

MARSHALL COUNTY

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

June 30, 2020

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Marshall County

Officials

<u>Name</u>	<u>Title</u>	<u>Expires</u>
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
Marilee Weatherman	Acting County Assessor	January 2021



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

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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, 2020, 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, 2020 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.

Emphasis of a Matter

As discussed in Note 16 to the financial statements, Marshall County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

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 53 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 December 28, 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.

December 28, 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, 2020. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities, during fiscal year 2020. The beginning net position for fiduciary (custodial) funds was restated by \$6,269,973 to retroactively report fiduciary funds in accordance with GASBS.
- Revenues of the County's governmental activities decreased 1.7%, or approximately, \$431,000 from fiscal year 2019 to fiscal year 2020. Property tax revenues increased approximately \$298,000, charges for services decreased approximately \$88,000, operating grants, contributions and restricted interest increased approximately \$320,000 and capital grants, contributions and restricted interest decreased approximately \$1,109,000.
- Program expenses of the County's governmental activities were 2.3%, or approximately \$556,000, more in fiscal year 2020 than in fiscal year 2019. Public safety and legal services had the largest increase of approximately \$663,000, mental health increased approximately \$424,000 and county environment and education decreased approximately \$230,000.
- The County's net position increased less than 1%, or approximately \$391,000, over the June 30, 2019 balance.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of 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 (Custodial Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

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 custodial capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Custodial Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Marshall County's combined net position increased from approximately \$63.5 million to approximately \$63.9 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,	
	2020	2019
Current and other assets	\$ 36,918	36,761
Capital assets	48,865	48,297
Total assets	85,783	85,058
Deferred outflows of resources	1,846	1,976
Long-term liabilities	5,838	6,345
Other liabilities	1,080	2,108
Total liabilities	6,918	8,453
Deferred inflows of resources	16,811	15,072
Net position:		
Net investment in capital assets	48,793	48,156
Restricted	8,937	9,810
Unrestricted	6,170	5,543
Total net position	\$ 63,900	63,509

Net position of Marshall County's governmental activities increased less than 1% (approximately \$63.9 million compared to approximately \$63.5 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 \$5.5 million at June 30, 2019 to approximately \$6.2 million at the end of this year, an increase of 11.3%.

Changes in Net Position of Governmental Activities		
	Year Ended June 30,	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 2,763,182	2,851,122
Operating grants, contributions and restricted interest	5,613,142	5,292,922
Capital grants, contributions and restricted interest	909,386	2,018,184
General revenues:		
Property tax, including tax increment financing	12,990,979	12,693,215
Penalty and interest on property tax	57,598	103,642
State tax credits	1,034,499	1,044,489
Local option sales tax	1,546,903	1,287,037
Unrestricted investment earnings	220,656	226,611
Other general revenues	16,918	67,538
Total revenues	<u>25,153,263</u>	<u>25,584,760</u>
Program expenses:		
Public safety and legal services	9,087,263	8,424,039
Physical health and social services	500,221	512,708
Mental health	1,329,289	905,044
County environment and education	1,081,307	1,311,374
Roads and transportation	9,155,350	9,231,104
Governmental services to residents	873,975	884,066
Administration	2,674,688	2,821,439
Non-program	29,913	8,600
Interest on long-term debt	30,467	108,155
Total expenses	<u>24,762,473</u>	<u>24,206,529</u>
Change in net position	390,790	1,378,231
Net position beginning of year	<u>63,509,607</u>	<u>62,131,376</u>
Net position end of year	<u>\$ 63,900,397</u>	<u>63,509,607</u>

Marshall County's governmental activities net position increased approximately \$391,000 during the year. Revenues for governmental activities decreased approximately \$431,000 over the prior year, with property tax revenue increasing approximately \$298,000 from the prior year and a decrease in charges for services of approximately \$88,000. Operating grants, contributions and restricted interest increased approximately \$320,000 and capital grants, contributions and restricted interest decreased approximately \$1,109,000.

The cost of all governmental activities this year was approximately \$24.8 million compared to approximately \$24.2 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 \$15.5 million because some of the cost was paid by those who directly benefited from the programs (approximately \$2.8 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$6.5 million). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2020 from approximately \$10.2 million to approximately \$9.3 million.

