,846	6	0.82%
AADG Inc (Curries Company)				14,872,021	7	0.78%
Northern Border Pipeline Co				12,088,108	10	0.64%
	<u>\$ 258,372,810</u>		<u>10.62%</u>	<u>\$ 248,618,383</u>		<u>13.07%</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
2008	\$ 55,911,709	\$ 53,942,250	96.48%	\$ 36,357	\$ 53,978,607	96.54%
2009	58,154,094	56,220,505	96.68%	4,747	56,225,252	96.68%
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%

Total tax collections solely for Cerro Gordo County were:

<u>Fiscal Year</u>	<u>Amount</u>
2008	\$ 13,075,127
2009	13,234,094
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

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			Total Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Loan Notes	Capital Lease Purchases	Drainage Warrants	Revenue Bonds	Sewer Revenue Capital Loan Notes				
2008	\$75,000	\$12,405,000	\$9,621	\$16,457	\$0	\$586,635	\$13,092,713	0.86%	\$297.45	
2009	0	11,945,000	469,623	29,971	253,000	577,497	13,275,091	0.82%	\$303.50	
2010	0	11,470,000	117,605	34,700	401,750	567,946	12,592,001	0.77%	\$284.64	
2011	0	11,000,000	65,669	20,088	381,750	557,967	12,025,474	0.71%	\$272.64	
2012	0	10,835,000	10,351	14,417	361,750	547,538	11,769,056	0.65%	\$267.86	
2013	0	10,295,000	5,984	20,817	341,750	536,642	11,200,193	0.56%	\$255.78	
2014	0	9,745,000	1,246	62,024	321,250	525,252	10,654,772	0.52%	\$244.52	
2015	0	10,215,000	0	197,599	300,250	513,352	11,226,201	0.50%	\$259.80	
2016	0	9,020,000	0	122,010	278,750	500,917	9,921,677	0.41%	\$230.65	
2017	0	8,067,250	0	288,454	257,250	487,921	9,100,875	0.40%	\$211.30	

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 Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Total		
2008	\$ 75,000	\$ 75,000	0.00%	\$ 1.70
2009	0	0	0.00%	0
2010	0	0	0.00%	0
2011	0	0	0.00%	0
2012	0	0	0.00%	0
2013	0	0	0.00%	0
2014	0	0	0.00%	0
2015	0	0	0.00%	0
2016	0	0	0.00%	0
2017	0	0	0.00%	0

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, 2017

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
County direct debt	\$ 8,355,704	100.00%	\$ <u>8,355,704</u>
City debt:			
Clear Lake	2,848,500	100.00%	2,848,500
Mason City	21,865,000	100.00%	21,865,000
Plymouth	200,308	100.00%	200,308
Rockwell	790,000	100.00%	790,000
Swaledale	44,287	100.00%	44,287
Thornton	264,102	100.00%	264,102
Ventura	2,510,000	100.00%	2,510,000
Subtotal, City debt			<u>28,522,197</u>
School Districts:			
Clear Lake	3,780,000	100.00%	3,780,000
Forest City	285,000	3.17%	9,044
Mason City	27,356,629	100.00%	27,356,629
Garner-Hayfield Ventura	6,950,000	72.11%	5,011,609
West Fork	1,149,000	61.79%	710,003
Subtotal, School District debt			<u>36,867,284</u>
Other Districts:			
North Iowa Area Community College	35,300,000	34.02%	12,010,782
Subtotal, Other District debt			<u>12,010,782</u>
<b>Total overlapping debt</b>			<u>77,400,264</u>
<b>Total direct and overlapping debt</b>			<u>\$ 85,755,968</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)

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	2008	2009	2010	2011
Debt Limit, 5% of Assessed Value	167,274,316	178,275,045	184,784,677	197,192,614
Total net debt applicable to limit	12,489,621	12,667,623	11,989,355	11,447,419
Legal Debt Margin	\$ 154,784,695	\$ 165,607,422	\$ 172,795,322	\$ 185,745,195
Total net debt applicable to the limit as a percentage of debt limit	7.47%	7.11%	6.49%	5.81%

