MARSHALL COUNTY

Independent Auditors' Reports
Basic Financial Statements
and Supplementary Information
Schedule of Findings

June 30, 2019

Table of Contents

Table of Contents (continued)

Marshall County

Officials

(Before January 2019)

Name	Title	Expires
Bill Patten	Board of Supervisors	January 2019
Dave Thompson	Board of Supervisors	January 2019
Steve Salasek	Board of Supervisors	January 2021
Nan Benson	County Auditor/Recorder	January 2019
Jarret Heil	County Treasurer	January 2019
Steve Hoffman	County Sheriff	January 2021
Jennifer Miller	County Attorney	January 2019
Craig Madill	County Assessor	January 2021

(After January 2019)

Name	Title	Expires
Steve Salasek	Board of Supervisors	January 2021
Bill Patten	Board of Supervisors	January 2023
Dave Thompson	Board of Supervisors	January 2023
Nan Benson	County Auditor/Recorder	January 2023
Jarret Heil	County Treasurer	January 2023
Steve Hoffman	County Sheriff	January 2021
Jennifer Miller	County Attorney	January 2023
Craig Madill	County Assessor	January 2021

BOWMAN & MILLER, P.C.

CERTIFIED ♦ PUBLIC ♦ ACCOUNTANTS

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Independent Auditors' Report

To the Officials of Marshall County:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Marshall County as of June 30, 2019 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require 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 4 through 10 and 52 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marshall County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 9, 2020 on our consideration of Marshall County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Marshall County's internal control over financial reporting and compliance.

Bowman and Miller, P.C.

January 9, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2019 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 4.6%, or approximately, $1.1 million from fiscal year 2018 to fiscal year 2019. Property tax revenues decreased approximately $59,000, charges for services decreased approximately $184,000, operating grants, contributions and restricted interest increased approximately $238,000 and capital grants, contributions and restricted interest increased approximately $1,080,000.

- Program expenses of the County's governmental activities were 8.6%, or approximately $1.9 million, more in fiscal year 2019 than in fiscal year 2018. Roads and transportation had the largest increase of approximately $887,000, public safety and legal services increased approximately $691,000 and administration increased approximately $343,000.

- The County's net position increased 2.2%, or approximately $1.4 million, over the June 30, 2018 balance.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

   The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in 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 which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

   The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Marshall County's combined net position increased from approximately $62.1 million to approximately $63.5 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities
(Expressed in Thousands)

	June 30, 2019	June 30, 2018
Current and other assets	$ 36,761	34,781
Capital assets	48,297	47,921
Total assets	85,058	82,702
Deferred outflows of resources	1,976	2,084
Long-term liabilities	6,345	7,087
Other liabilities	2,108	1,175
Total liabilities	8,453	8,262
Deferred inflows of resources	15,072	14,393
Net position:		
Net investment in capital assets	48,156	47,623
Restricted	9,810	10,481
Unrestricted	5,543	4,027
Total net position	$ 63,509	62,131

Net position of Marshall County's governmental activities increased 2.2% (approximately $63.5 million compared to approximately $62.1 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately $4.0 million at June 30, 2018 to approximately $5.5 million at the end of this year, an increase of 37.6%.

Changes in Net Position of Governmental Activities		
	Year Ended June 30,	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	$ 2,851,122	3,035,165
Operating grants, contributions and restricted interest	5,292,922	5,054,632
Capital grants, contributions and restricted interest	2,018,184	938,586
General revenues:		
Property tax, including tax increment financing	12,693,215	12,752,691
Penalty and interest on property tax	103,642	102,337
State tax credits	1,044,489	1,113,473
Local option sales tax	1,287,037	1,206,255
Unrestricted investment earnings	226,611	127,755
Other general revenues	67,538	132,541
Total revenues	25,584,760	24,463,435
Program expenses:		
Public safety and legal services	8,424,039	7,733,214
Physical health and social services	512,708	610,124
Mental health	905,044	931,561
County environment and education	1,311,374	1,105,269
Roads and transportation	9,231,104	8,344,279
Governmental services to residents	884,066	913,875
Administration	2,821,439	2,478,779
Non-program	8,600	45,868
Interest on long-term debt	108,155	121,590
Total expenses	24,206,529	22,284,559
Change in net position	1,378,231	2,178,876
Net position beginning of year	62,131,376	59,952,500
Net position end of year	$ 63,509,607	62,131,376

Marshall County's governmental activities net position increased approximately $1.4 million during the year. Revenues for governmental activities increased approximately $1.1 million over the prior year, with property tax revenue decreasing approximately $59,000 from the prior year and a decrease in charges for services of approximately $184,000. Operating grants, contributions and restricted interest and capital grants, contributions and restricted interest increased approximately $238,000 and $1,080,000, respectively.

The cost of all governmental activities this year was approximately $24.2 million compared to approximately $22.3 million last year. However, as shown in the Statement of Activities on pages 13-14, the amount taxpayers ultimately financed for these activities was approximately $14.0 million because some of the cost was paid by those who directly benefited from the programs (approximately $2.9 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $7.3 million). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2019 from approximately $9.0 million to approximately $10.1 million.

INDIVIDUAL MAJOR FUND ANALYSIS

As Marshall County completed the year, its governmental funds reported a combined fund balance of approximately $17.0 million, an increase of approximately $243,000 above last year's total of approximately $16.7 million. The increase in fund balance is primarily attributable to an increase in the General Fund. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund is comprised of General Basic, General Supplemental, Conservation Land Acquisition Trust, Klauenberg Trust and Jail Commissary Profit funds. The ending fund balance increased approximately $605,000 from the prior year. Revenues increased approximately $284,000 from the prior year primarily due to an increase in net property taxes of approximately $453,000 and a decrease of approximately $175,000 in intergovernmental revenue.

- Special Revenue, Mental Health Fund balance at year end increased by approximately $10,000 from the prior year. Approximately $673,000 was remitted to Central Iowa Community Service Region for regional mental health expenses. Fund balances of participating counties continue to be analyzed as part of the regional management plan.

- The Special Revenue, Rural Services Fund balance decreased approximately $439,000 due to an increase in transfers to the Special Revenue, Secondary Roads Fund.

- In the Special Revenue, Secondary Roads Fund, the maximum amount was transferred from the Special Revenue, Rural Services Fund. Revenues decreased approximately $287,000 due primarily to a decrease of approximately $290,000 in bridge replacement grant funding. Expenditures increased from the prior fiscal year approximately $381,000. These factors decreased the ending fund balance by approximately $145,000.

- There were no significant changes in revenues, expenditures and fund balance of the Debt Service Fund.

- During the year the County received approximately $14.3 million in insurance proceeds in the Capital Projects Fund. The insurance proceeds were for repairs to the courthouse and other county buildings from damage sustained in the July 2018 tornado. Expenditures related to the repairs were approximately $14.3 million. The County also transferred approximately $532,000 into the Capital Projects Fund.

BUDGETARY HIGHLIGHTS

Over the course of the year, Marshall County amended its budget one time. The amendment was made in February 2019. This resulted in an increase in budgeted revenues of approximately $15.4 million, mostly in miscellaneous revenue and an increase in budgeted disbursements of approximately $16.7 million with most of the increase due to an increase in capital projects expenditures.

