

# **CERRO GORDO COUNTY**

## **IOWA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2018**

# **CERRO GORDO COUNTY, IOWA**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018**

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

## INTRODUCTORY SECTION

# CERRO GORDO COUNTY, IOWA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

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# CERRO GORDO COUNTY, IOWA

## OFFICIALS

June 30, 2018

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### 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

\* Ken Kline resigned effective January 22, 2018.

Patricia Wright served as the Interim Auditor effective January 23, 2018 to April 17, 2018.

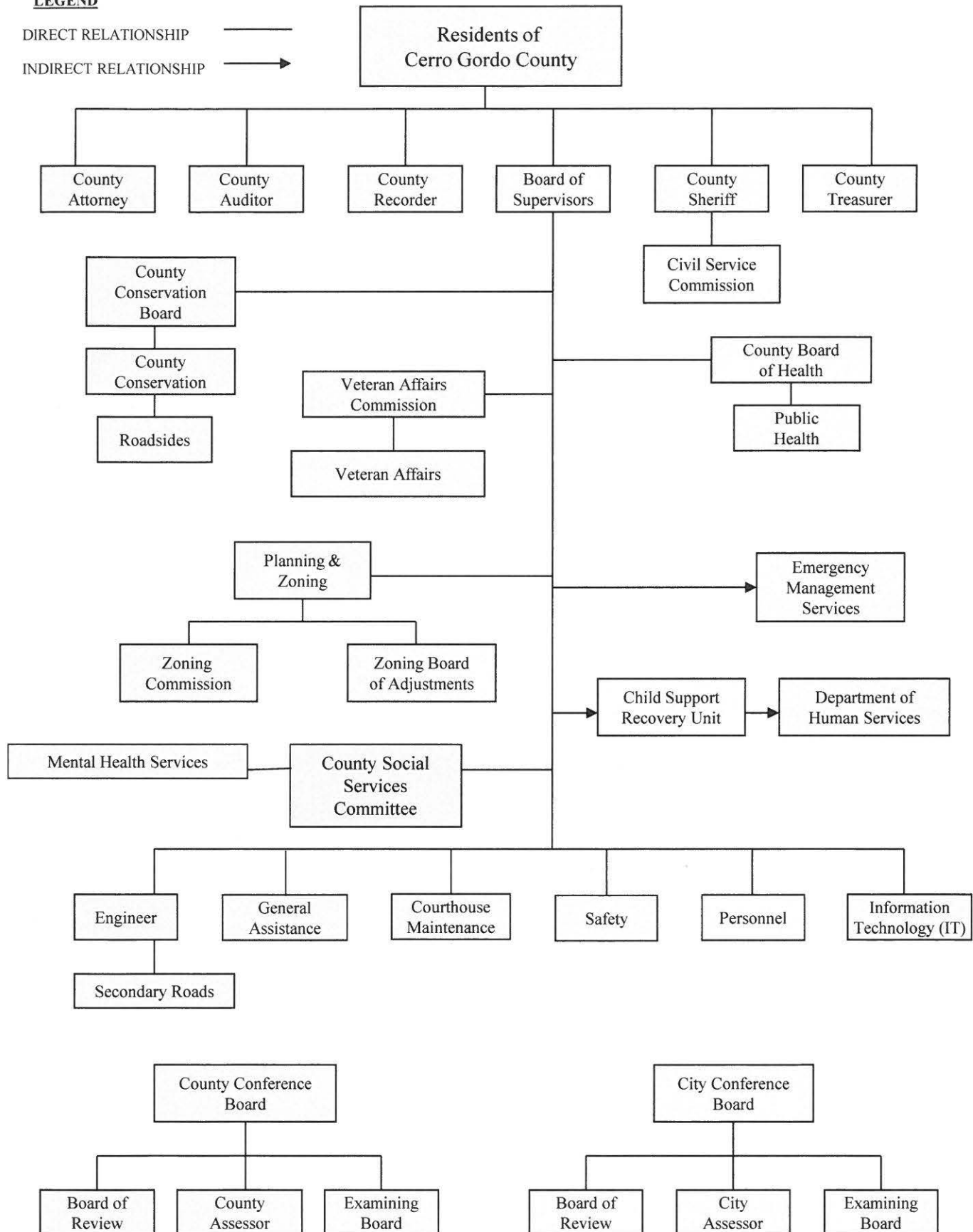
Riley Dirksen was elected Auditor effective April 17, 2018.

\*\*John Boedeker retired effective December 31, 2017. Katie Bennett was appointed to fill the vacancy.

# 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, 2017**

*Christopher P. Morill*

Executive Director/CEO



## County Auditor

### Cerro Gordo County Courthouse

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

Ph: 641-421-3028  
Fax: 641-421-3139  
[www.cgcounty.org](http://www.cgcounty.org)

December 20, 2018

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, 2018, 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, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor issued an unmodified opinion on the County's financial statements for the fiscal year ended June 30, 2018, indicating that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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



transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

### **Profile of Cerro Gordo County**

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

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

The Board of Supervisors is required to adopt a final budget by no later than March 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 22,970 to 23,220, an increase of 1.1% from June 2017 to June 2018, 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 2017 was 88.4% of the national average, according to the ACCRA Cost of Living Index, ranking it the second lowest cost of living for all Iowa communities that participate in the ACCRA index.

## **Major Initiatives**

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

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

Phase 2 of the development has begun and construction for another two miles of trail surface and bridge repair will be in the summer/fall of 2019. With an estimated cost is \$397,012, many of the same funding sources will be utilized. Phase 3 & 4 of development has been programmed to be completed in 2020 and will include three miles of trail and one bridge. Again, many of the same funding sources will be utilized with an estimated cost of \$506,323. The remaining miles of the trail will be developed as additional funding sources become available.

The Cerro Gordo County Department of Public Health earned status as nationally accredited in February of 2018. The demanding accreditation process ensured that the Department achieved a robust set of standards measured under 12 Domains with more than 330 individual pieces of documentation. Domains covered conducting and disseminating population health assessments, investigating health problems and hazards to protect the community, informing and educating about public health issues, engaging the community, developing policies, enforcing public health laws, promoting access to care, maintaining a competent workforce, and utilizing the evidence-base of public health. Quality improvement was a guiding force while maintaining operational infrastructure served as a foundation. After a review of submitted documentation, a two-day site visit, and assessment by the national board, the Department became the second in Iowa to earn accreditation. Every employee played a role in the Department's success while continuing to serve the public.

In October of 2016, the Cerro Gordo County Department of Public Health was awarded a three-year, \$1,384,000 million dollar grant from the U.S. Department of Housing & Urban Development, to prevent lead poisoning for young children of low-income status in rental and owner-occupied properties in Cerro Gordo County. Currently, the Department is on track to successfully complete the benchmarks of inspecting and remediating lead-based paint hazards in over 50 homes in Cerro Gordo County by October 2019 (37 homes have been remediated to date). Home remediation to repair deteriorated paint often includes paint stabilization or replacing windows, doors and siding. In addition, healthy homes repairs are made to fix hazards related to moisture/mold, electrical hazards and other safety hazards in homes.



Over the past two years, the Cerro Gordo County Department of Public Health has served as the fiscal agent for the All Hazards Emergency Preparedness and Response System Development Grant. This grant provides the opportunity for local hospitals, public health agencies and EMS organizations to work together to build upon their preparedness, response, recovery and mitigation activities related to healthcare disaster operations. As the fiscal agent, the Department manages a \$418,291 budget on behalf of 12 counties in the north central Iowa area. There are currently 12 local public health agencies, nine hospitals, and 63 EMS services that make-up the north central Iowa area. Management of this budget involves the following activities:

- Collect work plans from each county to track activities and spending associated with the grant.
- Gather monthly expenditure reports from public health, hospital and EMS agencies with each of the twelve counties to process for payment (upon approval from the Iowa Department of Public Health).
- Serve as the liaison between county agencies and the state health department regarding grant activities and spending.
- Maintain accurate, current and complete records of the financial activity of the grant.
- Maintain a record keeping system to provide necessary data for the purpose of planning, monitoring and evaluating the program.
- Undergo routine compliance reviews and audits.

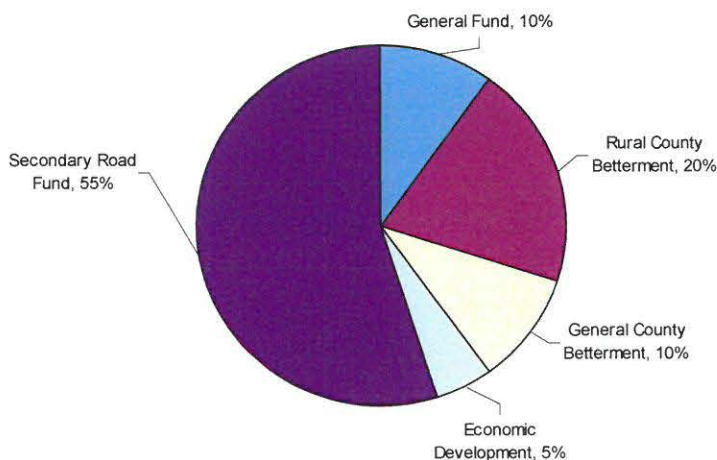
The Cerro Gordo County Treasurer's office had approximately 50 parcels with outstanding tax sales dated 1985 through 2017. The County Treasurer retained the services of an attorney and worked with any affected cities with certified special assessments to create a legal process to publicly offer, assign and sell the tax sales, thus placing these parcels back on the tax rolls.

### 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 FY2018, Cerro Gordo County received a total of \$1,656,500 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, 2017. This was the twenty-second 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,

A handwritten signature in cursive script that reads "Heather R Mathre".

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, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Emphasis of a Matter

As discussed in Note 24 to the financial statements, Cerro Gordo County, Iowa adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

#### Other Matters

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 11-20 and 62-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures

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

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cerro Gordo County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2017 (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, 2018, on our consideration of Cerro Gordo County, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cerro Gordo County, Iowa's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cerro Gordo County, Iowa's internal control over financial reporting and compliance.

*Garthner Thomsen, P.C.*

Charles City, Iowa

December 20, 2018

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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, 2018. 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**

- ◆ The County implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities was restated by \$1,172,022 to retroactively report the decrease in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- ◆ Cerro Gordo County governmental fund revenues increased 6.54% or \$2,085,810 from \$31,901,732 in fiscal year 2017 (FY17) to \$33,987,542 in fiscal year 2018 (FY18). Property taxes and other county taxes increased \$819,944, tax increment financing revenue decreased \$24,348, local option sales tax dollars decreased \$75,631, intergovernmental revenues increased \$557,589, licenses and permits decreased \$2,189, charges for services increased \$479,331, use of money and property increased \$237,000, and miscellaneous revenues increased \$99,944 from FY17.
- ◆ Cerro Gordo County governmental fund expenditures for FY18 were \$31,913,008, a decrease of \$1,602,213 from \$33,515,221 in FY17. This change was contributable to the Capital Projects decrease of \$2,432,261, the Mental Health decrease of \$414,190, and the Debt Service decrease of \$430,081, along with the increases in Roads and Transportation of \$736,175 and Public Health and Social Services of \$632,003.
- ◆ The assets of the county exceeded liabilities at fiscal year ended June 30, 2018 by \$49,607,837 (net position compared to \$47,193,945 at June 30, 2017).
- ◆ Cerro Gordo County's net position increased 5.11% or \$2,413,892 for the fiscal year ended June 30, 2018. Government activities increased \$2,479,960 and business-type activities decreased by \$66,068. For fiscal year ended June 30, 2017, total net position increased \$4,931,219. Governmental activities increased \$5,002,129 and business-type activities decreased \$70,910.
- ◆ Cerro Gordo County's governmental funds reported combined ending fund balances of \$19,076,217, an increase of \$2,802,244 in comparison with the FY17 fund balances of \$16,273,973. Approximately 36% of the total amount, \$6,821,174, 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 \$630,418 during the fiscal year, from \$8,355,704 in FY17 to \$7,725,286 in FY18. This change was due to scheduled debt payments and additional drainage warrants issued during the year.

### **USING THIS ANNUAL REPORT**

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



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

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

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

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

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

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

## **REPORTING THE COUNTY 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 financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

### Fund Financial Statements

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

Cerro Gordo County has three kinds of funds:

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 37.

### Supplementary Information

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Cerro Gordo County's net position increased \$2,413,892 from \$47,193,945 to \$49,607,837. The analysis below focuses on the net position and changes in net position of our government and business-type activities.

### **Cerro Gordo County's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (not restated)	2018	2017 (not restated)	2018	2017 (not restated)
Current and Other Assets	\$40,038,622	\$37,265,371	\$125,136	\$118,668	\$40,163,758	\$37,384,039
Capital Assets	45,594,802	47,080,466	1,300,256	1,385,542	46,895,058	48,466,008
Total Assets	85,633,424	84,345,837	1,425,392	1,504,210	87,058,816	85,850,047
Deferred Outflows of Resources	3,885,834	3,089,317	0	0	3,885,834	3,089,317
Long-Term Debt Outstanding	21,411,979	21,829,519	1,371	487,921	21,413,350	22,317,440
Other Liabilities	1,621,039	1,893,194	474,340	540	2,095,379	1,893,734
Total Liabilities	23,033,018	23,722,713	475,711	488,461	23,508,729	24,211,174
Deferred Inflows of Resources	17,828,084	17,534,245	0	0	17,828,084	17,534,245
Net Position:						
Invested in Capital Assets, Net of Related Debt	38,584,802	39,672,513	825,916	897,621	39,410,718	40,570,134
Restricted	9,028,748	6,883,575	0	0	9,028,748	6,883,575
Unrestricted	1,044,606	(377,892)	123,765	118,128	1,168,371	(259,764)
Total Net Position	\$48,658,156	\$46,178,196	\$949,681	\$1,015,749	\$49,607,837	\$47,193,945

The largest portion of the County's net position, 79.44%, 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.

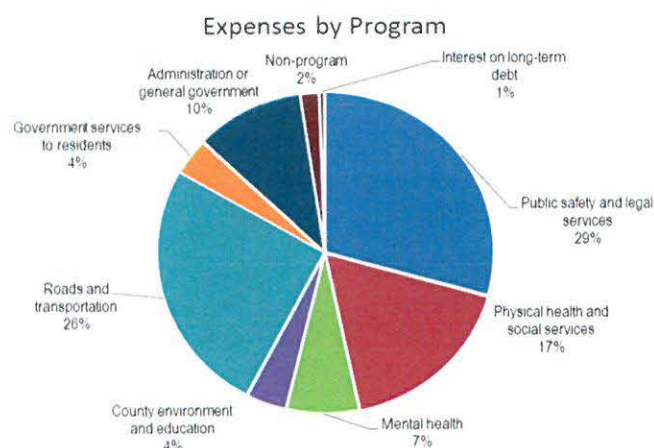
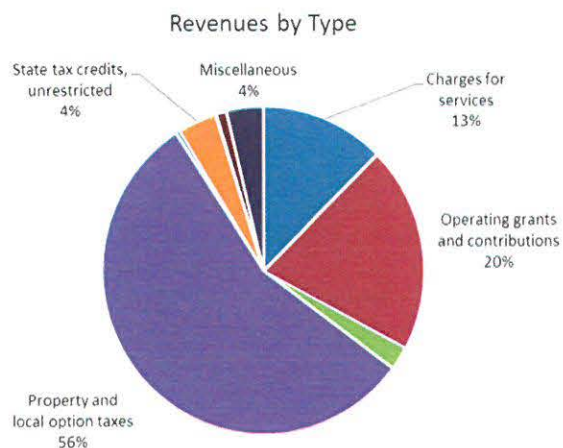
The restricted portion of the County's net position, 18.20% or \$9,028,748, represents resources that are subject to external restrictions, constitution provisions, or enabling legislation on how they can be used. The remaining balance of unrestricted net position is \$1,168,371 or 2.36%.

The County's net position increased \$2,413,892 during the current fiscal year. The governmental-type activities increased by \$2,479,960 and the business-type activities decreased \$66,068.

The following table highlights the County's revenues and expenses for the fiscal year ended June 30, 2018 and 2017. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: Program Revenue and General Revenue. Program Revenue is defined as charges for service and sales, operating grants and contributions, and capital grants and contributions. General Revenue includes taxes, investment income, and other unrestricted revenue sources.

## Cerro Gordo County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (not restated)	2018	2017 (not restated)	2018	2017 (not restated)
<b>Revenues:</b>						
Program Revenues:						
Charges for Service	\$4,299,872	\$4,036,758	\$61,803	\$63,790	\$4,361,675	\$4,100,548
Operating Grants, Contributions & Restricted Interest	7,058,689	6,657,110	0	0	7,058,689	6,657,110
Capital Grants, Contributions & Restricted Interest	817,787	3,799,988	0	0	817,787	3,799,988
General Revenues:						
Property Taxes	17,704,719	16,879,012	0	0	17,704,719	16,879,012
Penalty & Interest on Property Tax	152,884	145,759	0	0	152,884	145,759
State Tax Credits	1,353,157	1,322,146	0	0	1,353,157	1,322,146
Local Option Sales & Service Tax	1,656,500	1,732,131	0	0	1,656,500	1,732,131
Tax Increment Financing	46,163	70,511	0	0	46,163	70,511
Unrestricted Investment Earnings	341,324	124,604	115	62	341,439	124,666
Miscellaneous	1,278,379	1,143,947	0	0	1,278,379	1,143,947
Gain/(Loss) on Disposal of Capital Assets	10,952	(27,607)	0	0	10,952	(27,607)
<b>Total Revenues</b>	<b>34,720,426</b>	<b>35,884,359</b>	<b>61,918</b>	<b>63,852</b>	<b>34,782,344</b>	<b>35,948,211</b>
<b>Expenses:</b>						
Public Safety and Legal Services	9,857,325	8,702,477	0	0	9,857,325	8,702,477
Physical Health and Social Services	5,815,911	4,825,144	0	0	5,815,911	4,825,144
Mental Health	2,358,002	2,702,145	0	0	2,358,002	2,702,145
County Environment and Education	1,311,611	1,388,699	0	0	1,311,611	1,388,699
Roads and Transportation	8,620,455	7,943,799	0	0	8,620,455	7,943,799
Government Services to Residents	1,269,761	1,197,544	0	0	1,269,761	1,197,544
Administration	3,527,669	3,423,941	0	0	3,527,669	3,423,941
Non-Program	475,269	501,760	127,986	134,762	603,255	636,522
Interest on Long Term Debt	176,485	196,721	0	0	176,485	196,721
<b>Total Expenses</b>	<b>33,412,488</b>	<b>30,882,230</b>	<b>127,986</b>	<b>134,762</b>	<b>33,540,474</b>	<b>31,016,992</b>
<b>Increase (Decrease) in Net Position</b>	<b>1,307,938</b>	<b>5,002,129</b>	<b>(66,068)</b>	<b>(70,910)</b>	<b>1,241,870</b>	<b>4,931,219</b>
Net Position July 1, as restated	47,350,218	41,176,067	1,015,749	1,086,659	48,365,967	42,262,726
<b>Net Position June 30</b>	<b>\$48,658,156</b>	<b>\$46,178,196</b>	<b>\$949,681</b>	<b>\$1,015,749</b>	<b>\$49,607,837</b>	<b>\$47,193,945</b>





## **Governmental Activities**

Revenues for governmental activities decreased 3.24% or \$1,163,933 over the prior year. Charges for services increased \$263,114 due to additional Public Safety & Legal services and Non-program activities. The County's operating grants, contributions and restricted interest revenues were \$7,058,689, an additional \$401,579 over FY17 due to an increase in Physical Health and Social Services 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 a decrease of \$2,982,201 in FY18 over the prior year's amount of \$3,799,988. Property tax revenues increased \$825,707 due to an increase in taxable valuation in the county. Unrestricted investment earnings increased \$216,720 due to a higher investment rate of return and greater invested amounts.