Source: County records

Legal Debt Margin Calculation for Fiscal Year 2017

Net Assessed Value	\$ 4,871,227,308
Debt Limit (5% of assessed value)	243,561,365
Debt applicable to limit:	
General obligation capital loan notes	7,810,000
LOS&ST Revenue Bonds	<u>257,250</u>
Total net debt applicable to limit	<u>8,067,250</u>
Legal debt margin	<u>\$ 235,494,115</u>

	2012	2013	2014	2015	2016	2017
	204,838,061	213,746,494	216,743,538	232,174,069	240,910,859	243,561,365
	11,427,102	10,642,734	10,067,496	10,515,250	9,298,750	8,067,250
\$	193,410,959	\$ 203,103,760	\$ 206,676,042	\$ 221,658,819	\$ 231,612,109	\$ 235,494,115
	5.58%	4.98%	4.64%	4.53%	3.86%	3.31%



# 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)
2007	44,016	\$ 1,524,128	\$ 33,623	6,043	618	4.50%
2008	43,740	1,620,279	37,043	5,960	604	5.43%
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%

(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)

	2017			2008		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Mercy Medical Center - North Iowa	2,600	1	11.24%	2,594	1	9.98%
Curries ASSA ABLOY	669	2	2.89%	1,265	2	4.87%
Mason City Community School District	655	3	2.83%	583	3	2.24%
Opportunity Village	510	4	2.20%	556	4	2.14%
Principal Financial Group	406	5	1.76%	528	5	2.03%
Cargill Kitchen Solutions	264	6	1.14%			
Smithfield	256	7	1.11%	-		-
City of Mason City	252	8	1.09%	-		-
Cerro Gordo County	249	9	1.08%	-	-	-
Walmart	223	10	0.96%	-	-	-
Hy-Vee Food Stores				475	6	1.83%
Woodharbor Molding & Millwork, Inc.				400	7	1.54%
City of Mason City				325	8	1.25%
Kraft Foods				275	9	1.06%
Larson Manufacturing Co.				261	10	1.00%
Armour Food Co.						
	<u>\$ 6,084</u>		<u>26.30%</u>	<u>\$ 7,262</u>		<u>27.94%</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			
	2008	2009	2010	2011
Public Safety and Legal Services:				
Sheriff	71.00	72.00	72.00	73.00
Attorney	11.00	11.00	11.00	11.00
Child Support Recovery	7.00	7.00	7.00	7.00
Physical Health and Social Services:				
Health Department	49.00	50.00	51.00	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	1.50	2.20	2.20	3.20
Case Management	9.00	9.00	9.00	9.00
County Environment and Education:				
Conservation	6.00	6.00	6.50	6.50
Planning and Zoning:	1.00	1.00	1.00	1.00
Roads and Transportation:				
Engineer	40.00	39.00	38.00	39.00
Roadsides	3.00	3.00	3.00	3.00
Governmental Services to Residents:				
Treasurer, motor vehicles	6.60	6.45	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	2.40	1.55	2.25	2.25
MIS	7.00	7.00	6.00	6.00
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	239.00	239.70	239.20	239.20

Source: County Records

Fiscal Year					
2012	2013	2014	2015	2016	2017
73.00	73.00	73.00	73.00	71.00	74.00
11.00	12.00	12.00	12.50	13.50	15.50
6.00	6.00	6.00	6.00	6.00	6.00
50.00	48.00	46.00	47.00	48.00	50.00
1.35	1.35	1.35	1.35	1.35	2.35
1.65	1.65	1.65	1.65	1.65	1.65
3.20	3.20	3.20	3.20	3.20	5.30
9.00	9.00	8.00	8.00	8.00	9.00
7.00	6.50	6.50	6.50	6.50	6.50
1.00	1.00	0.60	0.55	1.05	1.30
39.00	38.00	39.00	39.00	39.00	39.00
2.00	3.00	3.00	3.00	3.00	3.00
5.75	5.75	5.75	5.75	6.50	5.75
5.00	5.00	5.00	5.00	5.00	5.00
3.00	3.00	3.08	3.00	3.00	3.00
3.50	3.50	3.35	3.30	3.30	3.30
6.50	6.50	6.72	6.50	7.50	6.50
2.25	2.25	2.25	2.25	2.50	2.25
6.00	7.00	6.00	8.00	7.00	5.00
					1.00
2.50	2.50	2.60	2.55	2.55	2.55
0.50	0.50	0.60	0.55	0.55	0.55
0.50	0.50	0.60	0.55	1.05	0.80
239.70	239.20	236.25	239.20	241.20	249.30