The County's receipts were approximately $1.2 million less than budgeted, a variance of 3.0%. Capital projects revenues were less than projected during the fiscal year.

Total disbursements were approximately $4.1 million less than the amended budget. Actual disbursements were less than budgeted for public safety and legal services by $537,404, physical health and social services by $244,914, mental health by $150,427, county environment and education by $111,785, roads and transportations by $91,018, governmental services to residents by $117,314, administration by $283,332, capital projects by $2,607,626 and debt service by $1,285. The comparison of Marshall County's actual to budgeted amounts will usually show expenditures to be well below budgeted amounts in most areas in most years. The budget was not exceeded for any function for the year ended June 30, 2019. However, one department exceeded the amount appropriated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, Marshall County had approximately $97.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities and roads and bridges. This is a net increase (including additions and deletions) of approximately $2.5 million, or 2.7%, over last year.

Capital Assets of Governmental Activities at Year End
(Expressed in Thousands)

	June 30,	
	2019	2018
Land	$ 2,515	2,515
Construction in progress	5	873
Buildings and improvements	25,539	25,486
Equipment and vehicles	12,320	11,798
Infrastructure	57,440	54,619
Total	$ 97,819	95,291

This year's major additions included (in thousands):	
Capital assets contributed by the Iowa Department of Transportation	$ 1,953
Secondary road equipment	637
Sheriff's patrol cars	156
Total	$ 2,746

The County had depreciation expense of $2,473,978 in fiscal year 2019 and total accumulated depreciation of $49,521,150 at June 30, 2019.

The County's fiscal year 2019 capital expenditures were approximately $2.5 million and included approximately $2.0 million for infrastructure and road network and approximately $793,000 for equipment and vehicles. More detailed information about the County's capital assets is presented in Note 10 to the financial statements.

Long-Term Debt

At June 30, 2019, Marshall County had $141,269 of capital lease purchase agreements outstanding, compared to $298,528 at June 30, 2018, as shown below:

Outstanding Debt of Governmental Activities at Year End

	June 30,	
	2019	2018
Capital lease purchase agreements	$ 141,269	298,528

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Marshall County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately $161 million.

There is no bond rating requested for the County at this time. Additional information about the County's long-term debt is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Marshall County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2020 budget, tax rates, and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.8% versus 3.4% a year ago. This compares with the State's unemployment rate of 2.6% and the national rate of 3.6%.

These indicators were taken into account when adopting the budget for fiscal year 2020. An additional consideration was the tornado on July 19, 2018, which caused the County to amend their fiscal year 2019 budgeted revenues and expenditures to $41.4 million. The majority of this change was to account for insurance proceeds and the associated expenditures. Amounts available for appropriation in the fiscal year 2020 budget are approximately $47.8 million, an increase of 15.4% from the final fiscal year 2019 budget. Total revenue is estimated to increase 14.2% from fiscal year 2019 to fiscal year 2020. Miscellaneous funds from EMC Insurance led to this increase in total budgeted revenue. Budgeted disbursements increased 15.4% which is due to capital project expenditures related to the July 2018 tornado repairs plus additional repairs to the courthouse and other county buildings at Marshall County's expense. There were modest increases in public safety and administration which were offset by decreases in county conservation, roads and transportation and government services expenses. The County has added no major new programs or initiatives to the fiscal year 2020 other than accounting for the facility repairs in capital projects.

If these estimates are realized, the County's total operating fund balance is expected to decrease approximately $3.9 million by the close of fiscal year 2020.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Marshall County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Marshall County Auditor and Recorder's Office, 1 East Main Street, Marshalltown, Iowa 50158.

Marshall County
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 20,089,605
Receivables:	
Property tax:	
Delinquent	4,335
Succeeding year	13,709,661
Succeeding year tax increment financing	46,144
Interest and penalty on property tax	6,195
Accounts	713,795
Accrued interest	25,084
Due from other governments	631,508
Inventories	963,607
Prepaid expenses	571,190
Capital assets, net of accumulated depreciation	48,297,228
Total assets	85,058,352
Deferred Outflows of Resources	
Pension related deferred outflows	1,976,070
Liabilities	
Accounts payable	1,745,952
Accrued interest payable	878
Salaries and benefits payable	286,350
Due to other governments	75,174
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreements	69,283
Compensated absences	785,927
Portion due or payable after one year:	
Capital lease purchase agreements	71,986
Net pension liability	4,523,932
Total OPEB liability	893,579
Total liabilities	8,453,061
Deferred Inflows of Resources	
Unavailable property tax revenue	13,709,661
Unavailable tax increment financing revenue	46,144
Pension related deferred inflows	823,928
OPEB related deferred inflows	492,021
Total deferred inflows of resources	15,071,754

See notes to financial statements.

Marshall County
Statement of Net Position
June 30, 2019

Exhibit A

	Governmental Activities
Net Position	
Net investment in capital assets	48,155,959
Restricted for:	
Supplemental levy purposes	3,244,807
Mental health purposes	555,597
Rural services purposes	1,358,557
Secondary roads purposes	3,561,693
Debt service	62,163
Capital projects	851,148
Other purposes	176,187
Unrestricted	5,543,496
Total net position	$ 63,509,607

Marshall County
Statement of Activities
Year Ended June 30, 2019

	Expenses	Charges for Service	Program Revenues Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	$ 8,424,039	1,912,906	241,097	-
Physical health and social services	512,708	1,730	211,153	-
Mental health	905,044	-	-	-
County environment and education	1,311,374	156,912	18,990	30,558
Roads and transportation	9,231,104	105,845	4,821,499	1,987,626
Governmental services to residents	884,066	631,556	183	-
Administration	2,821,439	36,311	-	-
Non-program	8,600	5,862	-	-
Interest on long-term debt	108,155	-	-	-
Total	$ 24,206,529	2,851,122	5,292,922	2,018,184

General Revenues:

Property and other county tax levied for:

General purposes

Debt service

Tax increment financing

Interest and penalty on property tax

State tax credits and replacements

Local option sales tax

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position beginning of year

Net position end of year

See notes to financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Position
(6,270,036)
(299,825)
(905,044)
(1,104,914)
(2,316,134)
(252,327)
(2,785,128)
(2,738)
(108,155)
(14,044,301)
12,593,024
59,655
40,536
103,642
1,044,489
1,287,037
226,611
67,538
15,422,532
1,378,231
62,131,376
$ 63,509,607

Marshall County
Balance Sheet
Governmental Funds
June 30, 2019

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
Assets			
Cash, cash equivalents and pooled investments	$ 10,576,770	566,368	1,293,294
Receivables:			
Property tax:			
Delinquent	3,738	335	239
Succeeding year	10,083,008	894,394	2,724,759
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	6,195	-	-
Accounts	19,347	-	1,340
Accrued interest	25,084	-	-
Due from other governments	129,630	-	125,922
Inventories	-	-	-
Prepaid expenses	63,963	-	-
Total assets	$ 20,907,735	1,461,097	4,145,554
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 79,553	187	39,604
Salaries and benefits payable	182,673	3,720	16,945
Due to other governments	30,005	-	5,499
Total liabilities	292,231	3,907	62,048
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	10,083,008	894,394	2,724,759
Succeeding year tax increment financing	-	-	-
Other	8,738	282	190
Total deferred inflows of resources	10,091,746	894,676	2,724,949