INDIVIDUAL MAJOR FUND ANALYSIS

As Marshall County completed the year, its governmental funds reported a combined fund balance of approximately \$16.4 million, a decrease of approximately \$564,000 below last year's total of approximately \$17.0 million. The decrease in fund balance is primarily attributable to a decrease in the General Fund and Mental Health 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 decreased approximately \$452,000 from the prior year. Revenues decreased approximately \$153,000 from the prior year primarily due to a decrease in intergovernmental revenue of approximately \$183,000.
- Special Revenue, Mental Health Fund balance at year end decreased by approximately \$421,000 from the prior year. Approximately \$1.1 million 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 increased approximately \$390,000 due to a decrease 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 increased approximately \$326,000 due primarily to an increase of approximately \$190,000 in FEMA grant funding and reimbursements from the State of Iowa. Expenditures decreased from the prior fiscal year approximately \$41,000 and transfers from the Special Revenue, Rural services Fund decreased approximately \$134,000. These factors increased the ending fund balance by approximately \$57,000.
- There were no significant changes in revenues, expenditures and fund balance of the Debt Service Fund.
- During the year the County received approximately \$5.3 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 \$6.6 million. The County also transferred approximately \$1.2 million 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 March 2020. This resulted in a decrease in budgeted revenues of approximately \$11 million, mostly in miscellaneous revenue and a decrease in budgeted disbursements of approximately \$11 million with most of the decrease due to a decrease in capital projects expenditures.

The County's receipts were approximately \$2.9 million less than budgeted, a variance of 9.0%.

Total disbursements were approximately \$6.3 million less than the amended budget. Actual disbursements were less than budgeted for public safety and legal services by \$577,617, physical health and social services by \$225,861, mental health by \$8,435, county environment and education by \$148,317, roads and transportations by \$140,983, governmental services to residents by \$116,465, administration by \$528,816, capital projects by \$4,521,844 and debt service by \$140. 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, 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020 Marshall County had approximately \$101 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 \$3 million, or 3.1%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2020	2019
Land	\$ 2,515	2,515
Construction in progress	1,047	5
Buildings and improvements	26,105	25,539
Equipment and vehicles	13,053	12,320
Infrastructure	58,098	57,440
Total	<u>\$ 100,818</u>	<u>97,819</u>

This year's major additions included (in thousands):

Conservation construction and equipment	\$ 158
Secondary road equipment	819
Capital assets contributed by the Iowa Department of Transportation	659
Sheriff's patrol cars	<u>117</u>
Total	<u>\$ 1,753</u>

The County had depreciation expense of \$2,606,378 in fiscal year 2020 and total accumulated depreciation of \$51,953,255 at June 30, 2020.

The County's fiscal year 2020 capital expenditures were approximately \$2.3 million which included approximately \$1 million on courthouse upgrades and approximately \$1.1 million 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, 2020, Marshall County had \$71,986 of capital lease purchase agreements outstanding, compared to \$141,269 at June 30, 2019, as shown below:

	Outstanding Debt of Governmental Activities at Year End	
	June 30,	
	2020	2019
Capital lease purchase agreements	\$ 71,986	141,269

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 \$168 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 2021 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 4.0% versus 2.8% a year ago. This compares with the State's unemployment rate of 3.7% and the national rate of 6.9%.

These indicators were taken into account when adopting the budget for fiscal year 2021. An additional consideration was the tornado on July 19, 2018, which was one of the reasons the County amended their fiscal year 2020 budgeted revenues and expenditures to \$36.7 million. The majority of this change was to account for insurance proceeds and the associated expenditures. Amounts available for appropriation in the fiscal year 2021 budget are approximately \$43.7 million, an increase of 18.9% from the final fiscal year 2020 budget. Total revenue is estimated to increase 21.8% from fiscal year 2020 to fiscal year 2021. Miscellaneous funds from EMC Insurance plus expenditures for reconstruction led to this increase in total budgeted revenue. Budgeted disbursements increased 18.9% 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, County Conservation, Government Services and Administration which were offset by decreases in Physical Health/Social Services and Mental Health. The County has added no major new programs or initiatives to the fiscal year 2021 other than continuing accounting for the facility repairs in capital projects and accounting for COVID 19 related expenditures.