# CERRO GORDO COUNTY, IOWA

## OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Public Safety and Legal Services:				
Sheriff:				
Weapon permits issued	343	394	495	1,149
Number of Jail bookings	3,497	3,542	3,431	2,998
Civil Papers Served	4,068	4,911	4,743	4,647
Service Calls	5,151	7,953	8,634	8,876
Number of Arrests	344	1,604	2,423	2,572
Citations and Warnings issued	4,354	2,677	2,764	4,029
Attorney:				
Number Cases Filed:				
Felony	347	277	218	283
Indictable Misdemeanor	1,229	1,049	984	1,036
Juvenile	215	203	174	151
Physical Health and Social Services:				
Health Department:				
Number of Immunizations	6,255	7,006	5,516	5,081
Number of Nursing Clients	314	341	324	358
Number of Nursing Visits	5,516	5,649	6,443	6,320
Number of Home Care Aide Clients	223	148	144	296
Number Home Care Aide service hours	12,176	13,066	13,527	12,175
Number of Food Inspections	2,998	3,209	2,664	840
County Environment and Education:				
Conservation:				
Number of camper nights	4,583	4,017	4,359	4,209
Conservation programs presented	273	238	251	274
People attending programs	9,295	10,727	10,451	11,169
Planning and Zoning:				
Zoning Permits issued	153	105	92	96
Board of Adjustment cases	36	34	26	28
Roads and Transportation:				
Engineer: Miles maintained	970	970	970	970
Governmental Services to Residents:				
Treasurer: Titles issued	13,704	12,874	14,989	13,791
Recorder: Documents recorded	10,806	10,094	9,961	9,495
Auditor:				
Registered voters	32,089	32,200	32,114	32,158
Absentee ballots requested	3,067	10,145	1,731	5,872

Source: County Records

Fiscal Year					
2012	2013	2014	2015	2016	2017
673	679	705	764	1,465	1,156
3,130	3,024	3,071	2,942	2,934	2,979
4,627	4,650	4,236	3,872	3,822	3,877
7,554	7,316	8,128	7,859	8,225	8,552
2,546	2,073	1,315	1,019	1,113	1,197
2,755	2,482	3,022	2,841	2,900	2,947
234	297	345	373	334	377
871	919	1,086	831	936	912
165	185	216	166	203	199
4,978	5,463	4,995	6,398	6,672	5,610
378	411	388	397	405	533
6,376	6,380	6,958	6,886	7,722	6,652
145	141	259	141	135	345
12,365	10,987	10,939	11,706	11,832	11,432
386	971	810	837	500	1,051
4,173	3,895	3,527	3,509	4,384	4,219
271	309	377	358	319	294
10,487	10,227	11,558	12,844	12,444	12,803
103	71	88	90	94	131
37	28	28	34	36	43
970	970	970	970	970	970
14,812	15,363	16,631	17,261	17,488	18,045
9,137	9,899	8,325	7,666	8,120	7,584
32,449	31,975	32,211	31,265	31,690	31,022
1,530	9,865	2,643	7,639	1,141	10,655

# CERRO GORDO COUNTY, IOWA

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Public Safety and Legal Services:				
Sheriff:				
Number of vehicles	26	26	26	28
Physical Health and Social Services:				
Health Department:				
Number of vehicles	8	9	9	9
County Environment and Education:				
Conservation:				
Number of park areas	30	31	31	31
Total acres managed	3,024	3,284	3,284	3,284
Number of vehicles	15	15	15	15
Roads and Transportation:				
Engineer:				
Number of vehicles	23	44*	44*	44*
Number of buildings	6	6	6	6
Governmental Services to Residents:				
Auditor, elections:				
Number of voting machines	59	59	59	59