The cost of all governmental activities this year was \$33,412,488, an increase of \$2,530,258 over the prior years' \$30,882,230. However, as shown in the Statement of Activities on page 23-24, the amount the taxpayers ultimately financed for these activities through County taxes was only \$21,236,140 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.

Public Safety and Legal Services had the largest increase in expenditures of \$1,154,848 due to additional expenditures for the County Attorney's Office and the County Sheriff's Department. Physical Health and Social Services also increased for the current year by \$990,767 due to the additional grant expenditures. Mental Health experienced a \$344,143 decrease in expenditures for FY18. This was due to the reduction of employees within the Case Management Department. The Case Management Department was then combined within our Mental Health Department.

Cerro Gordo County maintained the rural levy rate of 3.50739 and decreased the countywide levy rate from 6.23314 for FY17 to 6.19934 for FY18. The combined tax rates resulted in decreased property tax dollars of approximately \$94,000 for mental health services and \$435,000 for debt services and increased property tax dollars of \$1,300,000 for general purposes, \$144,000 for rural purposes.

## **Business-Type Activities**

Business-type activities decreased the County's net position by \$66,068.

## **THE COUNTY'S INDIVIDUAL MAJOR FUNDS**

As Cerro Gordo County completed the year, its governmental funds reported a combined fund balance of \$19,076,217, which is an increase of \$2,802,244 or 17.22% over the combined fund balance for FY17. Of this amount, \$6,821,174 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 FY18 with a 61.92% ending fund balance totaling \$9,403,283. This is a \$1,541,238 increase from the prior year's \$7,862,045 fund balance. Revenues and expenditures both experienced increases. Revenues increased 11.85% from the prior year, or \$1,950,497. Expenditures experienced an increase of \$609,706, or 4.18% from FY17. Transfers Out decreased \$400,000. In FY17, there was a General Fund transfer to the Secondary Road fund for \$400,000, the first transfer between the two funds in over 25 years. The transfer was not budgeted for FY18.

- ◆ 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 \$495,837 in FY17 to \$250,675, a decrease of \$245,162. This puts us on schedule as we approach the June 30, 2021 State-imposed deadline for a 20% maximum fund balance. For the year, revenues were \$2,084,729, a decrease of \$458,415, or 18.03%, due to a decrease in intergovernmental revenues. Expenditures totaled \$2,329,891, a decrease of \$414,190 or 15.09% over last year's expenditures of \$2,744,081. These decreases were due to a reduction in the reimbursement requests to CSS as a result of fewer employees with the elimination of the Case Management Department.
- ◆ The Rural Services Fund balance increased \$23,630 to \$978,730 from the prior year ending balance of \$955,100. Revenues increased \$94,770, from \$2,745,355 in FY17 to \$2,840,125 in FY18. Expenditures totaled \$416,495, a decrease of \$220,189, or 34.58% over last year's expenditures of \$636,684. This was due to the funding of the libraries within the County. In FY17, the funding all came from the Rural Services Fund. For FY18, the funding was split between the Rural Services Fund and the Rural County Betterment Fund, which is monies derived from local option sales and service tax dollars.
- ◆ The Secondary Roads Fund expenditures decreased \$2,450,610 or 27.37%, from \$8,953,112 in FY17 to \$6,502,502 in FY18. This was due to a decrease in capital projects. Capital project expenditures for FY17 were \$3,603,530 compared to \$364,615 in FY18. Revenues decreased slightly from \$5,340,182 in FY17 to \$5,141,970 in FY18, a change of 3.71%. The Secondary Roads fund balance increased \$1,446,791, from \$3,070,979 in FY17 to \$4,517,770 in FY18 due to the decreased capital projects expenditures.
- ◆ The Public Health Fund ended FY18 with a fund balance of \$1,225,917, an increase of \$18,109 over the prior year's balance of \$1,207,808. Expenditures totaled \$4,902,126, an increase of \$663,450, or 15.65% over the prior year. Revenues of \$3,180,398 were an increase of 30.95%, or \$751,665 over FY17 revenues of \$2,428,733. The HUD grant increased revenues \$437,000 and expenditures \$222,000 and with the addition of the 12 County Regional Preparedness coordination, another \$300,000 of expenditures were added along with revenues of \$440,000
- ◆ The Debt Service Fund had a fund balance of \$36,693, all of which is restricted for the payment of debt.
- ◆ The Capital Projects fund balance decreased from \$402,980 in FY17 to \$933 in FY18. There was \$402,047 of capital loan notes that were expended on radios for the Sheriff's Department.

## **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 twice. The budgetary comparison schedule on pages 62-63 provides more information. The amendments, approved in October 2017 and May 2018, resulted in the following:

Revenues and Other Financing Sources increased \$1,094,807, which included:

- ◆ A decrease of \$26,683 in local option sales and service tax and a decrease of \$83,900 in utility replacement excise tax.
- ◆ An increase of \$128,817 in intergovernmental revenues comprised of a State of Iowa grant of \$388,000 for the Prairie Land Trail project, \$44,448 for state tax credits, \$15,500 for reimbursement of local

elections, additional Sheriff department revenues of \$118,000, and \$26,850 for various departments. There was a decrease in revenues of \$110,268 for the Public Health Department and \$353,713 for mental health reimbursement.

- ◆ An increase of \$21,600 in licenses and permits for the Planning & Zoning office and the Public Health department.
- ◆ Charges for services increased \$115,730. This was comprised of an increase of \$10,530 for fees provided by the Public Health department, \$55,400 from the Sheriff's department, \$15,800 for various departments and an additional \$34,000 received by the County Treasurer for services.
- ◆ Use of money & property increased \$178,416 due to additional interest income and jail phone profits.
- ◆ Miscellaneous revenue increased \$760,827. Departments receiving additional miscellaneous revenue were Public Health \$171,192, County Attorney \$31,600, Information Technology (IT) \$22,000, Secondary Roads \$400,000, Conservation \$60,000, Sheriff revenues \$52,000 and mental health \$33,056. There was a decrease of \$9,021 in the reimbursement of the Medical Examiner department.

Expenditures and Other Financing Uses increased \$1,935,020 which included:

- ◆ Increase of \$168,500 in Public Safety and Legal Services. This is due to an increase in expenditures for the Sheriff's department of \$103,000, the County Attorney of \$41,000 and Court Services of \$39,500. The Medical Examiner department decreased expenditures by \$15,000.
- ◆ Increase of \$619,577 in Physical Health and Social Services due to additional expenditures for Public Health Department of \$674,577 and a decrease in expenditures of \$55,000 for Court Services department.
- ◆ Decrease of \$443,105 in Mental Health. This is due to a reduction in expenditures for the Case Management department.
- ◆ A decrease of \$3,500 in County Environment & Education for a reduction of expenditures in the Planning & Zoning budget.
- ◆ An increase of \$1,249,000 in Roads and Transportation for Secondary Roads department.
- ◆ An increase of \$47,500 in Administration stems from increased expenditures for the GIS department of \$20,000 and Non-Department of \$47,500. Also, there was a decrease in expenditures for the Auditor's department of \$20,000.
- ◆ An increase in capital projects of \$297,048. This included additional expenditures of \$485,000 for the Prairie Land Trail projects and a reduction in expenditures of Capital Loan Note proceeds of \$187,952 for approved projects.

During the year, however, revenues were \$665,412 less than budgetary revenues and expenditures were \$5,905,043 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, 2018 was \$95,380,681, an increase of \$1,203,246 or 1.28% compared to FY17. 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**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$1,788,492	\$1,788,492	\$62,300	\$62,300	\$1,850,792	\$1,850,792
Construction in Progress	982,640	1,739,424	0	0	982,640	1,739,424
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	7,833,047	7,625,491	0	0	7,833,047	7,625,491
Vehicles	4,831,670	4,594,909	0	0	4,831,670	4,594,909
Intangibles	0	263,734	0	0	0	263,734
Infrastructure, road network	59,073,767	57,294,320	2,706,643	2,706,643	61,780,410	60,000,963
<b>Total</b>	<b>92,611,738</b>	<b>91,408,492</b>	<b>2,768,943</b>	<b>2,768,943</b>	<b>95,380,681</b>	<b>94,177,435</b>
Less: Accumulated Depreciation	47,016,936	44,328,026	1,468,687	1,383,401	48,485,623	45,711,427
<b>Total</b>	<b>\$45,594,802</b>	<b>\$47,080,466</b>	<b>\$1,300,256</b>	<b>\$1,385,542</b>	<b>\$46,895,058</b>	<b>\$48,466,008</b>

For governmental activities, Cerro Gordo County had depreciation expense of \$3,685,344 and total accumulated depreciation of \$47,016,936 for the year ended June 30, 2018. For business-type activities, depreciation expense was \$85,286 and total accumulated depreciation was \$1,468,687 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, 2018, Cerro Gordo County had total long-term debt outstanding for governmental activities of \$7,725,286, a decrease of \$630,418 compared to FY17. The County issued \$273,246 in drainage warrants. The change in debt also resulted from capital loan note retirement of \$822,000 and \$81,664 of drainage warrants. In the current year, the County paid \$822,000 in principal and \$177,842 in interest on outstanding debt, compared to \$1,231,500 in principal and \$198,423 in interest for FY17.

Sewer revenue capital loan notes (Business-Type Activities) outstanding totaled \$474,340. This is a decrease of \$13,581 due to debt retirement. Business-Type Activities paid \$13,581 in principal and \$21,956 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 \$247 million.



## **Cerro Gordo County's Outstanding Debt**

	2018	2017
Governmental Activities:		
Capital Loan Notes & Revenue Bonds	\$ 7,245,250	\$ 8,067,250
Drainage Warrants	480,036	288,454
Total	<u>\$7,725,286</u>	<u>\$ 8,355,704</u>
Business-Type Activities:		
Sewer Revenue Bonds	<u>\$ 474,340</u>	<u>\$ 487,921</u>

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

### **ECONOMIC FACTORS AND NEXT YEARS'S BUDGETS AND RATES**

Cerro Gordo County's elected and appointed officials and citizens considered many factors when setting the 2019 fiscal year budget, tax rates, and the fees that will be charged for the various county services. One of those factors is the economy. Cerro Gordo County's unemployment rate now stands at 2.60% versus 3.10% a year ago. This compares with the State unemployment rate of 2.70% and the national rate of 4.00%.

- ◆ For the budget year ending June 30, 2019, Cerro Gordo County maintained both the rural county levy rate at \$3.50739 per thousand of taxable valuation and the countywide levy rate at \$6.19934 per thousand of taxable valuation.
- ◆ The tax base for Cerro Gordo County increased 3.37% over the prior year.
- ◆ The total expenditures for the FY19 budget are \$34,802,924, a decrease of \$312,025, or .89%, from the FY18 budget. The major areas of decrease are Mental Health \$446,722 and Capital Projects \$1,622,988, along with an increase in Roads & Transportation of \$1,015,698. 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, 2019 fiscal year.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

# CERRO GORDO COUNTY, IOWA

## STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash, Cash Equivalents and Pooled Investments	\$19,518,071	\$114,716	\$19,632,787
Receivables:			
Property Tax:			
Delinquent	53,414	0	53,414
Succeeding Year	17,507,308	0	17,507,308
Succeeding Year Tax Increment Financing	17,498	0	17,498
Interest and Penalty on Property Tax	9,845	0	9,845
Accounts	408,032	0	408,032
Accrued Interest	121,068	0	121,068
Special Assessments	37,418	0	37,418
Drainage Assessments	60,952	0	60,952
Due From Other Governments	1,123,592	10,420	1,134,012
Inventories	1,181,424	0	1,181,424
Capital Assets:			
Land	1,788,492	62,300	1,850,792
Construction in Progress	982,640	0	982,640
Other Capital Assets	89,840,606	2,706,643	92,547,249
Less Accumulated Depreciation/Amortization	(47,016,936)	(1,468,687)	(48,485,623)
<b>Total Assets</b>	<b>\$85,633,424</b>	<b>\$1,425,392</b>	<b>\$87,058,816</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Deferred Outflows	\$3,848,269	\$0	\$3,848,269
OPEB Related Deferred Outflows	37,565	0	37,565
<b>Total Deferred Outflows of Resources</b>	<b>\$3,885,834</b>	<b>\$0</b>	<b>\$3,885,834</b>
<b>LIABILITIES</b>			
Accounts Payable	\$1,175,375	\$1,371	\$1,176,746
Accrued Interest Payable	13,422	0	13,422
Salaries and Benefits Payable	274,287	0	274,287
Due to Other Governments	157,955	0	157,955
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
General Obligation Bonds/Revenue Notes	837,000	14,193	851,193
Compensated Absences	1,061,577	0	1,061,577
Termination Benefits	75,900	0	75,900
Portion Due or Payable After One Year:			
General Obligation Bonds/Revenue Notes	6,408,250	460,147	6,868,397
Drainage District Warrants Payable	480,036	0	480,036
Termination Benefits	145,200	0	145,200
Net Pension Liability	10,140,444	0	10,140,444
Total OPEB Liability	2,263,572	0	2,263,572
<b>Total Liabilities</b>	<b>\$23,033,018</b>	<b>\$475,711</b>	<b>\$23,508,729</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax Revenue	\$17,507,308	\$0	\$17,507,308
Deferred Tax Increment Financing	17,498	0	17,498
Pension Related Deferred Inflows	303,278	0	303,278
<b>Total Deferred Inflows of Resources</b>	<b>\$17,828,084</b>	<b>\$0</b>	<b>\$17,828,084</b>

(Continued)

# CERRO GORDO COUNTY, IOWA

## STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business-Type Activities	Total
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$38,584,802	\$825,916	\$39,410,718
Restricted For:			
Non-Expendable:			
Strand Endowment	60,000	0	60,000
Expendable:			
Supplemental Levy Purposes	1,347,161	0	1,347,161
Mental Health Purposes	244,739	0	244,739
Secondary Roads Purposes	4,307,834	0	4,307,834
Debt Service	25,959	0	25,959
Capital Projects	933	0	933
Other Purposes	3,042,122	0	3,042,122
Unrestricted	1,044,606	123,765	1,168,371
<b>Total Net Position</b>	<b>\$48,658,156</b>	<b>\$949,681</b>	<b>\$49,607,837</b>

(Concluded)

See Notes to Financial Statements.

# CERRO GORDO COUNTY, IOWA

## STATEMENT OF ACTIVITIES Year Ended June 30, 2018

		Program Revenues		
		Charges for	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	Expenses	Service		
<b>FUNCTIONS/PROGRAMS:</b>				
Governmental Activities:				
Public Safety and Legal Services	\$9,857,325	\$1,214,194	\$588,063	\$0
Physical Health and Social Services	5,815,911	505,791	2,416,883	0
Mental Health	2,358,002	601,682	0	0
County Environment and Education	1,311,611	96,795	26,443	392,392
Roads and Transportation	8,620,455	80,695	4,026,827	425,395
Governmental Services to Residents	1,269,761	836,829	473	0
Administration	3,527,669	161,024	0	0
Non-Program	475,269	802,862	0	0
Interest on Long Term Debt	176,485	0	0	0
	33,412,488	4,299,872	7,058,689	817,787
Business-type Activities:				
Wastewater Collection and Treatment	127,986	61,803	0	0
Total	\$33,540,474	\$4,361,675	\$7,058,689	\$817,787

### 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, As Restated

Net Position End of Year

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$8,055,068)	\$0	(\$8,055,068)
(2,893,237)	0	(2,893,237)
(1,756,320)	0	(1,756,320)
(795,981)	0	(795,981)
(4,087,538)	0	(4,087,538)
(432,459)	0	(432,459)
(3,366,645)	0	(3,366,645)
327,593	0	327,593
(176,485)	0	(176,485)
(21,236,140)	0	(21,236,140)
0	(66,183)	(66,183)
(\$21,236,140)	(\$66,183)	(\$21,302,323)
\$16,821,409	\$0	\$16,821,409
883,310	0	883,310
152,884	0	152,884
1,353,157	0	1,353,157
1,656,500	0	1,656,500
46,163	0	46,163
341,324	115	341,439
1,289,331	0	1,289,331
22,544,078	115	22,544,193
1,307,938	(66,068)	1,241,870
47,350,218	1,015,749	48,365,967
\$48,658,156	\$949,681	\$49,607,837

# CERRO GORDO COUNTY, IOWA

## BALANCE SHEET – GOVERNMENTAL FUNDS June 30, 2018

		Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads	Public Health
ASSETS					
Cash, Cash Equivalents and Pooled Investments	\$9,336,491	\$156,445	\$988,424	\$3,256,649	\$965,363
Receivables:					
Property Tax:					
Delinquent	43,150	4,578	2,751	0	0
Succeeding Year	12,738,599	1,386,459	2,497,046	0	0
Succeeding Year Tax Increment Financing	0	0	0	0	0
Interest and Penalty on Property Tax	9,845	0	0	0	0
Accounts	182,079	0	0	3,436	207,285
Accrued Interest	120,369	0	0	0	0
Special Assessments	20,389	0	0	0	0
Drainage Assessments	0	0	0	0	0
Due From Other Funds	255	0	0	0	0
Due From Other Governments	191,666	121,237	0	404,119	360,194
Inventories	0	0	0	1,181,424	0
Total Assets	\$22,642,843	\$1,668,719	\$3,488,221	\$4,845,628	\$1,532,842
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$261,470	\$2,639	\$6,652	\$283,227	\$73,964
Salaries and Benefits Payable	162,107	9,328	3,060	43,971	55,353
Due To Other Funds	0	160	0	95	0
Due To Other Governments	4,225	0	42	565	153,123
Compensated Absences	12,989	3,205	0	0	0
Total Liabilities	440,791	15,332	9,754	327,858	282,440
Deferred Inflows of Resources:					
Deferred Revenues:					
Succeeding Year Property Tax	12,738,599	1,386,459	2,497,046	0	0
Succeeding Year Tax Increment Financing	0	0	0	0	0
Other	60,170	16,253	2,691	0	24,485
Total Deferred Inflows of Resources	12,798,769	1,402,712	2,499,737	0	24,485

Debt Service	Capital Projects	Nonmajor	Total
\$36,446	\$933	\$2,662,560	\$17,403,311
2,935	0	0	53,414
885,204	0	0	17,507,308
0	0	17,498	17,498
0	0	0	9,845
0	0	13,069	405,869
0	0	699	121,068
0	0	17,029	37,418
0	0	60,952	60,952
0	0	0	255
0	0	46,376	1,123,592
0	0	0	1,181,424
\$924,585	\$933	\$2,818,183	\$37,921,954

\$0	\$0	\$60,020	\$687,972
0	0	468	274,287
0	0	0	255
0	0	0	157,955
0	0	0	16,194
0	0	60,488	1,136,663

885,204	0	0	17,507,308
0	0	17,498	17,498
2,688	0	77,981	184,268
887,892	0	95,479	17,709,074

(Continued)

# CERRO GORDO COUNTY, IOWA

## BALANCE SHEET – GOVERNMENTAL FUNDS (Continued) June 30, 2018

	General	Special Revenue			
		Mental Health	Rural Services	Secondary Roads	Public Health
Fund Balances:					
Nonspendable:					
Inventories	\$0	\$0	\$0	\$1,181,424	\$0
Trust	0	0	0	0	0
Restricted For:					
Supplemental Levy Purposes	1,333,713	0	0	0	0
Mental Health Purposes	0	250,675	0	0	0
Rural Services Purposes	0	0	978,730	0	0
Secondary Roads Purposes	0	0	0	3,336,346	0
Drainage Warrants	0	0	0	0	0
Conservation Land Acquisition	100,029	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	1,225,917
Assigned – Health Screenings	12,327	0	0	0	0
Assigned – Conservation Parks	151,581	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	156,332	0	0	0	0
Unassigned	6,821,174	0	0	0	0
Total Fund Balances	9,403,283	250,675	978,730	4,517,770	1,225,917
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$22,642,843</b>	<b>\$1,668,719</b>	<b>\$3,488,221</b>	<b>\$4,845,628</b>	<b>\$1,532,842</b>

See Notes To Financial Statements.