See notes to financial statements

Secondary Roads	Capital Projects	Debt Service	Nonmajor	Total
2,906,694	353,714	59,554	173,914	15,930,308
-	-	23	-	4,335
-	-	7,500	-	13,709,661
-	-	-	46,144	46,144
-	-	-	-	6,195
4,182	686,707	-	27	711,603
-	-	-	-	25,084
373,405	-	-	2,551	631,508
963,607	-	-	-	963,607
9,793	497,434	-	-	571,190
4,257,681	1,537,855	67,077	222,636	32,599,635
709,269	686,707	-	305	1,515,625
83,012	-	-	-	286,350
39,670	-	-	-	75,174
831,951	686,707	-	305	1,877,149
-	-	7,500	-	13,709,661
-	-	-	46,144	46,144
-	-	23	-	9,233
-	-	7,523	46,144	13,765,038

Marshall County
Balance Sheet (Continued)
Governmental Funds
June 30, 2019

		Special Revenue	
	General	Mental Health	Rural Services
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenses	63,963	-	-
Restricted for:			
Supplemental levy purposes	3,180,844	-	-
Mental health purposes	-	562,514	-
Rural services purposes	-	-	1,358,557
Secondary roads purposes	-	-	-
Conservation land acquisition	388,754	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Committed for capital projects	40,000	-	-
Assigned for conservation purposes	362,591	-	-
Assigned for sheriff	217,453	-	-
Unassigned	6,270,153	-	-
Total fund balances	10,523,758	562,514	1,358,557
Total liabilities, deferred inflows of resources and fund balances	$ 20,907,735	1,461,097	4,145,554

Secondary Roads	Capital Projects	Debt Service	Nonmajor	Total
963,607	-	-	-	963,607
9,793	497,434	-	-	571,190
-	-	-	-	3,180,844
-	-	-	-	562,514
-	-	-	-	1,358,557
2,452,330	-	-	-	2,452,330
-	-	-	-	388,754
-	-	59,554	-	59,554
-	353,714	-	-	353,714
-	-	-	176,187	176,187
-	-	-	-	40,000
-	-	-	-	362,591
-	-	-	-	217,453
-	-	-	-	6,270,153
3,425,730	851,148	59,554	176,187	16,957,448
4,257,681	1,537,855	67,077	222,636	32,599,635

Marshall County
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2019

Exhibit D

Total governmental fund balances (page 18)		$ 16,957,448
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 $97,818,378 and the accumulated depreciation is $49,521,150.		48,297,228
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.		9,233
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health and dental insurance benefit plans to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		3,931,162
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	$ 1,976,070	
Deferred inflows of resources	(1,315,949)	660,121
Long-term liabilities, including capital lease purchase agreements payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(6,345,585)
Net position of governmental activities (page 12)		$ 63,509,607

See notes to financial statements.

Marshall County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	$ 9,424,881	843,129	2,326,287	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	1,287,037	-
Interest and penalty on property tax	100,752	-	-	-
Intergovernmental	2,766,791	73,213	215,058	4,854,495
Licenses and permits	200	-	36,282	21,420
Charges for service	975,321	-	-	-
Use of money and property	360,068	-	-	1,242
Miscellaneous	59,606	-	247	84,425
Total revenues	13,687,619	916,342	3,864,911	4,961,582
Expenditures:				
Operating:				
Public safety and legal services	7,872,671	-	773,072	-
Physical health and social services	485,110	-	30,301	-
Mental health	-	904,590	-	-
County environment and education	645,034	-	265,514	-
Roads and transportation	-	-	-	8,306,138
Governmental services to residents	896,114	-	1,790	-
Administration	2,623,500	-	-	-
Debt service	-	-	-	-
Capital projects	37,132	-	-	65,699
Total expenditures	12,559,561	904,590	1,070,677	8,371,837
Excess (deficiency) of revenues over (under) expenditures	1,128,058	11,752	2,794,234	(3,410,255)
Other financing sources (uses):				
Sale of capital assets	5,100	-	-	29,550
Transfers in	4,128	-	-	3,235,422
Transfers out	(531,947)	(1,731)	(3,233,414)	-
Total other financing sources (uses)	(522,719)	(1,731)	(3,233,414)	3,264,972
Change in fund balances	605,339	10,021	(439,180)	(145,283)
Fund balances beginning of year	9,918,419	552,493	1,797,737	3,571,013
Fund balances end of year	$ 10,523,758	562,514	1,358,557	3,425,730

See notes to financial statements.

Exhibit E

Capital Projects	Debt Service	Nonmajor	Total
-	59,760	-	12,654,057
-	-	40,536	40,536
-	-	-	1,287,037
-	-	-	100,752
-	5,324	19,234	7,934,115
-	-	-	57,902
-	-	5,591	980,912
1,543	-	853	363,706
14,271,538	-	34,488	14,450,304
14,273,081	65,084	100,702	37,869,321
-	-	21,298	8,667,041
-	-	-	515,411
-	-	-	904,590
-	-	280,567	1,191,115
-	-	-	8,306,138
-	-	-	897,904
-	-	-	2,623,500
-	109,368	-	109,368
14,326,924	-	15,818	14,445,573
14,326,924	109,368	317,683	37,660,640
(53,843)	(44,284)	(216,981)	208,681
-	-	-	34,650
531,947	-	-	3,771,497
(2,008)	-	(2,397)	(3,771,497)
529,939	-	(2,397)	34,650
476,096	(44,284)	(219,378)	243,331
375,052	103,838	395,565	16,714,117
851,148	59,554	176,187	16,957,448

Marshall County
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Change in fund balances - Total governmental funds (page 21)		$ 243,331
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activites report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	$ 896,747	
Capital assets contributed by the Iowa Department of Transportation	1,953,388	
Depreciation expense	(2,473,978)	376,157
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		4,511
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 repayments exceeded issuances, as follows:		
Issued	-	
Repaid	157,259	157,259
The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.		843,105
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Compensated absences	25,389	
Pension expense	(736,739)	
OPEB expense	(11,807)	
Interest on long-term debt	1,213	(721,944)
The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health and dental insurance benefit plans to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.		475,812
Change in net position of governmental activities (page 14)		$ 1,378,231

See notes to financial statements.

Exhibit G

Marshall County
Statement of Net Position
Proprietary Fund
June 30, 2019

	Internal Service-Employee Group Health
Assets	
Cash and cash equivalents	$ 4,159,297
Accounts receivable	2,192
Total assets	4,161,489
Liabilities	
Accounts payable	230,327
Net Position	
Unrestricted	$ 3,931,162

See notes to financial statements.

Marshall County
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2019

		Internal Service-Employee Group Health
Operating revenues:		
Reimbursements from operating funds		$ 2,200,882
Reimbursements from employees and others		131,471
Insurance reimbursements		21,691
Total operating revenues		2,354,044
Operating expenses:		
Medical claims	$ 1,363,480	
Insurance premiums	453,822	
Adminstrative fees	66,792	1,884,094
Operating income		469,950
Non-operating revenues:		
Interest income		5,862
Net income		475,812
Net position beginning of year		3,455,350
Net position end of year		$ 3,931,162

See notes to financial statements.