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					
2012	2013	2014	2015	2016	2017
28	29	29	29	29	29
9	9	9	11	9	9
31	31	32	34	35	35
3,284	3,284	3,309	3,433	3,444	3,444
15	15	15	14	14	14
46*	46*	46*	46*	46*	46*
6	6	7	7	7	7
59	62	62	61	64	67



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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			
	2017	2016	2015	2014
<b>Revenues:</b>				
Property and Other County Tax	\$ 18,604,248	\$ 18,334,856	\$ 17,987,366	\$ 17,918,503
Tax Increment Financing	70,511	0	0	0
Interest and Penalty on Property Tax	145,759	148,127	158,706	152,169
Intergovernmental	9,802,673	8,703,780	8,278,038	7,961,602
Licenses and Permits	167,887	133,989	154,958	220,980
Charges for Services	1,645,611	1,710,171	1,402,231	1,422,442
Use of Money and Property	300,827	273,850	188,814	495,212
Fines, Forfeitures, and Defaults	73,916	31,043	79,834	25,191
Miscellaneous	1,090,300	1,321,770	2,285,161	1,036,683
<b>Total</b>	<b>\$ 31,901,732</b>	<b>\$ 30,657,586</b>	<b>\$ 30,535,108</b>	<b>\$ 29,232,782</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public Safety and Legal Services	\$ 8,712,033	\$ 8,389,453	\$ 8,184,564	\$ 7,962,487
Physical Health and Social Services	5,005,487	5,098,205	5,110,132	4,914,277
Mental Health	2,744,081	1,848,842	2,561,090	2,018,171
County Environment and Education	1,360,421	1,249,483	1,275,293	1,851,989
Roads and Transportation	5,665,460	5,837,654	5,618,674	5,500,566
Governmental Services to Residents	1,220,779	1,203,391	1,461,109	1,077,312
Administrative Services	3,379,361	3,048,671	2,995,191	2,659,540
Non-program	364,685	293,382	189,518	95,989
Debt Service	1,429,923	1,435,699	1,027,135	991,707
Capital Projects	3,632,991	19,424	1,762,502	978,252
<b>Total</b>	<b>\$ 33,515,221</b>	<b>\$ 28,424,204</b>	<b>\$ 30,185,208</b>	<b>\$ 28,050,290</b>

See Accompanying Independent Auditors' Report.

Modified Accrual Basis					
2013	2012	2011	2010	2009	2008
\$ 17,057,026	\$ 16,630,974	\$ 16,151,502	\$ 15,746,255	\$ 15,367,915	\$ 15,308,353
0	0	0	0	0	0
153,414	163,122	161,757	174,381	166,230	146,433
7,144,890	7,295,931	7,827,411	12,253,236	12,986,761	10,584,094
120,712	125,044	126,934	413,794	397,960	414,152
1,304,748	1,332,932	1,391,135	1,248,757	1,173,034	1,155,633
250,226	283,542	277,433	311,405	439,098	902,907
28,995	58,479	9,465	42,893	48,814	25,305
1,284,456	889,753	924,345	1,433,282	893,902	896,588
<u>\$ 27,344,467</u>	<u>\$ 26,779,777</u>	<u>\$ 26,869,982</u>	<u>\$ 31,624,003</u>	<u>\$ 31,473,714</u>	<u>\$ 29,433,465</u>
\$ 7,577,137	\$ 7,500,849	\$ 7,095,863	\$ 6,826,705	\$ 6,769,038	\$ 6,229,452
4,845,164	4,639,871	5,095,095	4,656,497	5,150,211	4,866,227
2,361,533	3,793,476	676,241	5,941,119	5,802,641	6,366,901
1,106,735	1,233,631	1,181,451	1,302,316	1,661,836	1,631,652
4,417,491	5,066,973	4,963,655	5,340,158	5,079,324	4,972,994
1,048,894	1,052,040	988,933	970,387	939,846	928,523
2,580,211	2,485,101	2,355,944	2,886,708	2,187,056	2,466,608
27,405	84,682	114,044	167,932	276,787	50,342
992,257	10,412,411	3,060,946	1,379,120	1,493,018	1,515,657
1,850,331	1,769,644	2,628,619	3,022,467	1,224,944	6,858,012
<u>\$ 26,807,158</u>	<u>\$ 38,038,678</u>	<u>\$ 28,160,791</u>	<u>\$ 32,493,409</u>	<u>\$ 30,584,701</u>	<u>\$ 35,886,368</u>