Debt Service	Capital Projects	Nonmajor	Total
\$0	\$0	\$0	\$1,181,424
0	0	60,000	60,000
0	0	0	1,333,713
0	0	0	250,675
0	0	0	978,730
0	0	0	3,336,346
0	0	556,850	556,850
0	0	0	100,029
0	0	126,590	126,590
36,693	0	0	36,693
0	933	0	933
0	0	1,918,776	1,918,776
0	0	0	1,225,917
0	0	0	12,327
0	0	0	151,581
0	0	0	511,941
0	0	0	316,186
0	0	0	156,332
0	0	0	6,821,174
36,693	933	2,662,216	19,076,217
\$924,585	\$933	\$2,818,183	\$37,921,954

(Concluded)

# CERRO GORDO COUNTY, IOWA

## RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2018

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Total Governmental Fund Balances (page 28) \$19,076,217

*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 \$92,611,738 and the accumulated depreciation/amortization is \$47,016,936. 45,594,802

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	\$46,683	
Property Taxes – Debt Service	2,688	
Public Health Grants	24,485	
Mental Health Reimbursements	12,042	
Drainage Assessments/Special Assessments	<u>98,370</u>	184,268

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. 1,629,520

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

Deferred Outflows of Resources	3,885,834	
Deferred Inflows of Resources	<u>(303,278)</u>	3,582,556

Long-term liabilities, including bonds and notes payable, accrued interest payable, total OPEB liability, termination benefits payable, net pension liability, drainage district warrants payable and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (21,409,207)

Net position of governmental activities (page 22) \$48,658,156

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, 2018

	General	Special Revenue			
		Mental Health	Rural Services	Secondary Roads	Public Health
<b>REVENUES:</b>					
Property and Other County Tax	\$12,740,877	\$1,351,068	\$2,716,300	\$0	\$0
Tax Increment Financing	0	0	0	0	0
Local Option Sales Tax	165,650	0	0	911,075	0
Interest and Penalty on Property Tax	152,884	0	0	0	0
Intergovernmental	3,125,320	699,012	123,806	4,083,889	2,236,567
Licenses and Permits	45,425	0	0	17,705	102,568
Charges For Service	1,153,442	1,544	0	0	403,217
Use of Money and Property	524,768	0	0	0	0
Fines, Forfeitures and Defaults	0	0	0	0	0
Miscellaneous	498,105	33,105	19	129,301	438,046
<b>Total Revenues</b>	<b>18,406,471</b>	<b>2,084,729</b>	<b>2,840,125</b>	<b>5,141,970</b>	<b>3,180,398</b>
<b>EXPENDITURES:</b>					
Operating:					
Public Safety and Legal Services	8,721,212	0	88,679	0	0
Physical Health and Social Services	655,637	0	0	0	4,902,126
Mental Health	0	2,329,891	0	0	0
County Environment and Education	873,197	0	61,538	0	0
Roads and Transportation	0	0	263,748	6,137,887	0
Governmental Services to Residents	1,234,851	0	2,530	0	0
Administration	3,267,925	0	0	0	0
Non-Program	0	0	0	0	0
Debt Service	0	0	0	0	0
Capital Projects	434,068	0	0	364,615	0
<b>Total Expenditures</b>	<b>15,186,890</b>	<b>2,329,891</b>	<b>416,495</b>	<b>6,502,502</b>	<b>4,902,126</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,219,581	(245,162)	2,423,630	(1,360,532)	(1,721,728)
Other Financing Sources (Uses):					
Sale of Capital Assets	38,375	0	0	0	8,766
Drainage Warrants Issued	0	0	0	0	0
Transfers In	14,353	0	0	2,400,000	1,731,071
Transfers Out	(1,731,071)	0	(2,400,000)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(1,678,343)</b>	<b>0</b>	<b>(2,400,000)</b>	<b>2,400,000</b>	<b>1,739,837</b>
Change in Fund Balances	1,541,238	(245,162)	23,630	1,039,468	18,109
Fund Balances Beginning of Year	7,862,045	495,837	955,100	3,070,979	1,207,808
Increase in Reserve For:					
Inventories	0	0	0	407,323	0
<b>Fund Balances End of Year</b>	<b>\$9,403,283</b>	<b>\$250,675</b>	<b>\$978,730</b>	<b>\$4,517,770</b>	<b>\$1,225,917</b>

See Notes To Financial Statements.

Debt Service	Capital Projects	Nonmajor	Total
\$883,816	\$0	\$0	\$17,692,061
0	0	46,163	46,163
0	0	579,775	1,656,500
0	0	0	152,884
72,611	0	19,057	10,360,262
0	0	0	165,698
0	0	566,739	2,124,942
293	0	12,766	537,827
0	0	60,961	60,961
0	0	91,668	1,190,244
956,720	0	1,377,129	33,987,542
0	0	162,766	8,972,657
0	0	79,727	5,637,490
0	0	0	2,329,891
0	0	499,905	1,434,640
0	0	0	6,401,635
0	0	1,624	1,239,005
0	0	68,434	3,336,359
0	0	360,759	360,759
974,628	0	25,214	999,842
0	402,047	0	1,200,730
974,628	402,047	1,198,429	31,913,008
(17,908)	(402,047)	178,700	2,074,534
0	0	0	47,141
0	0	273,246	273,246
0	0	0	4,145,424
0	0	(14,353)	(4,145,424)
0	0	258,893	320,387
(17,908)	(402,047)	437,593	2,394,921
54,601	402,980	2,224,623	16,273,973
0	0	0	407,323
\$36,693	\$933	\$2,662,216	\$19,076,217

# 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, 2018

Change in fund balances - Total governmental funds (page 31) \$2,394,921

### *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. Depreciation/amortization expense exceeded capital outlay expenditures and contributed capital assets in the current year, as follows:

Expenditures for Capital Assets	\$1,810,474	
Capital Assets Contributed by the Iowa Department of Transportation	425,395	
Depreciation/Amortization Expense	(3,685,344)	(1,449,475)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (36,189)

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	12,663	
Other	90,510	103,173

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	(273,246)	
Principal Payments	822,000	
Drainage Warrants Payments	81,664	630,418

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. 1,201,858

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	(47,697)	
Termination Benefits	27,720	
Pension	(1,808,150)	
OPEB Expense	(46,694)	
Interest on Long-Term Debt	1,357	(1,873,464)

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. 407,323

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. (70,627)

**Change in net position of governmental activities (page 24)** **\$1,307,938**

See Notes to Financial Statements.

# CERRO GORDO COUNTY, IOWA

## STATEMENT OF NET POSITION – PROPRIETARY FUNDS June 30, 2018

	Enterprise			
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Totals	Internal Service
<b>ASSETS</b>				
Current Assets:				
Cash, Cash Equivalents and Pooled Investments	\$41,404	\$73,312	\$114,716	\$2,114,760
Receivables:				
Accounts	0	0	0	2,163
Due From Other Governments	2,470	7,950	10,420	0
Total Current Assets	43,874	81,262	125,136	2,116,923
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	(732,075)	(736,612)	(1,468,687)	0
Total Non-Current Assets	847,451	452,805	1,300,256	0
<b>Total Assets</b>	<b>\$891,325</b>	<b>\$534,067</b>	<b>\$1,425,392</b>	<b>\$2,116,923</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$933	\$438	\$1,371	\$487,403
Note Payable:				
Portion Due Within One Year:				
Note Payable	7,160	7,033	14,193	0
Total Current Liabilities	8,093	7,471	15,564	487,403
Non-Current Liabilities:				
Portion Due After One Year:				
Note Payable	278,659	181,488	460,147	0
<b>Total Liabilities</b>	<b>286,752</b>	<b>188,959</b>	<b>475,711</b>	<b>487,403</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	561,632	264,284	825,916	0
Unrestricted	42,941	80,824	123,765	1,629,520
	<b>\$604,573</b>	<b>\$345,108</b>	<b>\$949,681</b>	<b>\$1,629,520</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, 2018

	Enterprise			
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Totals	Internal Service
<b>OPERATING REVENUES:</b>				
Interfund Services Provided	\$0	\$0	\$0	\$3,033,218
Employee Payments	0	0	0	183,808
Miscellaneous	31,151	30,652	61,803	90,920
<b>Total Operating Revenues</b>	<b>31,151</b>	<b>30,652</b>	<b>61,803</b>	<b>3,307,946</b>
<b>OPERATING EXPENSES:</b>				
Waste Water Treatment Facility:				
Depreciation	48,805	36,481	85,286	0
Miscellaneous	8,895	11,849	20,744	0
Health Insurance:				
Medical Claims	0	0	0	2,477,054
Insurance Premiums	0	0	0	456,309
Administrative Fees	0	0	0	221,042
Miscellaneous	0	0	0	1,404
Central Services:				
Telephone	0	0	0	17,008
Insurance	0	0	0	207,516
<b>Total Operating Expenses</b>	<b>57,700</b>	<b>48,330</b>	<b>106,030</b>	<b>3,380,333</b>
Operating Loss	(26,549)	(17,678)	(44,227)	(72,387)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest Income	45	70	115	1,760
Interest Expense	(13,170)	(8,786)	(21,956)	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(13,125)</b>	<b>(8,716)</b>	<b>(21,841)</b>	<b>1,760</b>
Net Loss	(39,674)	(26,394)	(66,068)	(70,627)
Net Position Beginning of Year	644,247	371,502	1,015,749	1,700,147
Net Position End of Year	\$604,573	\$345,108	\$949,681	\$1,629,520

See Notes To Financial Statements.

# CERRO GORDO COUNTY, IOWA

## STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS Year Ended June 30, 2018

	Meservey Wastewater Collection & Treatment Facility	Enterprise Swaledale Wastewater Collection & Treatment Facility	Totals	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$36,980	\$27,640	\$64,620	\$0
Cash Received from Operating Funds	0	0	0	3,033,218
Cash Received from Employees and Others	0	0	0	946,928
Cash Paid to Suppliers for Services	(8,316)	(11,596)	(19,912)	(3,719,784)
Net Cash Provided by Operating Activities	28,664	16,044	44,708	260,362
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Income	45	70	115	1,760
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Interest Expense	(13,170)	(8,786)	(21,956)	0
Note Payments	(6,851)	(6,730)	(13,581)	0
Net Cash Used in Capital and Related Financing Activities	(20,021)	(15,516)	(35,537)	0
Net Increase in Cash	8,688	598	9,286	262,122
Cash, Cash Equivalents and Pooled Investments – Beginning of Year	32,716	72,714	105,430	1,852,638
Cash, Cash Equivalents and Pooled Investments – End of Year	\$41,404	\$73,312	\$114,716	\$2,114,760
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating Loss	(\$26,549)	(\$17,678)	(\$44,227)	(\$72,387)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:				
Depreciation	48,805	36,481	85,286	0
(Increase) Decrease in Receivables	5,830	(3,012)	2,818	411,535
Increase (Decrease) in Payables	578	253	831	(78,786)
Net Cash Provided by Operating Activities	\$28,664	\$16,044	\$44,708	\$260,362

See Notes To Financial Statements.

# CERRO GORDO COUNTY, IOWA

## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS June 30, 2018

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### ASSETS

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

County Treasurer	\$3,769,407
Other County Officials	272,333

#### Receivables:

Property Tax:	
Delinquent	20,499
Succeeding Year	57,662,508

Accounts	36,005
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Assessments	1,015,993
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Due From Other Governments	211,121
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<b>Total Assets</b>	<b>\$62,987,866</b>
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### LIABILITIES

Accounts Payable	\$146,224
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Salaries and Benefits Payable	12,378
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Due To Other Governments	61,922,733
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Trusts Payable	883,644
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Compensated Absences	22,887
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<b>Total Liabilities</b>	<b>\$62,987,866</b>
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### NET POSITION

\$0

See Notes To Financial Statements.

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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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 interfund activity has been removed from these statements except for interfund services provided and used which are not eliminated in the process of consolidation. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

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

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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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 roads construction and maintenance.

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

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

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

Additionally, the County reports the following funds:

The Internal Service Funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The Central Services Fund accounts for the costs of the centralized service operation for the 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, 2018

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

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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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 judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

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

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

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



# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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

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

Property tax revenue recognized in these funds 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, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2017.

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

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

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2018, balances of interfund amounts receivable or payable have been recorded in the financial statements.

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

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

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

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	75,000
Equipment and vehicles	5,000

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### 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) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the County after the measurement date but before the end of the County's reporting period.

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

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

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2018. Any accrued compensated absences that are carried over must be taken in the following fiscal year or else be lost. The compensated absence liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Road Funds.

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

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

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

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

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable and tax increment financing receivable that will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

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

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

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

Assigned – Amounts the Board of Supervisors intend to use for specific purposes. In a resolution dated June 2011, the Board of Supervisors designated the County Auditor to make such determinations.

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

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

### E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2018, disbursements did not exceed amounts budgeted.

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

The County's deposits in banks at June 30, 2018 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, 2018, the County had the following investments:

Investment	Fair Value	Maturity
Federal Farm Credit Banks (FFCB)	\$245,780	November 2019
Federal Farm Credit Banks (FFCB)	242,893	October 2020
Federal National Mortgage Association (FNMA)	249,177	October 2018
Federal National Mortgage Association (FNMA)	244,133	May 2021
Federal Home Loan Banks (FHLB)	243,243	July 2020
Federal Home Loan Mortgage Company (FHLMC)	241,532	September 2022
	<u>\$1,466,758</u>	

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

The recurring fair value measurement for the FFCB securities of \$488,673, the FNMA securities of \$493,310, the FHLB securities of \$243,243 and the FHLMC securities of \$241,532 were determined using the last reported sales price at current exchange rates. (Level 1 inputs)

In addition, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$600,000 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

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

**Credit Risk** – The County does not have a policy relating to the credit risk of investments. The County's FFCB, FNMA, FHLB and FHLMC investments at June 30, 2018 are rated Aaa by Moody's Investors Service. The investments in the Iowa Public Agency Investment Trust is unrated.

**Concentration of Credit Risk** – The County places no limit on the amount which may be invested in any one issuer. More than 5% of the County's investments are in the Federal Farm Credit Banks, the Federal National Mortgage Association and the Federal Home Loan Banks. The County's investments in the Federal Farm Credit Banks, Federal National Mortgage Association and the Federal Home Loan Banks are 10.07%, 10.17% and 5.01%, respectively, of the County's total investments.

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS June 30, 2018

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

The detail of interfund receivables and payables at June 30, 2018, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue:	
	Mental Health	\$160
	Secondary Roads	95
Total		<u>\$255</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, 2018 is as follows:

Transfer To	Transfer From	Amount
General Fund	Special Revenue:	
	Tax Increment Financing	\$14,353
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Service	2,400,000
Public Health	General Fund	1,731,071
Total		<u>\$4,145,424</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, 2018

### Note 5: Capital Assets

Capital assets activity for the year ended June 30, 2018 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	1,739,424	1,022,663	1,779,447	982,640
Total capital assets not being depreciated/amortized	3,527,916	1,022,663	1,779,447	2,771,132
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	7,625,491	219,557	12,001	7,833,047
Vehicles	4,594,909	993,648	756,887	4,831,670
Intangibles	263,734	0	263,734	0
Infrastructure, road network	57,294,320	1,779,447	0	59,073,767
Total capital assets being depreciated/amortized	87,880,576	2,992,652	1,032,622	89,840,606
Less accumulated depreciation/amortization for:				
Buildings	5,155,202	335,983	0	5,491,185
Improvements other than buildings	497,849	8,883	0	506,732
Machinery and equipment	5,629,702	407,213	10,190	6,026,725
Vehicles	3,689,587	553,993	722,510	3,521,070
Intangibles	263,734	0	263,734	0
Infrastructure, road network	29,091,952	2,379,272	0	31,471,224
Total accumulated depreciation/amortization	44,328,026	3,685,344	996,434	47,016,936
Total capital assets being depreciated/amortized, net	43,552,550	(692,692)	36,188	42,823,670
Governmental activities capital assets, net	\$47,080,446	\$329,971	\$1,815,635	\$45,594,802

Depreciation/amortization expense was charged to the following functions:

#### Governmental Activities:

Public Safety and Legal Services	\$441,064
Physical Health and Social Services	11,879
County Environment and Education	40,454
Roads and Transportation	2,982,468
Governmental Services to Residents	47,743
Administration	161,736
Total depreciation/amortization expense – governmental activities	<u>\$3,685,344</u>

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### Note 5: Capital Assets (Continued)

Capital asset activity of the Enterprise Funds for the year ended June 30, 2018 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	1,383,401	85,286	0	1,468,687
Total capital assets being depreciated, net	1,323,242	(85,286)	0	1,237,956
Business-type activities capital assets, net	\$1,385,542	(\$85,286)	\$0	\$1,300,256

### 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, 2018 is as follows:

Fund	Description	Amount
General Fund	Services	\$4,225
Special Revenue:		
Rural Services		42
Secondary Roads		565
Public Health		153,123
Total Governmental Funds		\$157,955
Agency:	Collections	
County Assessor		\$1,027,216
City Assessor		811,779
Schools		30,058,721
Community Colleges		1,926,240
Corporations		24,074,488
City Special Assessments		979,778
Auto License and Use Tax		1,125,718
Clear Lake Sanitary District		447,955
E911 Operations		793,589
All Others		677,249
Total for Agency Funds		\$61,922,733



# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### Note 7: Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2018, is as follows:

Governmental Activities	Capital Loan	Compensated	Termination	
	Notes & Revenue Bonds	Absences	Benefits	
Balance – Beginning of Year, As Restated	\$8,067,250	\$1,015,576	\$248,820	
Increases	0	1,061,577	83,160	
Decreases	822,000	1,015,576	110,880	
Balance – End of Year	<u>\$7,245,250</u>	<u>\$1,061,577</u>	<u>\$221,100</u>	
Due within one year	<u>\$837,000</u>	<u>\$1,061,577</u>	<u>\$75,900</u>	
	Drainage Warrants	Net Pension Liability	Total OPEB Liability	Total
Balance – Beginning of Year, As Restated	\$288,454	\$8,858,084	\$2,179,313	\$20,657,497
Increases	273,246	1,282,360	231,497	2,931,840
Decreases	81,664	0	147,238	2,177,358
Balance – End of Year	<u>\$480,036</u>	<u>\$10,140,444</u>	<u>\$2,263,572</u>	<u>\$21,411,979</u>
Due within one year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,974,477</u>
Business Type Activities	Sewer Revenue Capital Loan Notes			
Balance – Beginning of Year	\$487,921			
Increases	0			
Decreases	13,581			
Balance – End of Year	<u>\$474,340</u>			
Due within one year	<u>\$14,193</u>			

### 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, 2018 general obligation indebtedness is as follows:

Year Ending June 30,	2012A \$9,365,000 Issue		
	Interest Rate	Principal	Interest
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	2.25%	880,000	90,163
2024-2026	2.40%-2.65%	2,775,000	144,300
		<u>\$7,010,000</u>	<u>\$767,972</u>

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### 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 2018 totaled \$22,000. Details of the outstanding bonds are as follows:

Year Ending June 30,	Interest Rate	2008 \$885,000 Issue	
		Principal	Interest
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	1.25%	23,500	1,809
2024-2028	1.25%	121,250	4,578
		<u>\$235,250</u>	<u>\$16,475</u>

### 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, 2018, the County has obligations to eleven participants with a total liability of \$221,100. Retirement benefits expenses for seventeen retirees for the year ended June 30, 2018 totaled \$110,880 and were paid from the General Fund, Public Health 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 Drainage Special Revenue Fund solely from special assessments against benefited properties.