Marshall County
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2019

	Internal Service- Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 2,200,882
Cash received from employees and others	153,583
Cash paid to suppliers for services	(1,958,879)
Net cash provided by operating activities	395,586
Cash flows from investing activities:	
Interest on investments	5,861
Net increase in cash and cash equivalents	401,447
Cash and cash equivalents beginning of year	3,757,850
Cash and cash equivalents end of year	$ 4,159,297
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 469,950
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	421
(Decrease) in accounts payable	(74,785)
Net cash provided by operating activities	$ 395,586

See notes to financial statements.

Marshall County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2019

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	$ 7,701,943
Other County officials	160,685
Receivables:	
Property tax:	
Delinquent	20,282
Succeeding year	47,156,151
Accounts	126,596
Accrued interest	22,440
Assessments	156,117
Total assets	55,344,214
Liabilities	
Accounts payable	79,472
Salaries and benefits payable	7,090
Due to other governments	55,009,464
Trusts payable	220,181
Compensated absences	28,007
Total liabilities	55,344,214
Net position	$ -

See notes to financial statements.

Marshall County
Notes to Financial Statements
June 30, 2019

(1) Summary of Significant Accounting Policies

Marshall 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/Recorder, Treasurer, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

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

A. Reporting Entity

For financial reporting purposes, Marshall 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 Marshall 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.

Four 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 Marshall County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Marshall County Auditor's Office.

One drainage district, a joint district between Marshall and Story Counties, is managed and supervised by elected trustees. This district is included as an Agency Fund of the County.

(1) Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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: Marshall County Assessor's Conference Board, Marshall County E911 Service Board, Marshall County Public Safety Communications Center and Marshall County Emergency Management Commission. 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.

The County has been designated as trustee of the Marshall County Solid Waste Management Commission's Irrevocable Trust Fund. The purpose of this fund is to demonstrate financial assurance for closure, post-closures and corrective action as required by law. The County's responsibility for this fund is limited to a fiduciary relationship and as such, the activity has been reported in an Agency Fund of the County.

The County also participates in the following additional jointly governed organizations established pursuant to Chapter 28E and Chapter 256I of the Code of Iowa: Solid Waste Management Commission of Marshall County, Region Six Planning Commission, Central Iowa Juvenile Detention Center, Mid-Iowa Drug Task Force, Central Iowa Community Service Region and Iowa River Valley Early Childhood Area.

B. Basis of Presentation

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

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

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

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

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

Additionally, the County reports the following funds:

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

Fiduciary Funds – 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.

C. Measurement Focus and Basis of Accounting

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

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

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.

(1) Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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 Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment 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.

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (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 and tax increment financing receivables represent 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 and tax increment financing receivables have 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, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2018.

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

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 consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (continued)

Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	30 – 50
Building improvements	20 – 50
Infrastructure	15 – 65
Equipment	5 – 25
Vehicles	7 – 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 (expenses/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County's reporting period.

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

Trusts Payable – Trusts payable 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 hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2019. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (continued)

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

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

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (continued)

Deferred inflows of resources 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 they are 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 and the unamortized portion of gains or losses and changes in the liability related to OPEB.

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents and Pooled Investments

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

(2) Cash, Cash Equivalents and Pooled Investments (continued)

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

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of $2,598,629. 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 investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk – The County places no limit on the amount that may be invested in any one issuer.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Capital Projects	General	$ 531,947
General	Special Revenue:	
	Attorney Collections	2,397
	Mental Health	1,731
		4,128
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	3,233,414
	Capital Projects	2,008
		3,235,422
Total		$ 3,771,497

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

(4) Long-Term Liabilities

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

	Capital Lease Purchase Agreements	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	$ 298,528	811,316	5,127,672	848,814	7,086,330
Increases	-	11,280	-	44,765	56,045
Decreases	157,259	36,669	603,740	-	797,668
Balance end of year	$ 141,269	785,927	4,523,932	893,579	6,344,707
Due within one year	$ 69,283	785,927	-	-	855,210

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease vehicles for the sheriff's office and building and grounds department and an excavator for the secondary roads department with historical costs of $314,752. The following is a schedule of the future minimum lease payments, including interest at rates ranging from 3.25% to 4.84% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2019:

Year ending June 30,	Vehicles	Excavator	Total
2020	$ 30,861	43,933	74,794
2021	30,861	43,933	74,794
Total minimum lease payments	61,722	87,866	149,588
Less amount representing interest	(4,155)	(4,164)	(8,319)
Present value of net minimum lease payments	$ 57,567	83,702	141,269

Payments under the capital lease purchase agreements totaled $155,930 for the year ended June 30, 2019.

(4) Long-Term Liabilities (continued)

Industrial Development Revenue Bonds

The County has issued a total of $6,790,000 in industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which $3,696,525 is outstanding at June 30, 2019. The bonds and related interest are payable solely from the rents payable by the tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the County.

(5) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health and dental insurance benefit plans. 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 South Dakota. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of $50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health 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 Unity Point Health Partners from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2019 was $2,200,882.

Amounts payable from the Employee Group Health Insurance Fund at June 30, 2019 total $230,327, which is for incurred but not reported (IBNR) 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 $3,931,162 at June 30, 2019 and is reported as a designation of the Internal Service, Employee Group Health 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 liability for claims for the current year is as follows:

Unpaid claims beginning of year	$ 305,112
Incurred claims (including claims incurred but not reported at June 30, 2019)	1,363,480
Payments:	
Payments on claims during the year	1,438,265
Unpaid claims end of year	$ 230,327

(6) Pension Plan

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

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

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

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

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

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

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

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

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

(6) Pension Plan (continued)

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

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

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

The County's contributions to IPERS for the year ended June 30, 2019 totaled $843,105.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the County reported a liability of $4,523,932 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the County's proportion was .0714879%, which was a decrease of .0054895% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of $736,739. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(6) Pension Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 52,782	163,627
Changes of assumptions	995,967	268,724
Net difference between projected and actual earnings on IPERS' investments	-	219,713
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	84,216	171,864
County contributions subsequent to the measurement date	843,105	-
Total	$ 1,976,070	823,928

$843,105 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	$ 370,768
2021	152,860
2022	(142,899)
2023	(54,438)
2024	(17,254)
Total	$ 309,037

There were no non-employer contributing entities to IPERS.

(6) Pension Plan (continued)

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

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

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

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

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

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

(6) Pension Plan (continued)

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	$ 9,617,991	4,523,932	252,626

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2019.

(7) Other Postemployment Benefits (OPEB)

Plan Description – The County operates 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 GASB Statement No. 75.

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

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

(7) Other Postemployment Benefits (OPEB) (continued)

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	148
Total	149

Total OPEB Liability – The County's total OPEB liability of $893,579 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2019)	3.00% per annum.
Rates of salary increase (effective June 30, 2019)	2.50% per annum, including inflation.
Discount rate (effective June 30, 2019)	3.58% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2019)	7.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%

Discount rate – The discount rate used to measure the total OPEB liability was 3.58% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

(7) Other Postemployment Benefits (OPEB) (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability beginning of year	$ 848,814
Changes for the year:	
Service Cost	61,450
Interest Cost	31,721
Benefit payments	(48,406)
Net changes	44,765
Total OPEB liability end of year	$ 893,579

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 (2.58%) or 1% higher (4.58%) than the current discount rate.