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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, 2017

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>Direct:</b>			
U.S. Department of Housing and Urban Development Office of Healthy Homes and Lead Hazard Control Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	5886PHM40	<u>\$213,933</u>
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	78,318
Food and Safety Training	93.103	R-T1510-02934	<u>1,861</u>
			<u>80,179</u>
Total Direct			<u><u>\$294,112</u></u>
<b>Indirect:</b>			
U.S. Department of Agriculture Iowa Department of Human Services Human Services Administrative Reimbursements State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY17	<u>\$39,053</u>
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	3,623,896
Disaster Recovery Housing Program (2)	14.228	08-DRH-002	<u>971,705</u>
			<u>4,595,601</u>
U.S. Department of Justice Iowa Department of Justice Violence Against Women Formula Grants	16.588	VW-17-01-CJ	<u>2,693</u>
U.S. Department of Transportation Iowa Department of Public Safety Governor's Traffic Safety Bureau State and Community Highway Safety Grant	20.600	16-402-M0PT, Task 05	11,389
State and Community Highway Safety Grant	20.600	17-402-M0PT, Task 05	<u>7,952</u>
			<u>19,341</u>
National Priority Safety Programs – Occupant Protection Grant	20.616	17-405b-M1HVE, Task 3	<u>1,610</u>
U.S. Department of Health and Human Services Iowa Department of Public Health Affordable Care Act Personal Responsibility Education Program	93.092	5886CH22P	4,960
Affordable Care Act Personal Responsibility Education Program	93.092	5887CH22P	<u>35,000</u>
			<u>39,960</u>
Immunization Cooperative Agreements	93.268	58861414	6,103
Immunization Cooperative Agreements	93.268	58881414	<u>731</u>
			<u>6,834</u>

**CERRO GORDO COUNTY, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2017 (Continued)**

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Iowa Department of Public Health			
Care For Yourself Program	93.283	5887NB07	\$13,229
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	5885I414	14,842
Flexibility in Addressing Unmet Community Health Needs Grant	93.758	5886PHM40	3,567
HIV Prevention Activities	93.940	5886AP04	6,324
HIV Prevention Activities	93.940	5887AP04	12,816
			19,140
Iowa Department of Human Services			
Human Services Administrative Reimbursement			
Refugee and Entrant Assistance	93.566	FY17	115
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY17	11,101
Foster Care Title IV-E	93.658	FY17	14,503
Adoption Assistance	93.659	FY17	4,485
Social Services Block Grant	93.667	FY17	11,518
Children's Health Insurance Program	93.767	FY17	310
Medical Assistance Program	93.778	FY17	68,201
U.S. Department of Homeland Security			
Iowa Department of Homeland Security and Emergency Management			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4289-DR-IA	121,266
Emergency Management Performance Grant	97.042	EMPG-16-PT-17	2,956
Emergency Management Performance Grant	97.042	EMPG-17-PT-17	35,384
			38,340
Total Indirect			\$5,025,709
Grand Total			\$5,319,821

(1)The amount reported on the schedule includes \$3,623,896 passed through to subrecipients.  
(2)The amount reported on the schedule includes \$971,705 passed through to subrecipients.

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, 2017. 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. 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.

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**Gardiner Thomsen**  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Officials of 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, 2017, 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 20, 2017.

**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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-17 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-17 to be a significant deficiency.

**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, 2017 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.

*Garland Thomsen, P.C.*

Charles City, Iowa

December 20, 2017



**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, 2017. 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, 2017.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item III-A-17 (2017-001). Our opinion on the major federal program is not modified with respect to this matter.

Cerro Gordo County, Iowa's response to the noncompliance 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.

## 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 were not identified. We identified a certain deficiency in internal control over compliance as described in the accompanying Schedule of Findings and Questioned Costs as item III-B-17 (2017-002) 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.