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### Note 11: Operating Leases

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, 2018, these leases reached maturity and the County entered into operating lease agreements for two new vehicles for the Cerro Gordo County Public Health Department. During the fiscal year ended June 30, 2017, 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, 2018 is \$21,368. 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, 2018:

Year Ending June 30,	Vehicles
2019	\$22,401
2020	19,467
2021	2,319
Total	<u>\$44,187</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, 2018 is \$22,033. 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, 2018:

Year Ending June 30,	Copiers
2019	\$14,623
2020	8,593
2021	5,347
Total	<u>\$28,563</u>

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### 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
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	8,386	7,130	15,516
2024-2028	47,944	29,636	77,580
2029-2033	59,748	17,832	77,580
2034-2036	42,356	3,853	46,209
	<u>\$188,521</u>	<u>\$90,428</u>	<u>\$278,949</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
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	1,420	1,855	6,084	7,946	1,033	1,683	8,537	11,484
2024-2028	8,121	8,254	34,779	35,371	5,908	7,672	48,808	51,297
2029-2033	10,120	6,255	43,340	26,809	7,362	6,218	60,822	39,282
2034-2038	12,612	3,764	54,010	16,140	9,175	4,405	75,797	24,309
2039-2043	8,938	814	38,375	3,496	11,434	2,146	58,747	6,456
2044	0	0	0	0	2,478	111	2,478	111
	<u>\$46,308</u>	<u>\$28,945</u>	<u>\$198,413</u>	<u>\$124,057</u>	<u>\$41,098</u>	<u>\$29,391</u>	<u>\$285,819</u>	<u>\$182,393</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 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, 2018

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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 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 2018, 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 9.38% of covered payroll for a total rate of 18.76%. 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, 2018 were \$1,201,858.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the County reported a liability of \$10,140,444 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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, 2018

### Note 13: Pension Plan (Continued)

At June 30, 2017, the County's proportion was 0.1522300% which was an increase of 0.011476% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$1,808,150. At June 30, 2018, 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	\$126,131	\$136,982
Changes of Assumptions	2,138,335	16,964
Net Difference Between Projected and Actual Earnings on IPERS' Investments	0	136,574
Changes in Proportion and Differences Between County Contributions and the County's Proportionate Share of Contributions	381,945	12,758
County Contributions Subsequent to the Measurement Date	1,201,858	0
Total	<u>\$3,848,269</u>	<u>\$303,278</u>

\$1,201,858 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2019	\$355,928
2020	1,067,843
2021	682,222
2022	88,328
2023	148,812
Total	<u>\$2,343,133</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

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, 2018

### 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	24.00%	6.25%
International Equity	16.00	6.71
Core Plus Fixed Income	27.00	2.25
Public Credit	3.50	3.46
Public Real Assets	7.00	3.27
Cash	1.00	(0.31)
Private Equity	11.00	11.15
Private Real Assets	7.50	4.18
Private Credit	3.00	4.25
Total	100.00%	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's Proportionate Share of the Net Pension Liability	\$18,323,034	\$10,140,444	\$3,271,137

**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, 2018.



# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	17
Active Employees	219
Total	236

Total OPEB Liability – The County's total OPEB liability of \$2,263,572 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions – The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of Inflation (effective July 1, 2017)	2.75% per annum
Rate of Salary Increase (effective July 1, 2017)	0.00% per annum, including inflation
Discount Rate (effective July 1, 2017)	3.72% compounded annually, including inflation
Healthcare Cost Trend Rate (effective July 1, 2017)	6.00% initial rate

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

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

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

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

#### Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability Beginning of Year, As Restated	\$2,179,313
Changes for the Year:	
Service Cost	108,359
Interest	82,403
Differences Between Expected and Actual Experiences	40,735
Changes in Assumptions	0
Benefit Payments	(147,238)
Net Changes	84,259
Total OPEB Liability End of Year	\$2,263,572

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

	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB Liability	\$1,997,739	\$2,263,572	\$2,581,001

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Total OPEB Liability	\$2,482,147	\$2,263,572	\$2,068,575

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2018, the County recognized OPEB expense of \$46,694. At June 30, 2018, the County reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$37,565

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

Year Ending June 30,	Amount
2019	\$3,170
2020	3,170
2021	3,170
2022	3,170
2023	3,170
Thereafter	21,715
Total	\$37,565

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS June 30, 2018

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### 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 775 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, 2018 were \$241,042.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2018, no liability has been recorded in the County's financial statements. As of June 30, 2018, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### 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, 2018 was \$ 2,812,159.

Amounts payable from the Cerro Gordo County Health Insurance Fund at June 30, 2018 total \$487,403 which is for incurred but not reported (IBNR) claims and, reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. That reserve was \$1,624,671 at June 30, 2018 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
2017-2018	\$513,972	\$2,449,564	\$2,477,054	\$486,482

### 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, 2018 was \$30,546 and the cumulative rebated amount is \$179,181.

### 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, 2018, the County abated \$44,899 of property tax under the urban renewal and economic development projects.

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### Note 18: Tax Abatements (Continued)

#### Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2018 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Mason City	Urban renewal and economic Development projects	\$246,625
City of Clear Lake	Urban renewal and economic Development projects	\$122,182
City of Rockwell	Urban renewal and economic Development projects	\$743

### 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, 2018, 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.

### 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 Iowa Bridges and Culverts for a bridge replacement project. As of June 30, 2018, costs of \$18,265 have been incurred on the project. The County has also started construction of the Prairie Land Trail. As of June 30, 2018, costs of \$579,003 have been incurred on the project.

Through the Iowa Department of Transportation Farm to Market program, the County has entered into a contract with Iowa Bridge and Culvert totaling \$443,800 for a bridge replacement project and a contract with Heartland Asphalt totaling \$928,697 for a roadway construction project. As of June 30, 2018, costs of \$211,233 and \$174,139 respectively have been incurred on the projects. The balance remaining on the contracts will be paid as work on the project progresses.

# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### 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 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2018 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State Grants:			
Early Childhood	\$78,533	\$0	\$78,533
Quality Improvement	0	54,332	54,332
Allocation for Administration	4,133	13,223	17,356
Other Grant Programs	0	374,690	374,690
Total State Grants	82,666	442,245	524,911
Interest on Investments	26	136	162
Total Revenues	82,692	442,381	525,073
Expenditures:			
Program Services:			
Early Childhood	74,787	0	74,787
Quality Improvement	0	55,057	55,057
Other Program Services	0	329,511	329,511
Total Program Services	74,787	384,568	459,355
Administration	4,021	14,810	18,831
Total Expenditures	78,808	399,378	478,186
Net Change in Fund Balance	3,884	43,003	46,887
Fund Balance Beginning of Year	19,212	63,231	82,443
Fund Balance End of Year	\$23,096	\$106,234	\$129,330



# CERRO GORDO COUNTY, IOWA

## NOTES TO FINANCIAL STATEMENTS June 30, 2018

### 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 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, 2018 as follows:

Revenues:		
Property and Other County Tax		\$1,351,068
Intergovernmental Revenues:		
State Tax Credits	\$110,917	
Payments from Regional Fiscal Agent	588,095	699,012
Charges for Service		1,544
Miscellaneous		33,105
Total Revenues		<u>2,084,729</u>
Expenditures:		
Services to Persons With:		
Mental Illness		247,786
General Administration:		
Direct Administration	235,659	
Distribution to Regional Fiscal Agent	1,727,303	1,962,962
County Provided Case Management		119,143
Total Expenditures		<u>2,329,891</u>
Deficiency of Revenues Under Expenditures		(245,162)
Fund Balance – Beginning of Year		<u>495,837</u>
Fund Balance – End of Year		<u>\$250,675</u>

### Note 24: Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, Governmental Accounting Standards Board Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental Activities
Net Position June 30, 2017, as Previously Report	\$46,178,196
Net OPEB Obligation Measured Under Previous Standards	3,351,335
Total OPEB Liability at June 30, 2017	<u>(2,179,313)</u>
Net Position July 1, 2017, as Restated	<u>\$47,350,218</u>

### Note 25: Subsequent Events

Management has evaluated subsequent events through December 20, 2018, 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, 2018

	Actual	Less Funds Not Required To Be Budgeted	Net
<b>REVENUES:</b>			
Property and Other County Tax	\$19,394,724	\$0	\$19,394,724
Interest and Penalty on Property Tax	152,884	0	152,884
Intergovernmental	10,360,262	0	10,360,262
Licenses and Permits	165,698	0	165,698
Charges for Service	2,124,942	561,205	1,563,737
Use of Money and Property	537,827	116	537,711
Miscellaneous	1,251,205	0	1,251,205
<b>Total Revenues</b>	<b>33,987,542</b>	<b>561,321</b>	<b>33,426,221</b>
<b>EXPENDITURES:</b>			
Public Safety and Legal Services	8,972,657	0	8,972,657
Physical Health and Social Services	5,637,490	0	5,637,490
Mental Health	2,329,891	0	2,329,891
County Environment and Education	1,434,640	0	1,434,640
Roads and Transportation	5,994,312	0	5,994,312
Governmental Services to Residents	1,239,005	0	1,239,005
Administration	3,336,359	0	3,336,359
Non-Program	360,759	360,759	0
Debt Service	999,842	0	999,842
Capital Projects	1,200,730	0	1,200,730
<b>Total Expenditures</b>	<b>31,505,685</b>	<b>360,759</b>	<b>31,144,926</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,481,857	200,562	2,281,295
Other Financing Sources, Net	320,387	273,246	47,141
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,802,244	473,808	2,328,436
Balance Beginning of Year	16,273,973	83,042	16,190,931
Balance End of Year	<u>\$19,076,217</u>	<u>\$556,850</u>	<u>\$18,519,367</u>

See Accompanying Independent Auditor's Report.

Budgeted Amounts		Final to
Original	Final	Net Variance -
		Positive (Negative)
\$19,554,279	\$19,443,696	(\$48,972)
153,300	153,300	(416)
10,418,946	10,547,763	(187,501)
130,700	152,300	13,398
1,457,920	1,573,650	(9,913)
224,585	403,001	134,710
1,057,096	1,817,923	(566,718)
32,996,826	34,091,633	(665,412)
9,303,674	9,472,174	499,517
6,011,645	6,631,222	993,732
2,922,968	2,479,863	149,972
1,698,786	1,695,286	260,646
5,886,779	7,135,779	1,141,467
1,289,591	1,289,591	50,586
3,731,662	3,779,162	442,803
0	0	0
999,844	999,844	2
3,270,000	3,567,048	2,366,318
35,114,949	37,049,969	5,905,043
(2,118,123)	(2,958,336)	5,239,631
15,000	15,000	32,141
(2,103,123)	(2,943,336)	5,271,772
14,307,216	14,307,216	1,883,715
\$12,204,093	\$11,363,880	\$7,155,487

# CERRO GORDO COUNTY, IOWA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2018

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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, two budget amendments increased budgeted revenues and expenditures by \$1,094,807 and \$1,935,020 respectively. These budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2018, disbursements did not exceed the amounts budgeted.

# CERRO GORDO COUNTY, IOWA

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

June 30, 2018

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

\*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			
	2009	2010	2011	2012
Statutorily Required Contribution	\$ 732,243	\$ 794,797	\$ 869,139	\$ 1,056,889
Contributions in Relation to the Statutorily Required Contribution	(732,243)	(794,797)	(869,139)	(1,056,889)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
County's Covered Payroll	\$ 10,637,529	\$ 10,993,725	\$ 11,163,893	\$ 11,334,109
Contributions as a Percentage of Covered Payroll	6.88%	7.23%	7.79%	9.32%

See Accompanying Independent Auditor's Report.



Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 1,065,375	\$ 1,105,050	\$ 1,139,628	\$ 1,110,617	\$ 1,237,678	\$ 1,201,858
(1,065,375)	(1,105,050)	(1,139,628)	(1,110,617)	(1,237,678)	(1,201,858)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 11,247,738	\$ 11,356,394	\$ 11,763,018	\$ 12,150,989	\$ 13,596,109	\$ 13,238,498
9.47%	9.73%	9.69%	9.14%	9.10%	9.08%

# CERRO GORDO COUNTY, IOWA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY YEAR ENDED JUNE 30, 2018

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### Changes of Benefit Terms:

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

### Changes of Assumptions:

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

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

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

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

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

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

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES FOR THE CURRENT YEAR

### REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

	2018
Service Cost	\$ 108,359
Interest Cost	82,403
Difference Between Expected and Actual Experiences	40,735
Changes in Assumptions	0
Benefit Payments	(147,238)
Net Change in Total OPEB Liability	84,259
Total OPEB Liability Beginning of Year, As Restated	2,179,313
Total OPEB Liability End of Year	\$ 2,263,572
Covered-Employee Payroll	\$ 12,006,058
Total OPEB Liability as a Percentage of Covered-Employee Payroll	18.85%

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

##### Changes in Benefit Terms:

There were no significant changes in benefit terms.

##### Changes in Assumptions:

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

Year ended June 30, 2018      3.72%

See Accompanying Independent Auditor's Report.

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### **Supplementary Information**

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND Year ended June 30, 2018

### REVENUES:

Property and Other County Tax:		
Property Tax	\$12,176,867	
Local Option Sales Tax	165,650	
Utility Tax Replacement Excise Tax	555,369	
Other County Tax	8,641	\$12,906,527
Interest and Penalty on Property Tax		152,884
Intergovernmental:		
State Shared Revenues		23,142
State Tax Credits		1,045,502
State and Federal Pass-Thru Revenues:		
Child Support Recovery Incentives	502,632	
Human Services Administration Reimbursement	146,256	
Other	61,403	710,291
Contributions From Other Intergovernmental Units		943,563
State Grants and Entitlements		402,822
Licenses and Permits		45,425
Charges for Service:		
Office Fees and Collections:		
County Auditor	1,567	
County Recorder	280,630	
County Sheriff	143,233	
Auto License, Use Tax and Postage	432,998	
Miscellaneous	295,014	1,153,442
Use of Money and Property:		
Interest on Investments	338,265	
Easement	4,417	
Miscellaneous	182,086	524,768
Miscellaneous:		
Reimbursements	121,300	
Miscellaneous	376,805	498,105
<b>Total Revenues</b>		<b>18,406,471</b>

(Continued)

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND (Continued) Year Ended June 30, 2018

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### EXPENDITURES:

#### Operating:

Public Safety and Legal Services	\$8,721,212
Physical Health and Social Services	655,637
County Environment and Education	873,197
Governmental Services to Residents	1,234,851
Administration	3,267,925
Capital Projects	434,068
<b>Total Expenditures</b>	<u>15,186,890</u>

Excess of Revenues Over Expenditures	3,219,581
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#### Other Financing Sources (Uses):

Sale of Capital Assets	\$38,375	
Transfers In:		
Tax Increment Financing	14,353	
Transfers Out:		
Public Health	<u>(1,731,071)</u>	(1,678,343)

Change in Fund Balance	1,541,238
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Fund Balance Beginning of Year	7,862,045
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Fund Balance End of Year	<u><u>\$9,403,283</u></u>
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See Accompanying Independent Auditor's Report.



# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF EXPENDITURES – GENERAL FUND Year Ended June 30, 2018

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### Public Safety and Legal Services:

#### Law Enforcement:

Uniformed Patrol Services	\$1,609,018
Law Enforcement Communications	1,041,288
Adult Correctional Services	2,976,330
Administration	599,283
	<u>6,225,919</u>

#### Legal Services:

Criminal Prosecution	1,396,290
Medical Examinations	144,699
Child Support Recovery	490,926
	<u>2,031,915</u>

#### Emergency Services:

Emergency Management	60,518
Fire Protection and Rescue Services	21,000
	<u>81,518</u>

#### Assistance to District Court System:

Physical Operations	1,926
Research and Other Assistance	250
	<u>2,176</u>

#### Court Proceeding Program:

Juries and Witnesses	24,998
Detention Services	24,310
Court Costs	37,698
Service of Civil Papers	244,876
	<u>331,882</u>

#### Juvenile Justice Administration:

Juvenile Victim Restitution	41,036
Juvenile Representation Services	988
Court-Appointed Attorneys and Court Costs for Juveniles	5,778
	<u>47,802</u>

### Total Public Safety and Legal Services

\$8,721,212

(Continued)

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF EXPENDITURES – GENERAL FUND (Continued) Year Ended June 30, 2018

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### Physical Health and Social Services:

#### Services to the Poor:

Administration

\$344,471

General Welfare Services

29,615

374,086

#### Services to Military Veterans:

Administration

144,152

General Services to Veterans

18,627

162,779

#### Children's and Family Services:

Youth Guidance

101,147

#### Services to Other Adults:

Other Social Services

5,280

#### Chemical Dependency:

Treatment Services

60

Preventive Services

12,285

12,345

### Total Physical Health and Social Services

\$655,637

### County Environment and Education:

#### Conservation and Recreation Services:

Administration

\$493,307

Maintenance and Operations

258,236

751,543

#### Animal Control:

Animal Shelter

10,455

Animal Bounties and State Apiarist

200

10,655

#### County Development:

Land Use and Building Controls

110,999

### Total County Environment and Education

\$873,197

(Continued)

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF EXPENDITURES – GENERAL FUND (Continued) Year Ended June 30, 2018

### Governmental Services to Residents:

#### Representation Services:

Elections Administration	\$356,950
Local Elections	73,942
Township Officials	20
	<u>430,912</u>

#### State Administrative Services:

Motor Vehicle Registrations and Licensing	418,811
Recording of Public Documents	385,128
	<u>803,939</u>

#### Total Governmental Services to Residents

\$1,234,851

### Administration:

#### Policy and Administration:

General County Management	\$401,456
Administrative Management Services	566,631
Treasury Management Services	231,552
Other Policy and Administration	58,911
	<u>1,258,550</u>

#### Central Services:

General Services	536,257
Information Technology Services	1,156,607
GIS Systems	136,973
	<u>1,829,837</u>

#### Risk Management Services:

Tort Liability	7,500
Safety of Workplace	164,138
Fidelity of Public Officers	600
Unemployment Compensation	7,300
	<u>179,538</u>

#### Total Administration

\$3,267,925

### Capital Projects:

Other Capital Projects	\$434,068
------------------------	-----------

#### Total Expenditures

\$15,186,890

(Concluded)

See Accompanying Independent Auditor's Report.