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB liability	$ 959,272	893,579	832,465

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 (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates.

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB liability	$ 803,922	893,579	998,993

(7) Other Postemployment Benefits (OPEB) (continued)

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the County recognized OPEB expense of $11,807. At June 30, 2019, the County reported deferred inflows of resources related to OPEB from the following resources:

		Deferred Inflows of Resources
Differences between expected and actual experience	$	186,124
Changes of assumptions		305,897
Total	$	492,021

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

Year Ending June 30,		Amount
2020	$	(39,679)
2021		(39,679)
2022		(39,679)
2023		(39,679)
2024		(39,679)
Thereafter		(293,626)
Total	$	(492,021)

(8) Due to Other Governments

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

Fund	Description	Amount
General	Services	$ 30,005
Special Revenue:		
Rural Services	Services	5,499
Secondary roads		39,670
Total for governmental funds		$ 75,174
Agency:		
County Assessor	Collections	$ 713,110
Schools		29,719,338
Community Colleges		1,624,252
Corporations		15,055,135
Auto License and Use Tax		894,175
Solid Waste Irrevocable Trust		4,752,509
All other		2,250,945
Total for agency funds		$ 55,009,464

(9) Operating Leases

The County has entered into several leases for operating space used by various county departments and leases for office copy machines. The leases expire at various times through April 1, 2024. The following is a schedule by year of the total annual lease costs required under the operating leases.

Year Ending June 30,	Annual Rent Due
2020	$ 35,720
2021	12,891
2022	10,325
2023	6,714
2024	4,667
Total	$ 70,317

The total annual lease costs for the year ended June 30, 2019 were $186,539.

Marshall County
Notes to Financial Statements
June 30, 2019

(10) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 2,514,501	-	-	2,514,501
Construction in progress	872,549	-	867,549	5,000
Total capital assets not being depreciated	3,387,050	-	867,549	2,519,501
Capital assets being depreciated:				
Buildings	25,486,168	52,953	-	25,539,121
Equipment and vehicles	11,798,008	899,245	377,058	12,320,195
Infrastructure, road network	54,618,624	2,820,937	-	57,439,561
Total capital assets being depreciated	91,902,800	3,773,135	377,058	95,298,877
Less accumulated depreciation for:				
Buildings	12,428,633	437,915	-	12,866,548
Equipment and vehicles	6,253,978	750,475	321,607	6,682,846
Infrastructure, road network	28,686,168	1,285,588	-	29,971,756
Total accumulated depreciation	47,368,779	2,473,978	321,607	49,521,150
Total capital assets being depreciated, net	44,534,021	1,299,157	55,451	45,777,727
Governmental activities capital assets, net	$ 47,921,071	1,299,157	923,000	48,297,228

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 289,471
Physical health and social services	1,309
County environment and education	152,129
Roads and transportation	1,727,145
Governmental services to residents	27,691
Administration	276,233
Total depreciation expense - governmental activities	$ 2,473,978

Equipment costing $314,757 was purchased under capital lease purchase agreements. Accumulated depreciation on these assets totaled $48,883 at June 30, 2019.

Marshall County
Notes to Financial Statements
June 30, 2019

(11) Risk Management

Marshall County is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limits. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Marshall County Financial Information Included in the Mental Health/Disability Services of the Central Iowa Community Service Region

Mental Health/Disability Services of the Central Iowa Community Service Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Boone County, Franklin County, Hamilton County, Hardin County, Jasper County, Madison County, Marshall County, Poweshiek County, Story County and Warren County. The financial activity of Marshall County's Special Revenue, Mental Health Fund is included in the Mental Health/Disability Services of the Central Iowa Community Service Region for the year ended June 30, 2019, as follows.

Revenues:		
Property and other county tax		$ 843,129
Intergovernmental revenues:		
State tax credits		73,213
Total revenues		916,342
Expenditures:		
Services to persons with:		
Mental illness		78,936
General administration		
Direct administration	$ 152,981	
Distribution to regional fiscal agent	672,673	825,654
Total expenditures		904,590
Excess of revenues over expenditures		11,752
Other financing uses:		
Transfers out		(1,731)
Changes in fund balances		10,021
Fund balance beginning of year		552,493
Fund balance end of year		$ 562,514

(13) Development Agreement

The County agreed to rebate 100% of the incremental property tax paid by Consumers Development, LLC, or others within the Marshalltown Gateway Centre Urban Renewal Area, in exchange for the costs of certain improvements. 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 Consumers Development, LLC for a period not to exceed twenty years or in a cumulative amount not to exceed a total of $1,051,000. The payments will be made on December 1 and June 1 of each fiscal year, beginning on December 1, 2007.

(13) Development Agreement (continued)

The total rebated during the year ended June 30, 2019 was $45,638 and the cumulative rebated amount is $449,214.

(14) Tax Abatements

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

County Tax Abatements

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

For the year ended June 30, 2019, the County abated $45,638 of property tax under the urban renewal and economic development projects.

Tax Abatements of Other Entities

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of State Center	Urban renewal and economic development projects	$ 1,310
City of Marshalltown	Urban renewal and economic development projects	30,718

(15) Construction Commitment

The County has entered into contracts totaling $22,554,012 for courthouse renovation and repairs and other county building repairs related to the June 2018 tornado. As of June 30, 2019, costs of $13,610,253 on the project have been incurred. The $8,943,759 balance remaining on the project at June 30, 2019 will be paid as work on the project progresses. The majority of these costs will be covered by the County's property insurance policy.

(16) Prospective Accounting Change

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

(17) Date of Management Evaluation

Management has evaluated subsequent events through January 9, 2020, the date on which the financial statements were available to be issued.

Required Supplementary Information

Marshall County
Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) - All Governmental Funds
Required Supplementary Information
Year Ended June 30, 2019

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	$ 13,912,751	-
Interest and penalty on property tax	100,163	-
Intergovernmental	8,168,514	-
Licenses and permits	56,185	-
Charges for service	905,891	-
Use of money and property	352,945	-
Miscellaneous	13,752,072	-
Total receipts	37,248,521	-
Disbursements:		
Public safety and legal services	8,710,578	-
Physical health and social services	513,754	-
Mental health	904,443	-
County environment and education	1,185,336	-
Roads and transportation	8,070,982	-
Governmental services to residents	896,946	-
Administration	2,622,194	-
Debt service	117,315	-
Capital projects	14,256,414	-
Total disbursements	37,277,962	-
Excess (deficiency) of receipts over (under) disbursements	(29,441)	-
Other financing sources, net	34,650	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	5,209	-
Balance beginning of year	15,925,099	7,500
Balance end of year	$ 15,930,308	7,500

See accompanying independent auditors' report.