If these estimates are realized, the County's total operating fund balance is expected to decrease approximately \$676,000 by the close of fiscal year 2021.

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, 2020

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 20,059,368
Receivables:	
Property tax:	
Delinquent	242,046
Succeeding year	14,830,230
Succeeding year tax increment financing	47,969
Interest and penalty on property tax	15,423
Accounts	5,408
Accrued interest	8,024
Due from other governments	808,598
Inventories	798,310
Prepaid expenses	102,818
Capital assets, net of accumulated depreciation	48,864,769
Total assets	<u>85,782,963</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>1,846,363</u>
Liabilities	
Accounts payable	639,491
Accrued interest payable	485
Salaries and benefits payable	389,751
Due to other governments	50,688
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreements	71,986
Compensated absences	881,182
Portion due or payable after one year:	
Net pension liability	4,129,227
Total OPEB liability	755,264
Total liabilities	<u>6,918,074</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	14,830,230
Unavailable tax increment financing revenue	47,969
Pension related deferred inflows	1,342,101
OPEB related deferred inflows	590,555
Total deferred inflows of resources	<u>16,810,855</u>

**Marshall County
Statement of Net Position
June 30, 2020**

Exhibit A

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	48,792,783
Restricted for:	
Supplemental levy purposes	2,588,056
Mental health purposes	124,247
Rural services purposes	1,748,122
Secondary roads purposes	3,523,877
Debt service	39,341
Capital projects	719,368
Other purposes	193,777
Unrestricted	6,170,826
Total net position	<u><u>\$ 63,900,397</u></u>

Marshall County
Statement of Activities
Year Ended June 30, 2020

			Program Revenues	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	Expenses	Charges for Service		
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 9,087,263	1,577,900	319,911	-
Physical health and social services	500,221	3,875	221,227	-
Mental health	1,329,289	276	-	-
County environment and education	1,081,307	170,575	86,143	52,140
Roads and transportation	9,155,350	127,339	4,970,896	848,303
Governmental services to residents	873,975	696,175	6,472	-
Administration	2,674,688	27,167	8,493	8,943
Non-program	29,913	159,875	-	-
Interest on long-term debt	30,467	-	-	-
Total	\$ 24,762,473	2,763,182	5,613,142	909,386

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

<u>Net (Expense)</u> <u>Revenue</u> <u>and Changes</u> <u>in Net Position</u>
(7,189,452)
(275,119)
(1,329,013)
(772,449)
(3,208,812)
(171,328)
(2,630,085)
129,962
(30,467)
<u>(15,476,763)</u>
12,942,938
7,043
40,998
57,598
1,034,499
1,546,903
220,656
16,918
<u>15,867,553</u>
390,790
<u>63,509,607</u>
<u>\$ 63,900,397</u>

**Marshall County
Balance Sheet
Governmental Funds
June 30, 2020**

		Special Revenue	
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 10,144,617	137,111	1,624,514
Receivables:			
Property tax:			
Delinquent	181,112	16,065	44,736
Succeeding year	10,740,881	1,039,506	3,042,343
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	15,423	-	-
Accounts	820	-	5
Accrued interest	8,024	-	-
Due from other governments	110,770	-	124,082
Inventories	-	-	-
Prepaid expenses	89,990	-	-
Total assets	\$ 21,291,637	1,192,682	4,835,680
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 78,101	395	156
Salaries and benefits payable	256,706	4,602	25,917
Due to other governments	46,738	-	3,950
Total liabilities	381,545	4,997	30,023
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	10,740,881	1,039,506	3,042,343
Succeeding year tax increment financing	-	-	-
Other	97,334	6,797	15,192
Total deferred inflows of resources	10,838,215	1,046,303	3,057,535