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# CERRO GORDO COUNTY, IOWA

## COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS June 30, 2018

	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	\$151,964	\$39,123	\$22,108	\$407,893	\$104
Receivables:					
Property Tax:					
Succeeding Year Tax Increment Financing	0	0	0	0	0
Accounts	0	0	0	9,025	0
Accrued Interest	0	56	0	563	0
Special Assessments	0	0	0	0	0
Drainage Assessments	0	0	0	0	0
Due From Other Governments	0	0	6,625	0	0
<b>Total Assets</b>	<b>\$151,964</b>	<b>\$39,179</b>	<b>\$28,733</b>	<b>\$417,481</b>	<b>\$104</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$0	\$0	\$5,000	\$411	\$0
Salaries and Benefits Payable	0	0	0	468	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>879</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 Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fund Balances:					
Nonspendable	0	0	0	0	0
Restricted for:					
Drainage Warrants	0	0	0	0	0
Nature Center Endowment	0	0	0	126,590	0
Other Purposes	151,964	39,179	23,733	290,012	104
<b>Total Fund Balances</b>	<b>151,964</b>	<b>39,179</b>	<b>23,733</b>	<b>416,602</b>	<b>104</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$151,964</b>	<b>\$39,179</b>	<b>\$28,733</b>	<b>\$417,481</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
\$51,159	\$406,059	\$23,492	\$641,566	\$2,477	\$604,645	\$68,266
0	0	0	0	17,498	0	0
0	0	0	40	0	0	0
0	0	0	80	0	0	0
0	0	17,029	0	0	0	0
0	0	0	0	0	60,952	0
26,501	13,250	0	0	0	0	0
\$77,660	\$419,309	\$40,521	\$641,686	\$19,975	\$665,597	\$68,266
\$864	\$0	\$0	\$5,900	\$0	\$47,795	\$0
0	0	0	0	0	0	0
864	0	0	5,900	0	47,795	0
0	0	0	0	17,498	0	0
0	0	17,029	0	0	60,952	0
0	0	17,029	0	17,498	60,952	0
0	0	0	0	0	0	60,000
0	0	0	0	0	556,850	0
0	0	0	0	0	0	0
76,796	419,309	23,492	635,786	2,477	0	8,266
76,796	419,309	23,492	635,786	2,477	556,850	68,266
\$77,660	\$419,309	\$40,521	\$641,686	\$19,975	\$665,597	\$68,266

(Continued)

# CERRO GORDO COUNTY, IOWA

## COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (Continued)

June 30, 2018

	Sheriff Forfeiture	Attorney Forfeiture	Attorney Collections	Total
<b>ASSETS</b>				
Cash, Cash Equivalents and Pooled Investments	\$145,504	\$51,155	\$47,045	\$2,662,560
Receivables:				
Property Tax:				
Succeeding Year Tax Increment Financing	0	0	0	17,498
Accounts	0	541	3,463	13,069
Accrued Interest	0	0	0	699
Special Assessments	0	0	0	17,029
Drainage Assessments	0	0	0	60,952
Due From Other Governments	0	0	0	46,376
<b>Total Assets</b>	<b>\$145,504</b>	<b>\$51,696</b>	<b>\$50,508</b>	<b>\$2,818,183</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$50	\$0	\$0	\$60,020
Salaries and Benefits Payable	0	0	0	468
<b>Total Liabilities</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>60,488</b>
Deferred Inflows of Resources:				
Deferred Revenues:				
Succeeding Year Tax Increment Financing	0	0	0	17,498
Other	0	0	0	77,981
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>95,479</b>
Fund Balances:				
Nonspendable	0	0	0	60,000
Restricted for:				
Drainage Warrants	0	0	0	556,850
Nature Center Endowment	0	0	0	126,590
Other Purposes	145,454	51,696	50,508	1,918,776
<b>Total Fund Balances</b>	<b>145,454</b>	<b>51,696</b>	<b>50,508</b>	<b>2,662,216</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$145,504</b>	<b>\$51,696</b>	<b>\$50,508</b>	<b>\$2,818,183</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, 2018

	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	82,824	0	0
Intergovernmental	17,886	0	0	0	0
Charges For Service	0	5,514	0	0	0
Use of Money and Property	127	473	0	4,294	0
Fines, Forfeitures and Defaults	0	0	0	0	0
Miscellaneous	0	0	0	48,103	0
<b>Total Revenues</b>	<b>18,013</b>	<b>5,987</b>	<b>82,824</b>	<b>52,397</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	67,227	0	0
County Environment and Education	13,425	0	4,662	56,133	0
Governmental Services to Residents	0	1,624	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>13,425</b>	<b>1,624</b>	<b>81,889</b>	<b>56,133</b>	<b>0</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,588	4,363	935	(3,736)	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	 4,588	 4,363	 935	 (3,736)	 0
Fund Balances Beginning of Year	147,376	34,816	22,798	420,338	104
Fund Balances End of Year	\$151,964	\$39,179	\$23,733	\$416,602	\$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	\$46,163	\$0
331,301	165,650	0	0	0	0
0	0	0	0	1,171	0
0	0	0	0	0	561,205
0	0	0	6,867	21	116
0	0	0	0	0	0
0	0	9,288	200	0	0
331,301	165,650	9,288	7,067	47,355	561,321
90,000	0	0	0	0	0
12,500	0	0	0	0	0
279,745	87,714	7,307	20,373	30,546	0
0	0	0	0	0	0
58,434	0	0	0	0	0
0	0	0	0	0	360,759
25,214	0	0	0	0	0
465,893	87,714	7,307	20,373	30,546	360,759
(134,592)	77,936	1,981	(13,306)	16,809	200,562
0	0	0	0	0	273,246
0	0	0	0	(14,353)	0
0	0	0	0	(14,353)	273,246
(134,592)	77,936	1,981	(13,306)	2,456	473,808
211,388	341,373	21,511	649,092	21	83,042
\$76,796	\$419,309	\$23,492	\$635,786	\$2,477	\$556,850

(Continued)

# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (Continued) Year Ended June 30, 2018

	Strand Estate Grant	Sheriff Forfeiture	Attorney Forfeiture	Attorney Collections	Total
<b>REVENUES:</b>					
Tax Increment Financing	\$0	\$0	\$0	\$0	\$46,163
Local Option Sales Tax	0	0	0	0	579,775
Intergovernmental	0	0	0	0	19,057
Charges For Service	20	0	0	0	566,739
Use of Money and Property	868	0	0	0	12,766
Fines, Forfeitures and Defaults	0	57,489	3,472	0	60,961
Miscellaneous	0	0	0	34,077	91,668
<b>Total Revenues</b>	<b>888</b>	<b>57,489</b>	<b>3,472</b>	<b>34,077</b>	<b>1,377,129</b>
<b>EXPENDITURES:</b>					
Operating:					
Public Safety and Legal Services	0	61,215	935	10,616	162,766
Physical Health and Social Services	0	0	0	0	79,727
County Environment and Education	0	0	0	0	499,905
Governmental Services to Residents	0	0	0	0	1,624
Administration	0	0	0	0	68,434
Non-Program	0	0	0	0	360,759
Debt Service	0	0	0	0	25,214
<b>Total Expenditures</b>	<b>0</b>	<b>61,215</b>	<b>935</b>	<b>10,616</b>	<b>1,198,429</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	888	(3,726)	2,537	23,461	178,700
Other Financing Sources (Uses):					
Drainage Warrants Issued	0	0	0	0	273,246
Transfers Out	0	0	0	0	(14,353)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>258,893</b>
Change in Fund Balances	888	(3,726)	2,537	23,461	437,593
Fund Balances Beginning of Year	67,378	149,180	49,159	27,047	2,224,623
Fund Balances End of Year	\$68,266	\$145,454	\$51,696	\$50,508	\$2,662,216

(Concluded)

# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF NET POSITION – INTERNAL SERVICE FUNDS

June 30, 2018

	Central Services	Health Insurance	Total
<b>ASSETS</b>			
Cash, Cash Equivalents and Pooled Investments	\$4,142	\$2,110,618	\$2,114,760
Receivables:			
Accounts	707	1,456	2,163
<b>Total Assets</b>	<b>\$4,849</b>	<b>\$2,112,074</b>	<b>\$2,116,923</b>
<b>LIABILITIES</b>			
Accounts Payable	\$0	\$487,403	\$487,403
<b>Net Position</b>			
Unrestricted	<b>\$4,849</b>	<b>\$1,624,671</b>	<b>\$1,629,520</b>

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, 2018

	Central Services	Health Insurance	Total
<b>OPERATING REVENUES:</b>			
Interfund Services Provided	\$221,059	\$2,812,159	\$3,033,218
Employee Payments	0	183,808	183,808
Miscellaneous	13,448	77,472	90,920
<b>Total Operating Revenues</b>	<b>234,507</b>	<b>3,073,439</b>	<b>3,307,946</b>
<b>OPERATING EXPENSES:</b>			
Health Insurance:			
Medical Claims	0	2,477,054	2,477,054
Insurance Premiums	0	456,309	456,309
Administrative Fees	0	221,042	221,042
Miscellaneous	0	1,404	1,404
Central Services:			
Telephone	17,008	0	17,008
Insurance	207,516	0	207,516
<b>Total Operating Expenses</b>	<b>224,524</b>	<b>3,155,809</b>	<b>3,380,333</b>
Operating Income (Loss)	9,983	(82,370)	(72,387)
<b>NON-OPERATING REVENUES:</b>			
Interest Income	0	1,760	1,760
Net Income (Loss)	9,983	(80,610)	(70,627)
Net Position Beginning of Year	(5,134)	1,705,281	1,700,147
Net Position End of Year	<b>\$4,849</b>	<b>\$1,624,671</b>	<b>\$1,629,520</b>

See Accompanying Independent Auditor's Report.

# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF CASH FLOWS – INTERNAL SERVICE FUNDS Year Ended June 30, 2018

	Central Services	Health Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Operating Funds	\$221,059	\$2,812,159	\$3,033,218
Cash Received from Employees and Others	13,086	933,842	946,928
Cash Paid to Suppliers for Services	(238,987)	(3,480,797)	(3,719,784)
Net Cash Provided By (Used In) Operating Activities	(4,842)	265,204	260,362
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest Income	0	1,760	1,760
Net Increase (Decrease) in Cash	(4,842)	266,964	262,122
Cash, Cash Equivalents and Pooled Investments Beginning of Year	8,984	1,843,654	1,852,638
Cash, Cash Equivalents and Pooled Investments End of Year	\$4,142	\$2,110,618	\$2,114,760
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	\$9,983	(\$82,370)	(\$72,387)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:			
(Increase) Decrease in Receivables	(362)	411,897	411,535
Decrease in Payables	(14,463)	(64,323)	(78,786)
Net Cash Provided By (Used In) Operating Activities	(\$4,842)	\$265,204	\$260,362

See Accompanying Independent Auditor's Report.

# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS

June 30, 2018

	Elected Officials	Other	Total
<b>ASSETS</b>			
Cash, Cash Equivalents and Pooled Investments:			
County Treasurer	\$0	\$3,769,407	\$3,769,407
Other County Officials	272,333	0	272,333
Receivables:			
Property Tax:			
Delinquent	0	20,499	20,499
Succeeding Year	0	57,662,508	57,662,508
Accounts	523	35,482	36,005
Assessments	0	1,015,993	1,015,993
Due From Other Governments	0	211,121	211,121
<b>Total Assets</b>	<b>\$272,856</b>	<b>\$62,715,010</b>	<b>\$62,987,866</b>
<b>LIABILITIES</b>			
Accounts Payable	\$0	\$146,224	\$146,224
Salaries and Benefits Payable	0	12,378	12,378
Due to Other Governments	886	61,921,847	61,922,733
Trusts Payable	271,970	611,674	883,644
Compensated Absences	0	22,887	22,887
<b>Total Liabilities</b>	<b>\$272,856</b>	<b>\$62,715,010</b>	<b>\$62,987,866</b>

See Accompanying Independent Auditor's Report.



# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ELECTED OFFICIALS June 30, 2018

	Relief Representative Payee	Veterans Affairs	Recorder	Sheriff	Total
<b>ASSETS</b>					
Cash, Cash Equivalents and Pooled Investments:					
Other County Officials	\$213,777	\$1,003	\$363	\$57,190	\$272,333
Receivables:					
Accounts	0	0	523	0	523
<b>Total Assets</b>	<b>\$213,777</b>	<b>\$1,003</b>	<b>\$886</b>	<b>\$57,190</b>	<b>\$272,856</b>
<b>LIABILITIES</b>					
Due to Other Governments	\$0	\$0	\$886	\$0	\$886
Trusts Payable	213,777	1,003	0	57,190	271,970
<b>Total Liabilities</b>	<b>\$213,777</b>	<b>\$1,003</b>	<b>\$886</b>	<b>\$57,190</b>	<b>\$272,856</b>

See Accompanying Independent Auditor's Report.

# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS June 30, 2018

	Agricultural Extension Education	County Assessor	City Assessor	Schools
<b>ASSETS</b>				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$1,730	\$475,505	\$393,409	\$191,098
Receivables:				
Property Tax:				
Delinquent	72	34	230	8,904
Succeeding Year	273,138	576,551	432,661	29,858,719
Accounts	0	0	0	0
Assessments	0	0	0	0
Due From Other Governments	0	0	0	0
<b>Total Assets</b>	<b>\$274,940</b>	<b>\$1,052,090</b>	<b>\$826,300</b>	<b>\$30,058,721</b>
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$3,330	\$2,197	\$0
Salaries and Benefits Payable	0	6,006	4,975	0
Due to Other Governments	274,940	1,027,216	811,779	30,058,721
Trusts Payable	0	0	0	0
Compensated Absences	0	15,538	7,349	0
<b>Total Liabilities</b>	<b>\$274,940</b>	<b>\$1,052,090</b>	<b>\$826,300</b>	<b>\$30,058,721</b>

See Accompanying Independent Auditor's Report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
\$10,868	\$166,452	\$1,621	\$12,142	\$1,125,718	\$4,497
507	10,728	8	0	0	2
1,914,865	23,895,405	310,153	0	0	7,001
0	0	0	0	0	0
0	1,903	0	967,636	0	0
0	0	0	0	0	0
\$1,926,240	\$24,074,488	\$311,782	\$979,778	\$1,125,718	\$11,500
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
1,926,240	24,074,488	311,782	979,778	1,125,718	11,500
0	0	0	0	0	0
0	0	0	0	0	0
\$1,926,240	\$24,074,488	\$311,782	\$979,778	\$1,125,718	\$11,500

(Continued)

# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS (Continued) June 30, 2018

	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	\$39,826	\$7,472	\$3,311	\$507,140	\$676
Receivables:					
Property Tax:					
Delinquent	0	14	0	0	0
Succeeding Year	0	394,015	0	0	0
Accounts	0	0	0	0	0
Assessments	0	46,454	0	0	0
Due From Other Governments	36,095	0	0	0	0
<b>Total Assets</b>	<b>\$75,921</b>	<b>\$447,955</b>	<b>\$3,311</b>	<b>\$507,140</b>	<b>\$676</b>
<b>LIABILITIES</b>					
Accounts Payable	\$1,881	\$0	\$0	\$0	\$0
Salaries and Benefits Payable	1,397	0	0	0	0
Due to Other Governments	72,643	447,955	3,311	0	676
Trusts Payable	0	0	0	507,140	0
Compensated Absences	0	0	0	0	0
<b>Total Liabilities</b>	<b>\$75,921</b>	<b>\$447,955</b>	<b>\$3,311</b>	<b>\$507,140</b>	<b>\$676</b>

E911 Operations	Recorder's Transfer Fee	Pass Through Projects	Empowerment	Employee Benefits	Total
\$683,522	\$818	\$0	\$129,330	\$14,272	\$3,769,407
0	0	0	0	0	20,499
0	0	0	0	0	57,662,508
34,747	693	0	0	42	35,482
0	0	0	0	0	1,015,993
174,488	0	538	0	0	211,121
\$892,757	\$1,511	\$538	\$129,330	\$14,314	\$62,715,010

\$99,168	\$0	\$538	\$38,007	\$1,103	\$146,224
0	0	0	0	0	12,378
793,589	1,511	0	0	0	61,921,847
0	0	0	91,323	13,211	611,674
0	0	0	0	0	22,887
\$892,757	\$1,511	\$538	\$129,330	\$14,314	\$62,715,010

(Concluded)

# CERRO GORDO COUNTY, IOWA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS Year Ended June 30, 2018

	Elected Officials		
	Balance July 1, 2017	Additions	Balance June 30, 2018
<b>ASSETS</b>			
Cash, Cash Equivalents and Pooled Investments:			
Other County Officials	\$241,422	\$3,433,826	\$3,402,915
Receivables:			
Accounts	5,934	523	5,934
<b>Total Assets</b>	<b>\$247,356</b>	<b>\$3,434,349</b>	<b>\$3,408,849</b>
<b>LIABILITIES</b>			
Due to Other Governments	\$1,339	\$3,162,379	\$3,162,832
Trusts Payable	246,017	271,970	246,017
<b>Total Liabilities</b>	<b>\$247,356</b>	<b>\$3,434,349</b>	<b>\$3,408,849</b>

	Other Agency Funds		
	Balance July 1, 2017	Additions	Balance June 30, 2018
<b>ASSETS</b>			
Cash, Cash Equivalents and Pooled Investments:			
County Treasurer	\$3,958,415	\$19,990,577	\$20,179,585
Receivables:			
Property Tax:			
Delinquent	8,089	20,499	8,089
Succeeding Year	56,975,496	57,662,508	56,975,496
Accounts	29,478	35,482	29,478
Assessments	1,060,647	1,015,993	1,060,647
Due From Other Governments	140,517	211,121	140,517
<b>Total Assets</b>	<b>\$62,172,642</b>	<b>\$78,936,180</b>	<b>\$78,393,812</b>
<b>LIABILITIES</b>			
Accounts Payable	\$472,429	\$146,224	\$472,429
Salaries and Benefits Payable	13,323	12,378	13,323
Due to Other Governments	61,497,581	78,143,017	77,718,751
Trusts Payable	156,416	611,674	156,416
Compensated Absences	32,893	22,887	32,893
<b>Total Liabilities</b>	<b>\$62,172,642</b>	<b>\$78,936,180</b>	<b>\$78,393,812</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, 2018

	Relief Representative Payee	Veterans Affairs	Auditor	Recorder	Sheriff	Total
<b>ASSETS AND LIABILITIES</b>						
Balance Beginning of Year	\$152,931	\$1,001	\$0	\$1,339	\$92,085	\$247,356
Additions:						
Office Fees and Collections	0	0	1,567	779,086	742,889	1,523,542
Trusts	1,542,490	2	0	0	368,315	1,910,807
<b>Total Additions</b>	1,542,490	2	1,567	779,086	1,111,204	3,434,349
Deductions:						
Agency Remittances:						
To County Funds	0	0	1,567	280,630	143,233	425,430
To Other Governments	0	0	0	498,509	7,483	505,992
Trusts Paid Out	1,481,644	0	0	400	995,383	2,477,427
<b>Total Deductions</b>	1,481,644	0	1,567	779,539	1,146,099	3,408,849
Balance End of Year	\$213,777	\$1,003	\$0	\$886	\$57,190	\$272,856

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, 2018

	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
<b>ASSETS AND LIABILITIES</b>					
Balance Beginning of Year	\$274,655	\$1,470,937	\$1,218,202	\$29,606,652	\$1,725,315
Additions:					
Property and Other County Tax	276,664	609,312	412,505	30,063,976	1,936,699
911 Surcharge	0	0	0	0	0
State Tax Credits	22,651	40,737	74,325	2,564,405	142,294
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	52	127	0	0
<b>Total Additions</b>	<b>299,315</b>	<b>650,101</b>	<b>486,957</b>	<b>32,628,381</b>	<b>2,078,993</b>
Deductions:					
Agency Remittances:					
To Other Governments	299,030	1,068,948	878,859	32,176,312	1,878,068
Trusts Paid Out	0	0	0	0	0
<b>Total Deductions</b>	<b>299,030</b>	<b>1,068,948</b>	<b>878,859</b>	<b>32,176,312</b>	<b>1,878,068</b>
Balance End of Year	\$274,940	\$1,052,090	\$826,300	\$30,058,721	\$1,926,240

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
\$23,781,031	\$304,813	\$1,036,612	\$1,149,936	\$7,491	\$59,502	\$438,197
23,216,999	328,519	0	0	21,597	0	393,871
0	0	0	0	0	0	0
2,320,446	15,089	0	0	613	0	19,187
0	0	0	13,207,909	0	0	0
13,106	0	169,687	0	0	0	38,901
0	0	0	0	0	0	0
0	0	0	0	0	134,839	0
25,550,551	343,608	169,687	13,207,909	22,210	134,839	451,959
25,257,094	336,639	226,521	13,232,127	18,201	118,420	442,201
0	0	0	0	0	0	0
25,257,094	336,639	226,521	13,232,127	18,201	118,420	442,201
\$24,074,488	\$311,782	\$979,778	\$1,125,718	\$11,500	\$75,921	\$447,955

(Continued)

# CERRO GORDO COUNTY, IOWA

## COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS (Continued) Year Ended June 30, 2018

	County EMS Association	Advance Tax	Cash Long/Short	Tax Sale Redemption	E911 Operations
<b>ASSETS AND LIABILITIES</b>					
Balance Beginning of Year	\$3,311	\$117,864	\$700	\$0	\$834,945
Additions:					
Property and Other County Tax	0	0	0	0	0
911 Surcharge	0	0	0	0	400,884
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	389,276	0	735,071	0
Miscellaneous	0	0	0	0	144,443
<b>Total Additions</b>	0	389,276	0	735,071	545,327
Deductions:					
Agency Remittances:					
To Other Governments	0	0	24	0	487,515
Trusts Paid Out	0	0	0	735,071	0
<b>Total Deductions</b>	0	0	24	735,071	487,515
Balance End of Year	\$3,311	\$507,140	\$676	\$0	\$892,757