Net	Budgeted Amounts Original	Final	Final to Net Variance
13,912,751	13,929,167	13,906,167	6,584
100,163	-	85,000	15,163
8,168,514	7,393,920	7,613,875	554,639
56,185	50,993	57,993	(1,808)
905,891	780,025	790,525	115,366
352,945	193,445	223,345	129,600
13,752,072	682,100	15,724,625	(1,972,553)
37,248,521	23,029,650	38,401,530	(1,153,009)
8,710,578	9,187,982	9,247,982	537,404
513,754	744,983	758,668	244,914
904,443	1,056,570	1,054,870	150,427
1,185,336	1,109,016	1,297,121	111,785
8,070,982	7,506,000	8,162,000	91,018
896,946	1,012,260	1,014,260	117,314
2,622,194	2,882,766	2,905,526	283,332
117,315	118,600	118,600	1,285
14,256,414	1,060,040	16,864,040	2,607,626
37,277,962	24,678,217	41,423,067	4,145,105
(29,441)	(1,648,567)	(3,021,537)	2,992,096
34,650	10,000	10,000	24,650
5,209	(1,638,567)	(3,011,537)	3,016,746
15,917,599	12,462,100	15,758,976	158,623
15,922,808	10,823,533	12,747,439	3,175,369

Marshall County
Budgetary Comparison Schedule -
Budget to GAAP Reconciliation
Required Supplementary Information
Year Ended June 30, 2018

	Governmental Funds			
		Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$	37,248,521	620,800	37,869,321
Expenditures		37,277,962	382,678	37,660,640
Net		(29,441)	238,122	208,681
Other financing sources, net		34,650	-	34,650
Beginning fund balances		15,925,099	789,018	16,714,117
Ending fund balances	$	15,930,308	1,027,140	16,957,448

Marshall County
Notes to Required Supplementary Information-
Budgetary Reporting
June 30, 2019

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: 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, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by $16,744,850. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2019, disbursements did not exceed the amounts budgeted for any function. However, disbursements did exceed the amount appropriated in one department.

Marshall County
Schedule of the County's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
For the Last Five Years*
Required Supplementary Information

	2019	2018	2017
County's proportion of the net pension liability	0.0714879 %	0.0769774 %	0.0792355 %
County's proportionate share of the net pension liability	$ 4,523,932	5,127,672	4,986,543
County's covered payroll	$ 8,195,441	7,856,581	7,756,838
County's proportionate share of the net pension liability as a percentage of its covered payroll	55.20 %	65.27 %	64.29 %
IPERS' net position as a percentage of the total pension liability	83.62 %	82.21 %	81.82 %

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

2016	2015
0.0743841 %	0.0670501 %
3,674,933	2,659,146
7,768,922	7,587,125
47.30 %	35.05 %
85.19 %	87.61 %

Marshall County
Schedule of County Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years
Required Supplementary Information

	2019	2018	2017	2016
Statutorily required contribution	$ 843,105	751,822	723,843	717,206
Contributions in relation to the statutorily required contribution	(843,105)	(751,822)	(723,843)	(717,206)
Contribution deficiency (excess)	$ -	-	-	-
County's covered payroll	$ 8,752,304	8,195,441	7,856,581	7,756,838
Contributions as a percentage of covered payroll	9.63%	9.17%	9.21%	9.25%

See accompanying independent auditors' report.

2015	2014	2013	2012	2011	2010
722,327	703,957	681,722	646,050	567,532	523,502
(722,327)	(703,957)	(681,722)	(646,050)	(567,532)	(523,502)
-	-	-	-	-	-
7,768,922	7,587,125	7,446,144	7,418,441	7,310,460	7,231,017
9.30%	9.28%	9.16%	8.71%	7.76%	7.24%

Marshall County
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2019

Changes of benefit terms:

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

Changes of assumptions:

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

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

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

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

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

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

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

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

Marshall County
Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes
For the Last Two Years
Required Supplementary Information

	2019	2018
Service Cost	$ 61,450	59,951
Interest Cost	31,721	29,944
Difference between expected and actual experience	-	(183,452)
Changes in assumptions	-	(352,486)
Benefit payments	(48,406)	(35,092)
Net change in total OPEB liability	44,765	(481,135)
Total OPEB liability beginning of year	848,814	1,329,949
Total OPEB liability end of year	$ 893,579	848,814
Covered-employee payroll	$ 8,100,042	7,676,708
Total OPEB liability as a percentage of covered-employee payroll	11.03%	11.06%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.00%

Supplementary Information

Marshall County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

					Special
		Resource Enhancement and Protection	Sheriff's Investigative	County Recorder's Records Management	Attorney's Forfeiture
Assets					
Cash, cash equivalents and pooled investments	$	82,854	10,183	25,107	10,945
Receivables:					
Succeeding year tax increment financing		-	-	-	-
Accounts		-	-	-	-
Due from other governments		-	-	-	-
Total assets	$	82,854	10,183	25,107	10,945
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$	-	-	-	-
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year tax increment financing		-	-	-	-
Fund balances:					
Restricted for:					
Other purposes		82,854	10,183	25,107	10,945
Total liabilities, deferred inflows of resources and fund balances	$	82,854	10,183	25,107	10,945

See accompanying independent auditors' report.

Revenue				
Attorney's Collections	Drainage Certificates	Urban Renewal Revenue	Moderate Income Housing	Total
23,357	7,500	-	13,968	173,914
-	-	46,144	-	46,144
-	-	-	27	27
2,551	-	-	-	2,551
25,908	7,500	46,144	13,995	222,636
185	-	-	120	305
-	-	46,144	-	46,144
25,723	7,500	-	13,875	176,187
25,908	7,500	46,144	13,995	222,636

Marshall County
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2019

		Special		
	Resource Enhancement and Protection	Sheriff's Investigative	County Recorder's Records Management	Attorney's Forfeiture
Revenues:				
Tax increment financing	$ -	-	-	-
Intergovernmental	14,132	-	-	-
Charges for service	-	-	5,591	-
Use of money and property	480	44	183	44
Miscellaneous	629	500	-	8,361
Total revenues	15,241	544	5,774	8,405
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	2,920
County environment and education	-	-	-	-
Capital projects	15,818	-	-	-
Total expenditures	15,818	-	-	2,920
Excess (deficiency) of revenues over (under) expenditures	(577)	544	5,774	5,485
Other financing uses:				
Transfers out	-	-	-	-
Change in fund balances	(577)	544	5,774	5,485
Fund balances beginning of year	83,431	9,639	19,333	5,460
Fund balances end of year	$ 82,854	10,183	25,107	10,945

See accompanying independent auditors' report.

Revenue				
Attorney's Collections	Drainage Certificates	Urban Renewal Revenue	Moderate Income Housing	Total
-	-	40,536	-	40,536
-	-	5,102	-	19,234
-	-	-	-	5,591
102	-	-	-	853
24,997	-	1	-	34,488
25,099	-	45,639	-	100,702
18,378	-	-	-	21,298
-	-	45,639	234,928	280,567
-	-	-	-	15,818
18,378	-	45,639	234,928	317,683
6,721	-	-	(234,928)	(216,981)
(2,397)	-	-	-	(2,397)
4,324	-	-	(234,928)	(219,378)
21,399	7,500	-	248,803	395,565
25,723	7,500	-	13,875	176,187

Marshall County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2019

	County Offices		Agricultural	
	County Recorder	County Sheriff	Extension Education	County Assessor
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	$ -	-	1,865	350,669
Other County officials	32,366	128,319	-	-
Receivables:				
Property tax:				
Delinquent	-	-	94	138
Succeeding year	-	-	272,000	390,000
Accounts	271	-	-	-
Accrued interest	-	-	-	-
Assessments	-	-	-	-
Total assets	$ 32,637	128,319	273,959	740,807
Liabilities				
Accounts payable	$ -	-	-	63
Salaries and benefits payable	-	-	-	7,090
Due to other governments	32,637	275	273,959	713,110
Trusts payable	-	128,044	-	-
Compensated absences	-	-	-	20,544
Total liabilities	$ 32,637	128,319	273,959	740,807

See accompanying independent auditors' report.