*Garthner Thomsen, P.C.*

Charles City, Iowa

December 20, 2017

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2017

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### **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. Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c. The audit did not disclose any non-compliance which is material to the financial statements.
- d. A material weakness in internal control over the major program was disclosed by the audit or 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 were required to be reported in accordance with the Uniform Guidance, Section 200.515.
- g. The major program was CFDA Number 14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Disaster Recovery Housing Program.
- 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, 2017

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

#### INTERNAL CONTROL DEFICIENCIES:

##### II-A-17 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 Auditor, Treasurer, Recorder and Sheriff's 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-17 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 and capital asset/infrastructure additions were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

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

**Recommendation**— The County should establish procedures to ensure all receivables and capital asset/infrastructure additions 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, 2017

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### 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:

**CFDA Number 14.228: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii**

**Pass-Through Entity Identifying Numbers: 08-DRH-002 and 08-DRH-202**

**Federal Award Year: 2017**

**Prior Year Finding Number: III-B-16**

**U.S. Department of Housing and Urban Development**

**Passed through the Iowa Economic Development Authority**

#### III-A-17 Subrecipient Monitoring (2017-001)

**Criteria** – A pass-through entity must clearly identify to a subrecipient at the time of a subaward (or subsequent subaward modification) information sufficient for the County to comply with Federal statutes, regulations and the terms and conditions of the award.

**Condition** - It does not appear the County adequately communicated this information to the subrecipient.

**Cause** – Procedures have not been designed and implemented to ensure the subrecipient receives the proper information at the time of subaward.

**Effect** – The County is not in compliance with Federal regulations pertaining to subrecipient monitoring.

**Recommendation** – The County should update its subaward documentation with the subrecipient to demonstrate identification of information sufficient for the pass-through entity to comply with Federal statutes, regulations and the terms and conditions of the award.

**Response and Corrective Action Planned** – We will update subaward documentation as appropriate.

**Conclusion** – Response accepted.

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2017

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### Part III: Findings and Questioned Costs for Federal Awards: (Continued)

#### INTERNAL CONTROL DEFICIENCIES:

**CFDA Number 14.228: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii**

**Pass-Through Entity Identifying Numbers: 08-DRH-002 and 08-DRH-202**

**Federal Award Year: 2017**

**Prior Year Finding Number: III-C-16**

**U.S. Department of Housing and Urban Development**

**Passed through the Iowa Economic Development Authority**

**III-B-17** Segregation of Duties over Federal Revenue – Duties related to the custody, recordkeeping and reconciling of (2017-002) federal awards are not properly segregated by the County. See item II-A-17.

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

**IV-A-17** Certified Budget – Disbursements during the year ended June 30, 2017 did not exceed the amounts budgeted. However, the budget was not properly appropriated by resolution before any disbursements were made.

Recommendation – Chapter 331.434(6) of the Code of Iowa requires the budget to be properly appropriated by resolution before any disbursements are made. The County should have properly appropriated the budget by resolution before any disbursements were made.

Response – We will appropriate the budget as required.

Conclusion – Response accepted.

**IV-B-17** Questionable Disbursements – No 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.

**IV-C-17** Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

**IV-D-17** Business Transactions – The following business transactions between the County and County officials or employees were noted:

<u>Name, Title and Business Connection</u>	<u>Transaction</u>	<u>Amount</u>
<b>Tracie Siemers, Auditor's Office</b>		
Steve Siemers, Spouse	Snow Removal	\$1,183
Linda Weatherwax, Mother	Election Worker	1,317

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.

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2017

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

- IV-E-17 **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.
- IV-F-17 **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 July 5, 2016, the August 16, 2016, the September 13, 2016, the September 27, 2016 and the December 19, 2016 Board minutes were not published within the time allowed by Chapter 349.18 of the Code of Iowa. It was also noted that the list of claims approved, including the purpose of the claim, was not published.
- 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-17 **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-17 **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-17 **Economic Development** – During the year ended June 30, 2017, the County paid \$83,600 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-17 **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, 2017, did not exceed the amount budgeted.
- IV-K-17 **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-17 **Tax Increment Financing** – For the year ended June 30, 2017, the County Auditor prepared a reconciliation for each City reconciling TIF receipts with total outstanding TIF debt.
- IV-M-17 **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.

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