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Recorder's Transfer Fee	Pass Through Projects	Empowerment	Employee Benefits	Total
\$1,518	\$51,632	\$82,443	\$6,886	\$62,172,642
0	0	0	0	57,260,142
0	0	0	0	400,884
0	0	0	0	5,199,747
0	0	0	0	13,207,909
0	0	0	0	221,694
0	399,611	525,073	309,657	2,358,688
7,655	0	0	0	287,116
7,655	399,611	525,073	309,657	78,936,180
7,662	0	0	0	76,427,621
0	450,705	478,186	302,229	1,966,191
7,662	450,705	478,186	302,229	78,393,812
\$1,511	\$538	\$129,330	\$14,314	\$62,715,010

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# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF CAPITAL ASSETS BY FUNDING SOURCE

Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
<b>ASSETS</b>				
Land	\$ 1,788,492	\$ 0	\$ 0	\$ 1,788,492
Construction in Progress	1,739,424	1,022,663	1,779,447	982,640
Buildings	17,506,698	0	0	17,506,698
Improvements other than Buildings	595,424	0	0	595,424
Machinery and Equipment	7,625,491	219,557	12,001	7,833,047
Vehicles	4,594,909	993,648	756,887	4,831,670
Intangibles	263,734	0	263,734	0
Infrastructure, road network	57,294,320	1,779,447	0	59,073,767
	<u>\$ 91,408,492</u>	<u>\$ 4,015,315</u>	<u>\$ 2,812,069</u>	<u>\$ 92,611,738</u>

## FUNDING SOURCE

General Fund	\$ 6,513,566	\$ 695,592	\$ 299,475	\$ 6,909,683
Special Revenue Funds	70,559,628	3,224,955	2,506,029	71,278,554
Capital Project Fund	14,335,298	94,768	6,565	14,423,501
	<u>\$ 91,408,492</u>	<u>\$ 4,015,315</u>	<u>\$ 2,812,069</u>	<u>\$ 92,611,738</u>

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY AS OF JUNE 30, 2018

	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	579,003	490,292
County Development	0	0	0
<b>Total County Environment and Education</b>	<b>292,898</b>	<b>579,003</b>	<b>490,292</b>
Roads & Transportation:			
Secondary Roads Administration and Engineering	0	0	325,259
Roadway Maintenance	0	403,637	0
General Roadway Expenditures	0	0	266,661
<b>Total Roads &amp; Transportation</b>	<b>0</b>	<b>403,637</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>\$ 982,640</b>	<b>\$ 17,506,698</b>

Improvements other than Buildings	Machinery and Equipment	Vehicles	Intangibles	Infrastructure, road network	Total
\$ 35,379	\$ 532,105	\$ 751,885	\$ 0	\$ 0	\$ 14,592,978
0	10,925	0	0	0	100,945
35,379	543,030	751,885	0	0	14,693,923
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	234,489	0	0	1,996,953
0	5,157	10,641	0	0	15,798
132,939	272,489	245,130	0	0	2,012,751
31,151	88,868	22,854	0	0	468,132
0	106,537	136,313	0	59,073,767	59,720,254
0	5,295,555	3,657,451	0	0	9,219,667
31,151	5,490,960	3,816,618	0	59,073,767	69,408,053
0	255,013	0	0	0	255,013
0	36,943	0	0	0	36,943
0	291,956	0	0	0	291,956
0	41,653	0	0	0	458,845
395,955	905,997	5,000	0	0	5,446,211
395,955	947,650	5,000	0	0	5,905,056
\$ 595,424	\$ 7,833,047	\$ 4,831,670	\$ 0	\$ 59,073,767	\$ 92,611,738

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY

Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Public Safety and Legal Services				
Law Enforcement	\$ 14,481,006	\$ 267,784	\$ 155,812	\$ 14,592,978
Legal Services	100,945	0	0	100,945
<b>Total Public Safety and Legal Services</b>	<b>14,581,951</b>	<b>267,784</b>	<b>155,812</b>	<b>14,693,923</b>
Physical Health and Social Services:				
Physical Health Services	278,966	0	0	278,966
Services to Poor	7,996	0	0	7,996
<b>Total Physical Health and Social Services</b>	<b>286,962</b>	<b>0</b>	<b>0</b>	<b>286,962</b>
Mental Health, MR & DD:				
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>
County Environment and Education:				
Conservation and Recreation Services	1,419,997	616,796	39,840	1,996,953
County Development	15,798	0	0	15,798
<b>Total County Environment and Education</b>	<b>1,435,795</b>	<b>616,796</b>	<b>39,840</b>	<b>2,012,751</b>
Roads & Transportation:				
Secondary Roads Administration & Engineering	468,132	0	0	468,132
Roadway Maintenance	59,282,394	2,223,107	1,785,247	59,720,254
General Roadway Expenditures	8,996,065	791,038	567,436	9,219,667
<b>Total Roads &amp; Transportation</b>	<b>68,746,591</b>	<b>3,014,145</b>	<b>2,352,683</b>	<b>69,408,053</b>
Government Services to Residents:				
Representation Services	307,499	45,300	97,786	255,013
State Administration Services	36,943	0	0	36,943
<b>Total Government Services to Residents</b>	<b>344,442</b>	<b>45,300</b>	<b>97,786</b>	<b>291,956</b>
Administration:				
Policy and Administration	458,845	0	0	458,845
Central Services	5,540,869	71,290	165,948	5,446,211
<b>Total Administration</b>	<b>5,999,714</b>	<b>71,290</b>	<b>165,948</b>	<b>5,905,056</b>
<b>Total Capital Assets</b>	<b>\$ 91,408,492</b>	<b>\$ 4,015,315</b>	<b>\$ 2,812,069</b>	<b>\$ 92,611,738</b>



## STATISTICAL SECTION

# CERRO GORDO COUNTY, IOWA

## STATISTICAL SECTION

June 30, 2018

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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.	100-109
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	110-119
<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.	120-124
<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.	125-126
<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.	127-132

# CERRO GORDO COUNTY, IOWA

## NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
Government activities:				
Invested in capital assets, net of related debt	\$ 28,174,721	\$ 29,988,315	\$ 30,961,033	\$ 31,446,880
Restricted	8,449,567	7,113,380	7,714,036	5,912,520
Unrestricted	5,136,789	5,173,073	4,918,867	4,179,261
Total government activities net position	<u>\$ 41,761,077</u>	<u>\$ 42,274,768</u>	<u>\$ 43,593,936</u>	<u>\$ 41,538,661</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 1,490,330	\$ 1,414,592	\$ 1,339,288	\$ 1,264,433
Restricted	0	0	0	0
Unrestricted	83,268	92,301	95,914	100,842
Total business-type activities net position	<u>\$ 1,573,598</u>	<u>\$ 1,506,893</u>	<u>\$ 1,435,202</u>	<u>\$ 1,365,275</u>
Primary Government:				
Invested in capital assets, net of related debt	\$ 29,665,051	\$ 31,402,907	\$ 32,300,321	\$ 32,711,313
Restricted	8,449,567	7,113,380	7,714,036	5,912,520
Unrestricted	5,220,057	5,265,374	5,014,781	4,280,103
Total primary government net position	<u>\$ 43,334,675</u>	<u>\$ 43,781,661</u>	<u>\$ 45,029,138</u>	<u>\$ 42,903,936</u>

Source: County Records

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 33,106,986	\$ 34,748,299	\$ 34,084,193	\$ 33,383,175	\$ 39,672,513	\$ 38,584,802
5,221,592	6,340,085	6,172,763	8,472,965	6,883,575	9,028,748
4,531,042	3,918,057	(1,915,362)	(680,073)	(377,892)	1,044,606
\$ 42,859,620	\$ 45,006,441	\$ 38,341,594	\$ 41,176,067	\$ 46,178,196	\$ 48,658,156
\$ 1,189,440	\$ 1,116,146	\$ 1,042,761	\$ 969,910	\$ 897,621	\$ 825,916
0	0	0	0	0	0
113,468	116,805	122,953	116,749	118,128	123,765
\$ 1,302,908	\$ 1,232,951	\$ 1,165,714	\$ 1,086,659	\$ 1,015,749	\$ 949,681
\$ 34,296,426	\$ 35,864,445	\$ 35,126,954	\$ 34,353,085	\$ 40,570,134	\$ 39,410,718
5,221,592	6,340,085	6,172,763	8,472,965	6,883,575	9,028,748
4,644,510	4,034,862	(1,792,409)	(563,324)	(259,764)	1,168,371
\$ 44,162,528	\$ 46,239,392	\$ 39,507,308	\$ 42,262,726	\$ 47,193,945	\$ 49,607,837

# CERRO GORDO COUNTY, IOWA

## CHANGES IN NET POSITION

### Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
Expenses:				
Government activities:				
Public safety and legal services	\$ 7,202,831	\$ 7,269,875	\$ 7,580,694	\$ 7,841,364
Physical health and social services	5,111,164	4,726,961	5,289,561	4,816,751
Mental health	5,813,641	5,943,074	660,626	3,805,315
County environment and education	1,676,138	1,329,604	1,171,665	1,267,463
Roads and transportation	6,534,326	7,061,925	6,838,237	6,906,435
Government services to residents	1,019,291	969,501	1,117,534	1,118,476
Administration or general government	2,166,888	2,920,542	2,482,454	2,697,211
Non-program	916,010	2,399,569	240,487	217,755
Interest on long-term debt	535,303	513,578	515,350	799,924
Total governmental activities expenses	30,975,592	33,134,629	25,896,608	29,470,694
Business-type activities:				
Wastewater collection and treatment	140,356	133,970	137,781	136,701
Total government expenses	\$ 31,115,948	\$ 33,268,599	\$ 26,034,389	\$ 29,607,395
Program Revenues:				
Government activities:				
Charges for services:				
Public safety and legal services	\$ 893,693	\$ 921,982	\$ 924,425	\$ 949,400
Physical health and social services	574,979	649,560	413,120	375,956
Mental health	548,039	557,386	43,112	0
County environment and education	90,782	78,204	80,193	86,241
Roads and Transportation	57,906	58,176	53,251	19,285
Government services to residents	641,497	694,326	674,094	728,588
Administration or general government	253,284	187,016	176,074	208,308
Non-program	153,355	228,208	182,654	204,314
Operating grants and contributions	9,992,973	7,396,827	6,339,798	5,735,343
Capital grants and contributions	3,974,119	5,371,687	429,002	937,276
revenues	17,180,627	16,143,372	9,315,723	9,244,711
Business-type activities:				
Charges for services:				
Wastewater collection and treatment	73,802	67,217	66,040	66,716
revenues	73,802	67,217	66,040	66,716
Total government program revenues	\$ 17,254,429	\$ 16,210,589	\$ 9,381,763	\$ 9,311,427

Source: County Records

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 8,030,019	\$ 8,402,604	\$ 7,916,626	\$ 8,291,562	\$ 8,702,477	\$ 9,857,325
4,932,071	5,066,738	4,915,152	5,052,470	4,825,144	5,815,911
2,371,135	2,030,635	2,548,983	1,842,523	2,702,145	2,358,002
1,152,679	1,917,261	1,164,838	1,245,636	1,388,699	1,311,611
6,732,570	7,167,177	7,098,406	7,836,177	7,943,799	8,620,455
1,118,470	1,117,636	1,239,392	1,206,907	1,197,544	1,269,761
2,924,656	2,771,301	3,295,671	3,053,373	3,423,941	3,527,669
204,592	283,087	342,098	280,242	501,760	475,269
426,969	415,531	390,401	216,513	196,721	176,485
27,893,161	29,171,970	28,911,567	29,025,403	30,882,230	33,412,488
129,405	134,236	130,172	163,218	134,762	127,986
\$ 28,022,566	\$ 29,306,206	\$ 29,041,739	\$ 29,188,621	\$ 31,016,992	\$ 33,540,474
\$ 1,035,154	\$ 1,011,057	\$ 1,105,818	\$ 1,054,368	\$ 1,043,633	\$ 1,214,194
363,339	430,535	413,983	479,945	508,409	505,791
26	0	102,868	228,722	892,871	601,682
80,471	195,454	156,790	100,589	91,241	96,795
61,890	30,591	36,305	68,131	52,193	80,695
714,053	827,250	727,195	834,257	829,853	836,829
181,257	375,668	78,154	152,164	157,447	161,024
173,985	233,391	229,409	754,916	461,111	802,862
5,855,315	6,290,644	6,299,549	6,310,156	6,657,110	7,058,689
1,651,919	2,152,813	198,500	572,773	3,799,988	817,787
10,117,409	11,547,403	9,348,571	10,556,021	14,493,856	12,176,348
66,979	64,219	62,871	84,097	63,790	61,803
66,979	64,219	62,871	84,097	63,790	61,803
\$ 10,184,388	\$ 11,611,622	\$ 9,411,442	\$ 10,640,118	\$ 14,557,646	\$ 12,238,151

(Continued)

# CERRO GORDO COUNTY, IOWA

## CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
Net (Expense)/Revenue:				
Governmental activities	\$ (13,794,965)	\$ (16,991,257)	\$ (16,580,885)	\$ (20,225,983)
Business-type activities	(66,554)	(66,753)	(71,741)	(69,985)
Total government net expense	\$ (13,861,519)	\$ (17,058,010)	\$ (16,652,626)	\$ (20,295,968)
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Property and other county tax levied for:				
General purposes	\$ 12,881,530	\$ 13,373,304	\$ 13,558,781	\$ 14,012,037
Debt service	952,133	951,217	950,610	936,277
Penalty and interest on property tax	166,230	174,381	161,757	163,122
State tax credits, unrestricted	457,716	443,450	408,057	420,545
Local option sales and service tax	1,539,950	1,424,656	1,650,341	1,682,466
Tax Increment Financing	0	0	0	0
Grants & contribution not restricted to specific purpose	0	0	0	0
Unrestricted investment earnings	282,175	134,595	110,664	88,847
Gain/(Loss) on Disposal of Capital Assets	(19,063)	(582,918)	(16,798)	(34,141)
Miscellaneous	966,031	1,464,133	1,076,641	952,897
Total governmental activities	17,226,702	17,382,818	17,900,053	18,222,050
Business-type activities:				
Unrestricted Investment Earnings	0	48	50	58
Total business-type activities	\$ 0	\$ 48	\$ 50	\$ 58
Total government	\$ 17,226,702	\$ 17,382,866	\$ 17,900,103	\$ 18,222,108
Change in Net Position:				
Governmental activities	\$ 3,431,737	\$ 391,561	\$ 1,319,168	\$ (2,003,933)
Business-type activities	(66,554)	(66,705)	(71,691)	(69,927)
Total government program revenues	\$ 3,365,183	\$ 324,856	\$ 1,247,477	\$ (2,073,860)

Source: County Records

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (17,775,752)	\$ (17,624,567)	\$ (19,562,996)	\$ (18,469,382)	\$ (16,388,374)	\$ (21,236,140)
(62,426)	(70,017)	(67,301)	(79,121)	(70,972)	(66,183)
\$ (17,838,178)	\$ (17,694,584)	\$ (19,630,297)	\$ (18,548,503)	\$ (16,459,346)	\$ (21,302,323)

\$ 14,527,567	\$ 15,474,761	\$ 15,286,100	\$ 15,156,934	\$ 15,581,470	\$ 16,821,409
936,215	932,567	951,463	1,319,663	1,297,542	883,310
153,414	152,169	158,706	148,127	145,759	152,884
466,927	565,129	887,296	1,264,653	1,322,146	1,353,157
1,584,772	1,505,343	1,748,080	1,803,331	1,732,131	1,656,500
0	8,912	2,960	58,781	70,511	46,163
0	0	0	0	0	0
48,577	42,439	46,530	70,713	124,604	341,324
(13,888)	(10,724)	(14,457)	(48,337)	(27,607)	10,952
1,393,127	1,100,792	2,296,860	1,529,990	1,143,947	1,278,379
19,096,711	19,771,388	21,363,538	21,303,855	21,390,503	22,544,078

59	60	64	66	62	115
\$ 59	\$ 60	\$ 64	\$ 66	\$ 62	\$ 115
\$ 19,096,770	\$ 19,771,448	\$ 21,363,602	\$ 21,303,921	\$ 21,390,565	\$ 22,544,193

\$ 1,320,959	\$ 2,146,821	\$ 1,800,542	\$ 2,834,473	\$ 5,002,129	\$ 1,307,938
(62,367)	(69,957)	(67,237)	(79,055)	(70,910)	(66,068)
\$ 1,258,592	\$ 2,076,864	\$ 1,733,305	\$ 2,755,418	\$ 4,931,219	\$ 1,241,870

(Concluded)



# CERRO GORDO COUNTY, IOWA

## FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified accrual accounting)

(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Nonspendable	\$ \$0	\$ \$0	\$ \$0	\$ \$0
Restricted	792,804	1,062,596	591,110	162,622
Committed	0	0	0	0
Assigned	885,085	1,026,793	1,296,116	1,208,277
Unassigned	4,285,163	4,207,065	4,550,586	4,976,088
Total General Fund	\$ \$5,963,052	\$ \$6,296,454	\$ \$6,437,812	\$ \$6,346,987
All Other Governmental Funds				
Nonspendable	\$ \$1,062,380	\$ \$1,203,806	\$ \$1,384,730	\$ \$1,273,866
Restricted	6,105,723	5,200,556	5,812,740	4,168,577
Committed	0	0	0	0
Assigned	721,725	893,266	871,341	704,823
Unassigned	0	(20,262)	0	0
Total all other governmental funds	\$ \$7,889,828	\$ \$7,277,366	\$ \$8,068,811	\$ \$6,147,266
Total Fund Balance All Governmental Funds	\$ \$13,852,880	\$ \$13,573,820	\$ \$14,506,623	\$ \$12,494,253

Source: County Records

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ \$0	\$ \$0	\$ \$0	\$ \$0	\$ \$0	\$ \$0
48,546	185,143	250,958	525,160	589,757	1,433,742
0	0	0	0	0	0
1,267,562	1,086,036	1,102,657	1,162,680	1,178,685	1,148,367
5,295,536	6,143,872	6,473,260	6,322,435	6,093,603	6,821,174
\$ \$6,611,644	\$ \$7,415,051	\$ \$7,826,875	\$ \$8,010,275	\$ \$7,862,045	\$ \$9,403,283
\$ \$1,097,904	\$ \$888,073	\$ \$1,241,840	\$ \$1,262,595	\$ \$834,101	\$ \$1,241,424
4,407,104	4,691,776	5,500,449	7,516,391	6,370,019	7,205,593
0	0	0	0	0	0
774,065	954,307	1,103,221	1,286,680	1,207,808	1,225,917
0	0	0	0	0	0
\$ \$6,279,073	\$ \$6,534,156	\$ \$7,845,510	\$ \$10,065,666	\$ \$8,411,928	\$ \$9,672,934
\$ \$12,890,717	\$ \$13,949,207	\$ \$15,672,385	\$ \$18,075,941	\$ \$16,273,973	\$ \$19,076,217

# CERRO GORDO COUNTY, IOWA

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified accrual accounting)