Schools	Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City Special Assessments	Auto License and Use Tax
216,266	12,810	171,108	1,859	37	4,420	894,175
-	-	-	-	-	-	-
11,083	645	8,272	48	2	-	-
29,491,989	1,610,797	14,875,755	508,792	5,118	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	156,117	-
29,719,338	1,624,252	15,055,135	510,699	5,157	160,537	894,175
-	-	-	-	-	-	-
-	-	-	-	-	-	-
29,719,338	1,624,252	15,055,135	510,699	5,157	160,537	894,175
-	-	-	-	-	-	-
-	-	-	-	-	-	-
29,719,338	1,624,252	15,055,135	510,699	5,157	160,537	894,175

Marshall County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds (Continued)
June 30, 2019

	Local Emergency Management Services	Tax Sale Redemption Non-County	Solid Waste Irrevocable Trust
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	$ 270,677	32,063	4,730,069
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	23,735	-	-
Accrued interest	-	-	22,440
Assessments	-	-	-
Total assets	$ 294,412	32,063	4,752,509
Liabilities			
Accounts payable	$ 365	-	-
Salaries and benefits payable	-	-	-
Due to other governments	286,584	32,063	4,752,509
Trusts payable	-	-	-
Compensated absences	7,463	-	-
Total liabilities	$ 294,412	32,063	4,752,509

See accompanying independent auditors' report.

E911	Marshall County Communications	Other	Total
774,971	147,116	93,838	7,701,943
-	-	-	160,685
-	-	-	20,282
-	-	1,700	47,156,151
102,590	-	-	126,596
-	-	-	22,440
-	-	-	156,117
877,561	147,116	95,538	55,344,214
8,498	70,546	-	79,472
-	-	-	7,090
869,063	76,570	3,401	55,009,464
-	-	92,137	220,181
-	-	-	28,007
877,561	147,116	95,538	55,344,214

Marshall County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2019

	County Offices		Agricultural	
	County Recorder	County Sheriff	Extension Education	County Assessor
Assets and Liabilities				
Balances beginning of year	$ 27,583	140,553	253,519	760,378
Additions:				
Property and other county tax	-	-	257,449	368,630
E911 surcharge	-	-	-	-
State tax credits	-	-	20,615	30,269
Reimbursements other governments	-	-	-	-
Interest	-	-	-	-
Office fees and collections	588,587	184,774	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	235,651	-	-
Miscellaneous	-	-	-	5,284
Total additions	588,587	420,425	278,064	404,183
Deductions:				
Agency remittances:				
To other funds	224,082	178,179	-	-
To other governments	359,451	5,635	257,624	423,754
Trusts paid out	-	248,845	-	-
Total deductions	583,533	432,659	257,624	423,754
Balances end of year	$ 32,637	128,319	273,959	740,807

Schools	Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City Special Assessments	Auto License and Use Tax
27,937,109	1,724,272	14,108,475	506,941	5,058	91,460	959,844
27,826,110	1,524,863	14,872,751	485,055	4,828	-	-
-	-	-	-	-	-	-
2,359,898	141,599	1,515,494	29,772	411	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	13,788,491
-	-	-	-	-	134,627	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
30,186,008	1,666,462	16,388,245	514,827	5,239	134,627	13,788,491
-	-	-	-	-	-	415,940
28,403,779	1,766,482	15,441,585	511,069	5,140	65,550	13,438,220
-	-	-	-	-	-	-
28,403,779	1,766,482	15,441,585	511,069	5,140	65,550	13,854,160
29,719,338	1,624,252	15,055,135	510,699	5,157	160,537	894,175

Marshall County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds (Continued)
Year Ended June 30, 2019

	Local Emergency Management Services	Tax Sale Redemption Non-County	Solid Waste Irrevocable Trust	E911
Assets and Liabilities				
Balances beginning of year	$ 271,966	39,262	4,498,425	704,711
Additions:				
Property and other county tax	-	-	-	-
E911 surcharge	-	-	-	335,727
State tax credits	-	-	-	-
Reimbursements other governments	652,832	-	-	61,093
Interest	-	-	94,084	3,893
Office fees and collections	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	444,510	-	-
Miscellaneous	940	-	160,000	-
Total additions	653,772	444,510	254,084	400,713
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	631,326	-	-	227,863
Trusts paid out	-	451,709	-	-
Total deductions	631,326	451,709	-	227,863
Balances end of year	$ 294,412	32,063	4,752,509	877,561

Marshall County Communications	Other	Total
-	83,084	52,112,640
-	15,610	45,355,296
-	-	335,727
-	84	4,098,142
992,412	-	1,706,337
1,112	67	99,156
-	5,591	778,952
-	1,891	13,790,382
-	-	134,627
-	35,049	715,210
-	104,291	270,515
993,524	162,583	67,284,344
-	-	818,201
846,408	24,770	62,408,656
-	125,359	825,913
846,408	150,129	64,052,770
147,116	95,538	55,344,214

Marshall County
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds
For the Last Ten Years

		2019	2018	2017	2016
Revenues:					
Property and other county tax	$	12,654,057	12,707,266	12,334,541	12,434,629
Tax increment financing		40,536	45,597	45,223	-
Local option sales tax		1,287,037	1,206,255	1,343,263	1,641,388
Interest and penalty on property tax		100,752	101,013	127,555	102,236
Intergovernmental		7,934,115	8,336,929	7,919,057	7,495,625
Licenses and permits		57,902	74,530	60,871	74,393
Charges for service		980,912	1,025,453	935,737	958,389
Use of money and property		363,706	278,681	203,749	189,708
Miscellaneous		14,450,304	334,667	337,357	489,048
Total	$	37,869,321	24,110,391	23,307,353	23,385,416
Expenditures:					
Operating:					
Public safety and legal services	$	8,667,041	7,821,114	7,765,532	7,518,230
Physical health and social services		515,411	609,712	600,628	621,941
Mental health		904,590	933,943	957,887	1,054,625
County environment and education		1,191,115	933,427	906,258	860,933
Roads and transportation		8,306,138	7,386,762	7,876,876	6,296,373
Governmental services to residents		897,904	904,653	957,346	839,859
Administration		2,623,500	2,681,178	2,627,354	2,577,366
Debt service		109,368	768,080	744,099	731,651
Capital projects		14,445,573	902,338	120,324	494,520
Total	$	37,660,640	22,941,207	22,556,304	20,995,498

Modified Accrual Basis					
2015	2014	2013	2012	2011	2010
12,261,750	12,593,094	12,318,561	12,485,437	12,058,876	11,692,229
-	-	-	-	-	-
1,222,611	1,134,553	1,074,652	925,628	1,201,856	1,406,106
104,649	116,324	108,006	114,693	138,983	120,109
7,086,993	6,353,340	6,279,617	9,623,543	8,042,690	7,808,697
52,084	194,955	227,073	83,260	420,754	54,908
842,646	771,758	973,531	775,389	783,293	764,880
208,339	197,831	221,486	232,034	266,364	290,270
356,615	304,600	220,294	287,780	426,616	390,469
22,135,687	21,666,455	21,423,220	24,527,764	23,339,432	22,527,668
7,347,330	7,251,390	6,907,463	6,920,295	6,553,666	6,303,830
612,244	686,973	812,509	871,968	915,115	1,037,554
4,767,126	1,151,650	1,586,563	4,360,668	3,939,338	3,565,959
972,934	954,346	1,286,349	1,033,112	941,991	881,014
5,820,001	6,159,224	6,200,500	5,904,478	5,682,722	5,335,732
821,340	937,099	722,347	695,428	821,502	835,702
2,547,928	2,865,986	2,459,776	2,476,554	2,461,677	2,696,270
748,865	634,839	593,550	594,129	2,482,182	581,984
929,074	139,771	434,453	1,431,830	1,120,566	345,886
24,566,842	20,781,278	21,003,510	24,288,462	24,918,759	21,583,931

BOWMAN & MILLER, P.C.

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Independent Auditors' 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 Marshall County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Marshall County, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 9, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of the 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 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, 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control that we consider to be material weaknesses. We consider the deficiencies described in Part II of the accompanying Schedule of Findings as item II-A-19, II-B-19 and II-C-19 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marshall County's financial statements are free of 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 which are described in Part III of the accompanying Schedule of Findings.

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

Marshall County's Responses to the Findings

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

Purpose of this Report

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

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

Bowman and Miller, P.C.

January 9, 2020

Marshall County
Schedule of Findings
Year Ended June 30, 2019

Part I: Summary of the Independent Auditors' Results:

(a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.

(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.

Marshall County
Schedule of Findings
Year Ended June 30, 2019

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-19 Segregation of Duties

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

Condition – Generally, one or two individuals in the office identified may have control over the following areas for which no compensating controls exist:

	Applicable Office
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Sheriff
(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.	Sheriff

Cause – The County office noted above has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

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 – The County Sheriff should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be evidenced by initials or signature of the reviewer and the date of the review.

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

INTERNAL CONTROL DEFICIENCIES (continued):

Response – The sheriff's office will review their office policies and attempt to segregate duties where possible. Where it is not possible increased review by supervisory personnel will be performed. The Board of Supervisors are requesting to the Sheriff to use a third party to review the monthly bank statements and reconciliations.

Conclusion – Response accepted.

II-B-19 Checks Prepared and Held

Criteria – Internal controls over safeguarding of assets constitute a process, effected by an entity's governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include approving all disbursements after review of adequate documentation.

Condition – A check was prepared and signed for a vehicle that had not been received. The check was then held until the vehicle was received.

Cause – Checks are being prepared without actual receipt of the item purchased.

Effect – This procedure weakens the control that the board has over disbursements since not all of the supporting documentation was available for the board to examine and support their authorization for payment.

Recommendation – No checks should be prepared for claims that have not been properly audited and allowed.

Response – The Auditor and Recorder's office will work on procedures for processing claims that include procuring proper supporting documentation and ensuring the asset has been received prior to or coinciding with payment.

Conclusion – Response accepted.

II-C-19 Bank Reconciliation

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances. Review of bank reconciliations can help ensure the accuracy of recorded amounts.

Condition – The County Treasurer did not perform a complete bank reconciliation which reconciles bank and investment balances to the general ledger balance. In addition, an independent review of the bank reconciliation should be documented.

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

INTERNAL CONTROL DEFICIENCIES (continued):

II-C-19 Bank Reconciliation (continued)

Cause – Procedures have not been designed and implemented to ensure all accounts are properly reconciled to book balances, reconciling items are identified and supported and the reconciliations are independently reviewed.

Effect – The lack of complete bank to book reconciliations can result in unrecorded transactions, undetected errors and opportunities for misappropriation.

Recommendation – The County Treasurer should establish procedures to ensure bank and investment account balances are reconciled to the general ledger monthly. Variances, if any, should be reviewed and resolved timely. An independent person should review the bank reconciliations and document the review by signing or initialing and dating the monthly bank reconciliation.

Response – Bank reconciliations have been now been completed for fiscal year 2018/2019. The delay in completion was due to the Tyler/Incode 10 program conversion and staffing changes at the beginning of the fiscal year. Staff have settled into their new roles and practices and procedures under the new Tyler system have been tested and will be proficient moving forward. We currently have one staff member proficient with the bank reconciliation programming and process and we will cross-train an additional staff member for checks and balances.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-19 Certified Budget – Disbursements during the year ended June 30, 2019 did not exceed the amounts budgeted. However, disbursements exceeded the amount appropriated in one department.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriations.

Response – The appropriated amount was exceeded in one department due to human error. The Auditor and Recorder's office procedures for processing claims will include a method to confirm available budget and appropriation.

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting (continued):

III-B-19 Questionable Expenditures – One fiscal year 2019 expenditure tested for $210 paid to Dank's Lazer Engraving for retirement plaques for three sheriff employees may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

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

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

Response – The Board of Supervisors will review the Attorney General's opinion with all officials and department heads and will monitor claims in the future for items that might not meet the definition of public purpose.

Conclusion – Response accepted.

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

III-D-19 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Business Connection	Description	Amount
Dave Thompson, Board of Supervisor, Owner of Thompson True-Value	Supplies	$ 4,447
Curt Miller, Secondary Road employee, Owner of Keen Edge	Services	238

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Curt Miller do not appear to represent conflicts of interest since total transactions with these individuals was less than $1,500 during the fiscal year.

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Thompson True-Value may represent a conflict of interest since the total transactions exceeded $1,500 during the fiscal year and the transactions were not competitively bid.

Recommendation – The County should consult legal counsel to determine the disposition of the purchases from Thompson True-Value.

Part III: Other Findings Related to Required Statutory Reporting (continued):

Response – The True-Value store has been in existence since 1860 and Marshall County had been doing business with Thompson True-Value prior to Dave becoming a Board of Supervisor in 2011. The location of the store is very convenient to the Courthouse and total sales have remained virtually unchanged from year to year.

Conclusion – Response accepted.

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

III-F-19 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

III-G-19 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

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

III-I-19 Reports of the County Treasurer – The semi-annual reports of the County Treasurer were not published within the ensuing year in accordance with Chapter 349.16(3) of the Code of Iowa.

Recommendation – The semi-annual reports should be published within the ensuing year in accordance with Chapter 349.16(3) of the Code of Iowa.

Response – The delay in completion of the semi-annual reports were due to the Tyler/Incode 10 program conversion and staffing changes which delayed the bank reconciliation process. With the bank reconciliation process now complete, the semi-annual reports will be completed in the Tyler program and published within the near future, barring any unforeseen programming issues. With our staff settled into their new roles and practices and procedures under the new Tyler system and further cross training in the bank reconciliation program, future semi-annual reports should not be delayed in publishing.

Conclusion – Response accepted

Marshall County
Schedule of Findings
Year Ended June 30, 2019

Part III: Other Findings Related to Required Statutory Reporting (continued):

III-J-19 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

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

III-K-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 and no exceptions were noted.

Marshall County
Audit Staff

This audit was performed by:

Bowman and Miller, P.C.
Certified Public Accountants
Marshalltown, Iowa

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