(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
Revenues:				
Property and Other County Tax	\$ 15,367,915	\$ 15,746,255	\$ 16,151,502	\$ 16,630,974
Interest and Penalty on Property Tax	166,230	174,381	161,757	163,122
Intergovernmental	12,986,761	12,253,236	7,827,411	7,295,931
Licenses and Permits	397,960	413,794	126,934	125,044
Charges for Services	1,173,034	1,248,757	1,391,135	1,332,932
Use of Money and Property	439,098	311,405	277,433	283,542
Miscellaneous	942,716	1,476,175	933,810	948,232
Total Revenues	31,473,714	31,624,003	26,869,982	26,779,777
Expenditures:				
Public Safety and Legal Services	6,769,038	6,826,705	7,095,863	7,500,849
Physical Health and Social Services	5,150,211	4,656,497	5,095,095	4,639,871
Mental Health	5,802,641	5,941,119	676,241	3,793,476
County Environment and Education	1,661,836	1,302,316	1,181,451	1,233,631
Roads and Transportation	5,079,324	5,340,158	4,963,655	5,066,973
Government Services to Residents	939,846	970,387	988,933	1,052,040
Administrative Services	2,187,056	2,886,708	2,355,944	2,485,101
Non-Program	276,787	167,932	114,044	84,682
Debt Service				
Principal	964,252	861,763	2,541,936	9,607,704
Interest	528,766	517,357	519,010	804,707
Capital Projects	1,224,944	3,022,467	2,628,619	1,769,644
Total Expenditures	30,584,701	32,493,409	28,160,791	38,038,678
Excess (Deficiency) of Revenues Over (Under) Expenditures	889,013	(869,406)	(1,290,809)	(11,258,901)
Other Financing Sources (Uses):				
Proceeds from the sale of capital assets	60,525	214,204	7,714	12,000
Transfers in	2,738,466	2,860,798	3,227,450	3,241,067
Transfers out	(2,738,466)	(2,860,798)	(3,227,450)	(3,241,067)
Issuance of drainage warrants	18,985	45,287	34,974	31,737
Issuance of general obligation capital loan notes	0	0	0	0
Issuance of crossover refunding capital loan notes	0	0	2,000,000	9,365,000
Issuance of capital lease purchase agreement	199,413	20,679	0	0
Issuance of LOSST revenue bonds	300,000	168,750	0	0
Issuance of installment purchase contracts	642,841	0	0	0
Total other financing sources (uses)	1,221,764	448,920	2,042,688	9,408,737
Net change in fund balances	\$ 2,110,777	\$ (420,486)	\$ 751,879	\$ (1,850,164)
Debt service as % of noncapital expenditures	5.09%	4.39%	12.22%	29.22%

Source: County Records

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 17,057,026	\$ 17,918,503	\$ 17,987,366	\$ 18,334,856	\$ 18,674,759	\$ 19,394,724
153,414	152,169	158,706	148,127	145,759	152,884
7,144,890	7,961,602	8,278,038	8,703,780	9,802,673	10,360,262
120,712	220,980	154,958	133,989	167,887	165,698
1,304,748	1,422,442	1,402,231	1,710,171	1,645,611	2,124,942
250,226	495,212	188,814	273,850	300,827	537,827
1,313,451	1,061,874	2,364,995	1,352,813	1,164,216	1,251,205
27,344,467	29,232,782	30,535,108	30,657,586	31,901,732	33,987,542
7,577,137	7,962,487	8,184,564	8,389,453	8,712,033	8,972,657
4,845,164	4,914,277	5,110,132	5,098,205	5,005,487	5,637,490
2,361,533	2,018,171	2,561,090	1,848,842	2,744,081	2,329,891
1,106,735	1,851,989	1,275,293	1,249,483	1,360,421	1,434,640
4,417,491	5,500,566	5,618,674	5,837,654	5,665,460	6,401,635
1,048,894	1,077,312	1,461,109	1,203,391	1,220,779	1,239,005
2,580,211	2,659,540	2,995,191	3,048,671	3,379,361	3,336,359
27,405	95,989	189,518	293,382	364,685	360,759
564,368	575,238	622,246	1,216,500	1,231,500	822,000
427,889	416,469	404,889	219,199	198,423	177,842
1,850,331	978,252	1,762,502	19,424	3,632,991	1,200,730
26,807,158	28,050,290	30,185,208	28,424,204	33,515,221	31,913,008
537,309	1,182,492	349,900	2,233,382	(1,613,489)	2,074,534
24,266	29,016	24,321	48,994	21,800	47,141
3,352,612	3,354,612	3,467,670	3,666,959	4,513,322	4,145,424
(3,352,612)	(3,354,612)	(3,467,670)	(3,666,959)	(4,513,322)	(4,145,424)
10,851	56,813	145,190	100,425	218,215	273,246
0	0	850,000	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
35,117	85,829	1,019,511	149,419	240,015	320,387
\$ 572,426	\$ 1,268,321	\$ 1,369,411	\$ 2,382,801	\$ (1,373,474)	\$ 2,394,921
4.05%	3.81%	3.71%	5.17%	4.95%	3.32%

# CERRO GORDO COUNTY, IOWA

## PROGRAM REVENUES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
Government Activities:				
Public Safety and Legal Services	\$ 1,536,881	\$ 1,561,615	\$ 1,589,118	\$ 1,548,358
Physical Health and Social Services	2,917,504	2,975,874	2,915,052	2,394,545
Mental Health	4,571,818	2,032,435	49,943	0
County Environment and Education	586,783	128,474	121,681	137,477
Roads and Transportation	6,323,786	6,188,066	3,596,827	3,840,156
Government Services to Residents	642,216	694,771	674,408	728,731
Administrative Services	448,284	187,016	186,040	391,130
Non-Program	153,355	2,375,121	182,654	204,314
Total Governmental Activities Program Revenues	17,180,627	16,143,372	9,315,723	9,244,711
Business-Type Activities:				
Wastewater Collection and Treatment	73,802	67,217	66,040	66,716
Total Business-Type Activities Program Revenues	73,802	67,217	66,040	66,716
Total Government Program Revenues	\$ 17,254,429	\$ 16,210,589	\$ 9,381,763	\$ 9,311,427

Source: County Records

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 1,626,138	\$ 1,591,878	\$ 1,659,477	\$ 1,609,729	\$ 1,598,134	\$ 1,802,257
2,490,087	2,938,155	2,702,555	2,164,079	2,252,275	2,922,674
26	0	102,868	228,722	892,871	601,682
98,434	219,358	231,295	171,028	131,497	515,630
4,792,027	5,314,851	3,617,560	4,641,083	8,170,537	4,532,917
714,103	827,302	727,253	834,300	829,984	837,302
222,609	422,468	78,154	152,164	157,447	161,024
173,985	233,391	229,409	754,916	461,111	802,862
10,117,409	11,547,403	9,348,571	10,556,021	14,493,856	12,176,348
66,979	64,219	62,871	84,097	63,790	61,803
66,979	64,219	62,871	84,097	63,790	61,803
\$ 10,184,388	\$ 11,611,622	\$ 9,411,442	\$ 10,640,118	\$ 14,557,646	\$ 12,238,151

# 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				(3) Multi- Residential Property
	Residential Property	Commercial Property	Industrial Property	Agricultural Property	
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
2018	2,450,688,240	539,441,999	133,133,193	680,442,561	57,083,686

Fiscal Year Ended June 30	Taxable Value of Property				(3) Multi- Residential Property
	Residential Property	Commercial Property	Industrial Property	Agricultural Property	
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
2018	1,367,806,683	482,106,807	119,678,443	322,888,292	43,619,871

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

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**Assessed Value and Actual Value of Taxable Property**

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TIF Increment	(2) Other Property	Total Assessed Value	Less: Military Tax-Exempt Property	Net Assessed Value
\$ 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
108,332,110	984,657,464	4,953,779,253	4,948,598	4,948,830,655

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**Taxable Value of Property**

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TIF Increment	(2) Other Property	Total Taxable Value	Less: Military Tax-Exempt Property	Net Taxable Value	(4) Total Direct Tax Rate Urban
\$ 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
108,332,110	208,951,777	2,653,383,983	4,948,598	2,648,435,385	6.19934



# CERRO GORDO COUNTY, IOWA

## DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

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

(Unaudited)

	Fiscal Year Taxes are Payable			
	2008-2009	2009-2010	2010-2011	2011-2012
County Direct Rates:				
General Basic	3.50000	3.50000	3.50000	3.50000
General Supplemental	1.14634	1.19301	1.19709	1.23408
County MHDS Fund	1.18958	1.14291	1.11742	1.08252
Debt Service	0.48632	0.46603	0.45591	0.43417
Total Urban County Rate	6.32224	6.30195	6.27042	6.25077
Rural Services Basic	3.51050	3.51050	3.50739	3.50739
Total Rural County Rate	9.83274	9.81245	9.77781	9.75816
City and Town Rates:				
Mason City	12.80116	12.73451	13.39427	13.56506
Clear Lake	10.04870	10.04870	10.04870	10.54051
Dougherty	17.66675	21.69736	21.92952	20.60153
Meservey	9.77245	9.69634	9.76964	9.74292
Plymouth	11.49429	12.08788	12.39961	12.11006
Rock Falls	6.50131	6.50132	6.50142	6.50149
Rockwell	8.10000	8.10000	8.10000	8.10000
Swaledale	17.07777	16.51678	16.69821	16.52590
Thornton	12.63540	11.98426	13.18875	13.55458
Ventura	6.78313	9.98439	10.98226	10.31588
Nora Springs	14.05105	14.70933	14.14998	13.65250
Township Rates:				
Bath	0.53818	0.53818	0.53818	0.53818
Clear Lake (3)	0.25174	0.23068	0.24488	0.24488
Clear Lake - Clear Lake Fire (3)				
Clear Lake - Ventura Fire (3)				
Dougherty	0.35070	0.35017	0.33910	0.33910
Falls	0.61663	0.61663	0.61663	0.61663
Geneseo	0.39507	0.37468	0.40500	0.35250
Grant - Clear Lake Schools	0.41656	0.41084	0.38541	0.42718
Grant - Forest City Schools	0.44159	0.41065	0.38544	0.42718
Grant - Ventura Schools	0.38047	0.38938	0.40805	0.42718
Grant - Garner-Hayfield-Ventura Schools				
Gimes	0.76320	0.72990	0.72990	0.81888
Lake	0.09846	0.12063	0.11862	0.11476
Lime Creek	0.40500	0.40500	0.40500	0.40500
Lincoln	0.36839	0.34787	0.34428	0.33077
Mason	0.40500	0.40500	0.40500	0.40500
Mount Vernon	0.48884	0.48673	0.48673	0.45272
Owen	0.63008	0.63008	0.63008	0.63008
Pleasant Valley	0.51851	0.49223	0.48381	0.46551
Portland	0.46050	0.44455	0.43574	0.43226
Union	0.25000	0.24998	0.25329	0.25327

Fiscal Year Taxes are Payable					
2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
3.50000	3.50000	3.50000	3.50000	3.50000	3.50000
1.26294	1.43434	1.43434	1.49075	1.55513	1.78628
1.05366	0.89872	0.90717	0.69761	0.63323	0.56082
0.41922	0.40276	0.40783	0.56098	0.54478	0.35224
6.23582	6.23582	6.24934	6.24934	6.23314	6.19934
3.50739	3.50739	3.50739	3.50739	3.50739	3.50739
9.74321	9.74321	9.75673	9.75673	9.74053	9.70673
13.55111	13.02255	13.85102	13.51799	13.71268	13.70261
10.54051	10.54051	10.54051	10.54051	10.04870	9.80000
20.64068	21.77695	22.84754	24.26206	24.58217	22.97122
9.81933	9.78939	9.74056	9.69966	9.72881	12.97847
12.20913	12.12610	11.98483	12.09539	11.89468	13.56582
6.50154	6.50145	6.50148	6.50153	6.54562	6.50798
11.08920	10.94949	10.88225	10.73172	10.79451	10.60937
16.58887	16.30666	16.56274	15.35735	15.44233	15.32206
13.27395	13.57071	13.92504	13.71065	11.26277	11.20355
11.99924	11.99276	11.39807	10.78005	10.66823	10.52017
13.52895	13.02874	12.41945	12.48296	11.94478	11.52665
0.53818	0.53818	0.53818	0.53818	0.53008	0.53008
0.21442	0.20265	0.32721			
			0.24501	0.24501	0.24501
			0.63750	0.63750	0.63750
0.32847	0.31617	0.31617	0.31617	0.32636	0.32636
0.61663	0.61663	0.61663	0.61663	0.61663	0.61663
0.35250	0.35250	0.35490	0.34546	0.35568	0.35568
0.37829	0.38821	0.56082	0.56627	0.56541	0.53061
0.45467	0.46532	0.66611	0.52668	0.52397	0.50346
0.39710	0.42416	0.62767			
			0.52598	0.77596	0.76981
0.81888	0.81888	0.81628	0.81628	0.81297	0.79154
0.13259	0.11136	0.11327	0.17683	0.16233	0.18846
0.40500	0.40500	0.40500	0.40500	0.40500	0.40500
0.31231	0.29717	0.32293	0.40392	0.42136	0.42136
0.40500	0.40500	0.40500	0.40500	0.39701	0.40500
0.46750	0.42705	0.48964	0.54213	0.54380	0.29256
0.62431	0.67200	0.67130	0.66892	0.67182	0.66935
0.48580	0.52831	0.52811	0.58311	0.50503	0.59267
0.41877	0.40730	0.41188	0.41034	0.41598	0.40285
0.26324	0.27000	0.40000	0.40000	0.41999	0.42002

(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	2009-2010	2010-2011	2011-2012
School District Rates:				
Clear Lake	11.88147	11.88062	12.94152	12.92279
Forest City	15.01163	15.43304	16.73516	16.26585
Garner-Hayfield-Ventura (5)				
Mason City	13.67407	13.61683	15.11732	15.11036
Meservey-Thornton (1)	10.77109	11.32179	11.67653	
Central Springs (4)				
Central Springs - Nora Springs-Rock Falls (2) & (4)	16.45780	16.84643	16.40896	14.11412
Central Springs - North Central (2) & (4)	13.47035	14.30978	14.47611	14.60022
Rockwell-Swaledale (1)	14.25721	13.77531	13.76616	
Rudd-Rockford-Marble Rock	16.23993	14.00920	14.01998	13.99784
Sheffield-Chapin (1)	12.85186	13.28760	13.58888	
Ventura	9.61432	10.38817	10.56830	9.91583
West Fork (1)				10.98663
Other Taxing Authority Rates:				
County Assessor	0.56120	0.54784	0.52205	0.42718
City Assessor	0.25655	0.23130	0.23123	0.25035
North Iowa Area Community College	0.66226	0.62025	0.65707	0.66261
Ag. Extension	0.10413	0.10752	0.10718	0.10730
State	0.00350	0.00350	0.00350	0.00320
Clear Lake Sanitary Sewer	1.59050	1.49445	1.45557	1.34516
Falls - Rock Falls Cemetery	0.06750	0.06750	0.06750	0.06750

- (1) In 2012, West Fork School District was formed by combining Meservey-Thornton School District, Rockwell-Swaledale School District, and Sheffield-Chapin School District.
- (2) Beginning in 2012, Nora Springs-Rock Falls School District and North Central School District consolidated. However, each school has its own property tax rate.
- (3) In 2016, Clear Lake Township divided its township according to the fire department service area.
- (4) There is only one tax rate for the Central Springs School District beginning in 2016.
- (5) On 7/1/2015, the Ventura School District and the Garner-Hayfield School District consolidated to form the Garner-Hayfield-Ventura School District.

Source: Cerro Gordo County Auditors Office

Fiscal Year Taxes are Payable					
2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
12.91652	12.23909	11.48331	10.78057	9.58620	10.39338
15.74705	13.57052	13.25268	13.32296	13.40134	13.40094
			9.66527	10.01424	10.19281
13.31719	11.04654	13.19829	13.95080	14.13036	14.26365
				11.16423	10.92385
12.11061	11.90297	10.73475	10.45408		
13.58070	13.33098	12.16563	10.45408		
14.00006	11.99531	11.62550	11.65981	11.68003	11.74394
8.93613	9.19665	8.88310			
12.01129	11.16849	11.82496	11.24071	10.41784	10.19464
0.42584	0.52836	0.54081	0.56281	0.56281	0.52340
0.23272	0.64245	0.64240	0.63172	0.63172	0.61966
0.66163	0.66157	0.64054	0.71508	0.71508	0.71947
0.11294	0.10859	0.11261	0.11950	0.11950	0.11453
0.00320	0.00330	0.00330	0.00330	0.00330	0.00310
1.30997	1.27051	1.24120	1.22510	1.20067	0.54000
0.06750	0.06750	0.06750	0.06750	0.06750	0.06750

(Concluded)

# CERRO GORDO COUNTY, IOWA

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

(Unaudited)

	Fiscal Year 2018			Fiscal Year 2009		
	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	4.01%	\$ 110,869,786	1	5.48%
Union Pacific	42,338,945	2	1.60%	14,983,994	6	0.74%
Golden Grain Energy LLC	18,353,277	3	0.69%	32,554,897	2	1.61%
Windmill Realty, LLC	15,967,998	4	0.60%			
Lehigh Portland Cement Co	15,908,151	5	0.60%	19,723,214	5	0.98%
Magellan Pipeline Company, LLC	14,486,201	6	0.55%			
MFF Mortgage Borrower 20, LLC	12,561,354	7	0.47%			
Hawkeye Power Partners, LLC	11,302,866	8	0.43%	12,790,881	9	0.63%
Wal-Mart Real Estate Business Trust	10,840,023	9	0.41%			
Five Star Cooperative	10,082,823	10	0.38%	19,922,597	4	0.99%
Ag Processing, LLC				19,993,692	3	0.99%
AADG Inc (Curries Company)				14,875,353	7	0.74%
Holcim (US) Inc				14,823,554	8	0.73%
Quest Corp.				11,447,780	10	0.57%
	<u>\$ 258,372,810</u>		<u>9.74%</u>	<u>\$ 271,985,748</u>		<u>13.46%</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
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%
2018	75,943,689	71,579,712	94.25%	28,397	71,608,109	94.29%

Total tax collections solely for Cerro Gordo County were:

Fiscal Year Ended June 30	Amount
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
2018	18,143,716

Source: Cerro Gordo County Treasurer's Office

# CERRO GORDO COUNTY, IOWA

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities					Business-Type Activities		Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Loan Notes	Capital Lease Purchases	Drainage Warrants	Revenue Bonds	Sewer Revenue Capital Loan Notes	Total Government		
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	7,810,000	0	288,454	257,250	487,921	8,843,625	0.39%	\$205.33
2018	0	7,010,000	0	480,036	235,250	474,340	8,199,626	0.38%	\$190.66

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)
	Bonds &	Capital Loan Notes		
2009	\$	11,945,000	0.59%	\$ 273
2010		11,470,000	0.55%	259
2011		11,000,000	0.51%	249
2012		10,835,000	0.49%	247
2013		10,295,000	0.45%	235
2014		9,745,000	0.41%	224
2015		10,215,000	0.42%	236
2016		9,020,000	0.37%	210
2017		7,810,000	0.31%	181
2018		7,010,000	0.26%	163

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, 2018

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
County direct debt	\$ 7,725,286	100.00%	\$ <u>7,725,286</u>
City debt:			
Clear Lake	2,266,500	100.00%	2,266,500
Mason City	20,840,000	100.00%	20,840,000
Nora Springs	1,250,000	3.16%	39,486
Plymouth	200,308	100.00%	200,308
Rockwell	745,000	100.00%	745,000
Swaledale	33,439	100.00%	33,439
Thornton	207,417	100.00%	207,417
Ventura	1,815,000	100.00%	<u>1,815,000</u>
Subtotal, City debt			<u>26,147,150</u>
School Districts:			
Clear Lake	3,365,500	100.00%	3,365,500
Mason City	27,426,629	100.00%	27,426,629
Garner-Hayfield Ventura	6,520,000	71.70%	4,675,002
West Fork	773,000	62.05%	<u>479,676</u>
Subtotal, School District debt			<u>35,946,806</u>
Other Districts:			
North Iowa Area Community College	35,495,000	34.28%	<u>12,168,117</u>
Subtotal, Other District debt			<u>12,168,117</u>
<b>Total overlapping debt</b>			<u>74,262,073</u>
<b>Total direct and overlapping debt</b>			<u>\$ 81,987,359</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)

	2009	2010	2011	2012
Debt Limit, 5% of Assessed Value	178,275,045	184,784,677	197,192,614	204,838,061
Total net debt applicable to limit	12,667,623	11,989,355	11,447,419	11,427,102
Legal Debt Margin	\$ 165,607,422	\$ 172,795,322	\$ 185,745,195	\$ 193,410,959
Total net debt applicable to the limit as a percentage of debt limit	7.11%	6.49%	5.81%	5.58%

Source: County records

Legal Debt Margin Calculation for Fiscal Year 2018

Net Assessed Value	\$	4,948,830,655
Debt Limit (5% of assessed value)		247,441,533
Debt applicable to limit:		
General obligation capital loan notes		7,010,000
LOS&ST Revenue Bonds		<u>235,250</u>
Total net debt applicable to limit		<u>7,245,250</u>
Legal debt margin	\$	<u><u>240,196,283</u></u>

2013	2014	2015	2016	2017	2018
213,746,494	216,743,538	232,174,069	240,910,859	243,561,365	247,441,533
10,642,734	10,067,496	10,515,250	9,298,750	8,067,250	7,245,250
<u>\$ 203,103,760</u>	<u>\$ 206,676,042</u>	<u>\$ 221,658,819</u>	<u>\$ 231,612,109</u>	<u>\$ 235,494,115</u>	<u>\$ 240,196,283</u>

4.98%	4.64%	4.53%	3.86%	3.31%	2.93%
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# 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)
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%
2017	43,006	2,164,780	50,337	5,505	573	3.10%

(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)

	2018			2009		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Mercy Medical Center - North Iowa	2,750	1	11.84%	2,600	1	10.07%
Curries ASSA ABLOY	672	2	2.89%	993	2	3.85%
Mason City Community School District	670	3	2.89%	556	3	2.15%
One Vision	503	4	2.17%	556	4	2.15%
Principal Financial Group	383	5	1.65%	550	5	2.13%
Cargill Kitchen Solutions	331	6	1.43%			
Good Shepherd	310	7	1.34%	300	10	1.16%
City of Mason City	263	8	1.13%			
Smithfield	249	9	1.07%			
Cerro Gordo County	247	10	1.06%			
Hy-Vee Food Stores				530	6	2.05%
Kraft Foods				450	7	1.74%
Woodharbor Molding & Millwork, Inc.				400	8	1.55%
Wal-Mart Stores				373	9	1.45%
	<u>\$ 6,378</u>		<u>27.47%</u>	<u>\$ 7,308</u>		<u>28.30%</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			
	2009	2010	2011	2012
Public Safety and Legal Services:				
Sheriff	72.00	72.00	73.00	73.00
Attorney	11.00	11.00	11.00	11.00
Child Support Recovery	7.00	7.00	7.00	6.00
Physical Health and Social Services:				
Health Department	50.00	51.00	48.00	50.00
General Relief	1.35	1.35	1.35	1.35
Veteran Affairs	1.65	1.65	1.65	1.65
Mental Health:				
CPC	2.20	2.20	3.20	3.20
Case Management	9.00	9.00	9.00	9.00
County Environment and Education:				
Conservation	6.00	6.50	6.50	7.00
Planning and Zoning:	1.00	1.00	1.00	1.00
Roads and Transportation:				
Engineer	39.00	38.00	39.00	39.00
Roadsides	3.00	3.00	3.00	2.00
Governmental Services to Residents:				
Treasurer, motor vehicles	6.45	5.75	5.75	5.75
Recorder	5.00	5.00	5.00	5.00
Auditor, elections	3.00	3.00	3.00	3.00
Administration:				
Board of Supervisors	3.50	3.50	3.50	3.50
Auditor	6.50	6.50	6.50	6.50
Treasurer, tax	1.55	2.25	2.25	2.25
MIS	7.00	6.00	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	239.70	239.20	239.20	239.70

Source: County Records

Fiscal Year					
2013	2014	2015	2016	2017	2018
73.00	73.00	73.00	71.00	74.00	74.00
12.00	12.00	12.50	13.50	15.50	17.00
6.00	6.00	6.00	6.00	6.00	6.00
48.00	46.00	47.00	48.00	50.00	52.00
1.35	1.35	1.35	1.35	2.35	2.35
1.65	1.65	1.65	1.65	1.65	1.65
3.20	3.20	3.20	3.20	5.30	6.50
9.00	8.00	8.00	8.00	9.00	1.00
6.50	6.50	6.50	6.50	6.50	6.50
1.00	0.60	0.55	1.05	1.30	1.20
38.00	39.00	39.00	39.00	39.00	39.00
3.00	3.00	3.00	3.00	3.00	3.00
5.75	5.75	5.75	6.50	5.75	5.75
5.00	5.00	5.00	5.00	5.00	5.00
3.00	3.08	3.00	3.00	3.00	3.00
3.50	3.35	3.30	3.30	3.30	3.20
6.50	6.72	6.50	7.50	6.50	6.50
2.25	2.25	2.25	2.50	2.25	2.25
7.00	6.00	8.00	7.00	5.00	6.00
				1.00	1.00
2.50	2.60	2.55	2.55	2.55	2.40
0.50	0.60	0.55	0.55	0.55	0.40
0.50	0.60	0.55	1.05	0.80	0.80
239.20	236.25	239.20	241.20	249.30	246.50



# CERRO GORDO COUNTY, IOWA

## OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Public Safety and Legal Services:				
Sheriff:				
Weapon permits issued	394	495	1,149	673
Number of Jail bookings	3,542	3,431	2,998	3,130
Civil Papers Served	4,911	4,743	4,647	4,627
Service Calls	7,953	8,634	8,876	7,554
Number of Arrests	1,604	2,423	2,572	2,546
Citations and Warnings issued	2,677	2,764	4,029	2,755
Attorney:				
Number Cases Filed:				
Felony	277	218	283	234
Indictable Misdemeanor	1,049	984	1,036	871
Juvenile	203	174	151	165
Physical Health and Social Services:				
Health Department:				
Number of Immunizations	7,006	5,516	5,081	4,978
Number of Nursing Clients	341	324	358	378
Number of Nursing Visits	5,649	6,443	6,320	6,376
Number of Home Care Aide Clients	148	144	296	145
Number Home Care Aide service hours	13,066	13,527	12,175	12,365
Number of Food Inspections	3,209	2,664	840	386
County Environment and Education:				
Conservation:				
Number of camper nights	4,017	4,359	4,209	4,173
Conservation programs presented	238	251	274	271
People attending programs	10,727	10,451	11,169	10,487
Planning and Zoning:				
Zoning Permits issued	105	92	96	103
Board of Adjustment cases	34	26	28	37
Roads and Transportation:				
Engineer: Miles maintained	970	970	970	970
Governmental Services to Residents:				
Treasurer: Titles issued	12,874	14,989	13,791	14,812
Recorder: Documents recorded	10,094	9,961	9,495	9,137
Auditor:				
Registered voters	32,200	32,114	32,158	32,449
Absentee ballots requested	10,145	1,731	5,872	1,530

Source: County Records

Fiscal Year					
2013	2014	2015	2016	2017	2018
679	705	764	1,465	1,156	1,160
3,024	3,071	2,942	2,934	2,979	2,868
4,650	4,236	3,872	3,822	3,877	3,906
7,316	8,128	7,859	8,225	8,552	8,424
2,073	1,315	1,019	1,113	1,197	1,002
2,482	3,022	2,841	2,900	2,947	2,349
297	345	373	334	377	393
919	1,086	831	936	912	1,062
185	216	166	203	199	200
5,463	4,995	6,398	6,672	5,610	6,134
411	388	397	405	533	312
6,380	6,958	6,886	7,722	6,652	6,075
141	259	141	135	345	245
10,987	10,939	11,706	11,832	11,432	11,373
971	810	837	500	1,051	724
3,895	3,527	3,509	4,384	4,219	4,771
309	377	358	319	294	294
10,227	11,558	12,844	12,444	12,803	10,070
71	88	90	94	131	100
28	28	34	36	43	41
970	970	970	970	970	970
15,363	16,631	17,261	17,488	18,045	17,163
9,899	8,325	7,666	8,120	7,584	7,655
31,975	32,211	31,265	31,690	31,022	31,197
9,865	2,643	7,639	1,141	10,655	2,999

# CERRO GORDO COUNTY, IOWA

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Public Safety and Legal Services:				
Sheriff:				
Number of vehicles	26	26	28	28
Physical Health and Social Services:				
Health Department:				
Number of vehicles	9	9	9	9
County Environment and Education:				
Conservation:				
Number of park areas	31	31	31	31
Total acres managed	3,284	3,284	3,284	3,284
Number of vehicles	15	15	15	15
Roads and Transportation:				
Engineer:				
Number of vehicles	44	44	44	46
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					
2013	2014	2015	2016	2017	2018
29	29	29	29	29	29
9	9	11	9	9	10
31	32	34	35	35	35
3,284	3,309	3,433	3,444	3,444	3,444
15	15	14	14	14	15
46	46	46	46	46	46
6	7	7	7	7	7
62	62	61	64	67	68

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FINANCIAL INFORMATION REQUIRED  
BY THE STATE AUDITOR

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# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION - ALL GOVERNMENTAL FUNDS

Years Ended June 30,

	Modified Accrual Basis			
	2018	2017	2016	2015
Revenues:				
Property and Other County Tax	\$ 17,692,061	\$ 16,872,117	\$ 16,531,525	\$ 16,239,286
Tax Increment Financing	46,163	70,511	0	0
Local Option Sales Tax	1,656,500	1,732,131	1,803,331	1,748,080
Interest and Penalty on Property Tax	152,884	145,759	148,127	158,706
Intergovernmental	10,360,262	9,802,673	8,703,780	8,278,038
Licenses and Permits	165,698	167,887	133,989	154,958
Charges for Services	2,124,942	1,645,611	1,710,171	1,402,231
Use of Money and Property	537,827	300,827	273,850	188,814
Fines, Forfeitures, and Defaults	60,961	73,916	31,043	79,834
Miscellaneous	1,190,244	1,090,300	1,321,770	2,285,161
Total	\$ 33,987,542	\$ 31,901,732	\$ 30,657,586	\$ 30,535,108
Expenditures:				
Operating:				
Public Safety and Legal Services	\$ 8,972,657	\$ 8,712,033	\$ 8,389,453	\$ 8,184,564
Physical Health and Social Services	5,637,490	5,005,487	5,098,205	5,110,132
Mental Health	2,329,891	2,744,081	1,848,842	2,561,090
County Environment and Education	1,434,640	1,360,421	1,249,483	1,275,293
Roads and Transportation	6,401,635	5,665,460	5,837,654	5,618,674
Governmental Services to Residents	1,239,005	1,220,779	1,203,391	1,461,109
Administrative Services	3,336,359	3,379,361	3,048,671	2,995,191
Non-program	360,759	364,685	293,382	189,518
Debt Service	999,842	1,429,923	1,435,699	1,027,135
Capital Projects	1,200,730	3,632,991	19,424	1,762,502
Total	\$ 31,913,008	\$ 33,515,221	\$ 28,424,204	\$ 30,185,208

See Accompanying Independent Auditors' Report.



Modified Accrual Basis					
2014	2013	2012	2011	2010	2009
\$ 16,413,160	\$ 15,472,254	\$ 14,948,508	\$ 14,501,161	\$ 14,321,599	\$ 13,827,965
0	0	0	0	0	0
1,505,343	1,584,772	1,682,466	1,650,341	1,424,656	1,539,950
152,169	153,414	163,122	161,757	174,381	166,230
7,961,602	7,144,890	7,295,931	7,827,411	12,253,236	12,986,761
220,980	120,712	125,044	126,934	413,794	397,960
1,422,442	1,304,748	1,332,932	1,391,135	1,248,757	1,173,034
495,212	250,226	283,542	277,433	311,405	439,098
25,191	28,995	58,479	9,465	42,893	48,814
1,036,683	1,284,456	889,753	924,345	1,433,282	893,902
\$ 29,232,782	\$ 27,344,467	\$ 26,779,777	\$ 26,869,982	\$ 31,624,003	\$ 31,473,714
\$ 7,962,487	\$ 7,577,137	\$ 7,500,849	\$ 7,095,863	\$ 6,826,705	\$ 6,769,038
4,914,277	4,845,164	4,639,871	5,095,095	4,656,497	5,150,211
2,018,171	2,361,533	3,793,476	676,241	5,941,119	5,802,641
1,851,989	1,106,735	1,233,631	1,181,451	1,302,316	1,661,836
5,500,566	4,417,491	5,066,973	4,963,655	5,340,158	5,079,324
1,077,312	1,048,894	1,052,040	988,933	970,387	939,846
2,659,540	2,580,211	2,485,101	2,355,944	2,886,708	2,187,056
95,989	27,405	84,682	114,044	167,932	276,787
991,707	992,257	10,412,411	3,060,946	1,379,120	1,493,018
978,252	1,850,331	1,769,644	2,628,619	3,022,467	1,224,944
\$ 28,050,290	\$ 26,807,158	\$ 38,038,678	\$ 28,160,791	\$ 32,493,409	\$ 30,584,701

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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, 2018

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>Direct:</b>			
U.S. Department of Housing and Urban Development			
Office of Lead Hazard Control and Healthy Homes			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	5886PHM40	\$439,969
U.S. Department of Health and Human Services			
Food and Drug Administration			
Active Managerial Control – The Backbone of Local Food Safety			
Initiatives	93.103	5U18FD005631-03	69,867
Food and Safety Training	93.103	G-T-1611-03576	1,759
			71,626
Total Direct			\$511,595
<b>Indirect:</b>			
U.S. Department of Agriculture			
Iowa Department of Human Services			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental			
Nutrition Assistance Program	10.561	FY18	\$39,667
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	107,216
Disaster Recovery Housing Program (2)	14.228	08-DRH-002	285,965
Disaster Recovery Housing Program (3)	14.228	17-CF-001	8,931
			402,112
U.S. Department of Justice			
Iowa Department of Justice			
Federal Victims of Crime Act	16.575	VW-18-29-16	52,802
Violence Against Women Formula Grants	16.588	VW-17-01-CJ	1,164
U.S. Department of Transportation			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	17-TAP-107	329,892
Iowa Department of Public Safety			
Governor's Traffic Safety Bureau			
State and Community Highway Safety Grant	20.600	17-402-M0AL, Task 04	12,321
State and Community Highway Safety Grant	20.600	18-402-M0AL, Task 03	11,437
			23,758
National Priority Safety Programs - Occupant Protection Grant	20.616	17-405b-M1HVE, Task 03	1,803
U.S. Department of Health and Human Services			
Iowa Department of Public Health			
Hospital Preparedness Program and Public Health Emergency			
Preparedness Aligned Cooperative Agreements	93.074	5888BT02	406,694
Affordable Care Act Personal Responsibility Education Program	93.092	5887CH22P	1,275
Affordable Care Act Personal Responsibility Education Program	93.092	5888CH12P	35,000
			36,275

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018 (Continued)

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Health and Human Services			
Iowa Department of Public Health			
Immunization Cooperative Agreements	93.268	5888I414	2,504
Care For Yourself Program	93.283	5887NB07	11,000
PPHF Capacity Building Assistance to Strengthen Public Health			
Immunization Infrastructure and Performance	93.539	5888I414	9,866
HIV Care Formula Grant	93.917	5887AP04	48,292
HIV Care Formula Grant	93.917	5888AP04	62,996
			111,288
HIV Prevention Activities	93.940	5887AP04	6,000
HIV Prevention Activities	93.940	5888AP04	4,998
			10,998
Iowa Department of Human Services			
Human Services Administrative Reimbursement			
Refugee and Entrant Assistance	93.566	FY18	55
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY18	10,770
Foster Care Title IV-E	93.658	FY18	14,507
Adoption Assistance	93.659	FY18	4,669
Social Services Block Grant	93.667	FY18	11,839
Children's Health Insurance Program	93.767	FY18	293
Medicaid Cluster:			
Medical Assistance Program	93.778	FY18	64,456
U.S. Department of Homeland Security			
Iowa Department of Homeland Security and Emergency Management			
Emergency Management Performance Grant	97.042	EMPG-18-PT-17	36,095
Total Indirect			\$1,582,507
Grand Total			\$2,094,102

(1)The amount reported on the schedule includes \$107,216 passed through to subrecipients.

(2)The amount reported on the schedule includes \$285,965 passed through to subrecipients.

(3)The amount reported on the schedule includes \$8,931 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, 2018. 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, 2018, 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, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cerro Gordo County, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cerro Gordo County, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of Cerro Gordo County, Iowa's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items II-A-18 and II-B-18, that we consider to be material weaknesses.

**Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2018 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.

*Gardiner Thomsen, P.C.*

Charles City, Iowa

December 20, 2018



**Gardiner Thomsen**  
Certified Public Accountants

**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, 2018. 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, 2018.

**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-18 (2018-001). 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 certain deficiencies in internal control over compliance as described in the accompanying Schedule of Findings and Questioned Costs as item III-B-18 (2018-002) 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.

*Gardiner Thomsen, P.C.*

Charles City, Iowa

December 20, 2018

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2018

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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. Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c. The audit did not disclose any non-compliance which is material to the financial statements.
- d. A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- e. An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- f. The audit disclosed audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- g. The major programs were CFDA Number 14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Disaster Recovery Housing Program and CFDA Number 14.900 – Lead-Based Paint Hazard Control in Privately-Owned Housing.
- 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, 2018

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

#### **INTERNAL CONTROL DEFICIENCIES:**

##### **II-A-18 Segregation of Duties**

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

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

**Cause** – Limited staff available to segregate duties.

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

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

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

**Conclusion** – Response accepted.

##### **II-B-18 Financial Reporting**

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

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

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

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

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

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2018

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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, 08-DRH-202 and 17-CF-001**

**Federal Award Year: 2017**

**Prior Year Finding Number: III-A-17 (2017-001)**

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

**Passed through the Iowa Economic Development Authority**

#### **III-A-18      Subrecipient Monitoring (2018-001)**

**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, 2018

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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, 08-DRH-202 and 17-CF-001**

**Federal Award Year: 2017**

**Prior Year Finding Number: III-B-17 (2017-002)**

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

**Passed through the Iowa Economic Development Authority**

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

**Pass-Through Entity Identifying Numbers: 5886PHM40**

**Federal Award Year: 2018**

**Prior Year Finding Number: NA**

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

**III-B-18**     **Segregation of Duties over Federal Revenue** – Duties related to the custody, recordkeeping and reconciling of federal awards are not properly segregated by the County. See item II-A-18.  
(2018-002)

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

**IV-A-18**   **Certified Budget** – Disbursements during the year ended June 30, 2018 did not exceed the amounts budgeted.

**IV-B-18**   **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-18**   **Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2018

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

IV-D-18 **Business Transactions** – The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction	Amount
<b>Tracie Siemers, Auditor's Office</b>		
Steve Siemers, Spouse	Snow Removal	\$1,618
Linda Weatherwax, Mother	Election Worker	1,312

In accordance with Chapter 331.342 of the Code of Iowa, the transactions with Steve Siemers do not appear to represent a conflict of interest since Tracie Siemers does not participate in the acquisition of the services.

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

IV-E-18 **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-18 **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not. However, it was noted that the list of claims approved, including the purpose of the claim, was not published for several meetings tested.

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

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

**Conclusion** – Response accepted.

IV-G-18 **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-18 **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, 2018, the County paid \$87,714 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-18 **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, 2018, did not exceed the amount budgeted.



# CERRO GORDO COUNTY, IOWA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2018

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

IV-K-18 **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-18 **Tax Increment Financing** – For the year ended June 30, 2018, the County Auditor prepared a reconciliation for each City reconciling TIF receipts with total outstanding TIF debt.

IV-M-18 **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.

IV-N-18 **Code of Ordinances** – The Board of Supervisors has not compiled a Code of Ordinances containing all of the County's ordinances in effect within the five year time frame allowed by the Code of Iowa.

**Recommendation** – Chapter 331.302(10) of the Code of Iowa requires the Board of Supervisors to compile a Code of Ordinances containing all of the County's ordinances in effect at least once every five years.

**Response** – The Code of Ordinances was compiled and readopted on November 28, 2017.

**Conclusion** – Response accepted.