Secondary Roads	Capital Projects	Debt Service	Nonmajor	Total
2,444,876	787,805	36,229	195,029	15,370,181
-	-	133	-	242,046
-	-	7,500	-	14,830,230
-	-	-	47,969	47,969
-	-	-	-	15,423
4,582	-	-	-	5,407
-	-	-	-	8,024
572,284	-	-	1,462	808,598
798,310	-	-	-	798,310
12,828	-	-	-	102,818
3,832,880	787,805	43,862	244,460	32,229,006

247,687	68,437	-	2,714	397,490
102,526	-	-	-	389,751
-	-	-	-	50,688
350,213	68,437	-	2,714	837,929

-	-	7,500	-	14,830,230
-	-	-	47,969	47,969
-	-	133	-	119,456
-	-	7,633	47,969	14,997,655

Marshall County
Balance Sheet (Continued)
Governmental Funds
June 30, 2020

		Special Revenue	
	General	Mental Health	Rural Services
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenses	89,990	-	-
Restricted for:			
Supplemental levy purposes	2,498,066	-	-
Mental health purposes	-	141,382	-
Rural services purposes	-	-	1,748,122
Secondary roads purposes	-	-	-
Conservation land acquisition	415,382	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Committed for capital projects	40,000	-	-
Assigned for conservation purposes	368,408	-	-
Assigned for sheriff	261,927	-	-
Unassigned	6,398,104	-	-
Total fund balances	10,071,877	141,382	1,748,122
Total liabilities, deferred inflows of resources			
and fund balances	\$ 21,291,637	1,192,682	4,835,680

Secondary Roads	Capital Projects	Debt Service	Nonmajor	Total
798,310	-	-	-	798,310
12,828	-	-	-	102,818
-	-	-	-	2,498,066
-	-	-	-	141,382
-	-	-	-	1,748,122
2,671,529	-	-	-	2,671,529
-	-	-	-	415,382
-	-	36,229	-	36,229
-	719,368	-	-	719,368
-	-	-	193,777	193,777
-	-	-	-	40,000
-	-	-	-	368,408
-	-	-	-	261,927
-	-	-	-	6,398,104
3,482,667	719,368	36,229	193,777	16,393,422
3,832,880	787,805	43,862	244,460	32,229,006

Marshall County
Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position
June 30, 2020

Exhibit D

Total governmental fund balances (page 18) **\$ 16,393,422**

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 \$100,818,024 and the accumulated depreciation is \$51,953,255. 48,864,769

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. 119,456

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. 4,447,187

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	\$ 1,846,363	
Deferred inflows of resources	<u>(1,932,656)</u>	(86,293)

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. (5,838,144)

Net position of governmental activities (page 12) **\$ 63,900,397**

Marshall County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 9,424,596	836,219	2,578,402	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	1,546,903	-
Interest and penalty on property tax	51,206	-	-	-
Intergovernmental	2,583,907	70,827	247,275	5,153,860
Licenses and permits	5,365	-	46,143	20,765
Charges for service	1,004,320	-	-	-
Use of money and property	367,994	-	-	6,703
Miscellaneous	97,536	276	103	106,574
Total revenues	13,534,924	907,322	4,418,826	5,287,902
Expenditures:				
Operating:				
Public safety and legal services	8,354,818	-	710,006	-
Physical health and social services	480,920	-	15,272	-
Mental health	-	1,328,454	-	-
County environment and education	722,282	-	203,766	-
Roads and transportation	-	-	-	8,330,411
Governmental services to residents	851,574	-	771	-
Administration	2,309,925	-	-	-
Debt service	-	-	-	-
Capital projects	120,487	-	-	-
Total expenditures	12,840,006	1,328,454	929,815	8,330,411
Excess (deficiency) of revenues over (under) expenditures	694,918	(421,132)	3,489,011	(3,042,509)
Other financing sources (uses):				
Sale of capital assets	4,700	-	-	-
Transfers in	3,317	-	-	3,099,446
Transfers out	(1,154,815)	-	(3,099,446)	-
Total other financing sources (uses)	(1,146,798)	-	(3,099,446)	3,099,446
Change in fund balances	(451,880)	(421,132)	389,565	56,937
Fund balances beginning of year	10,523,757	562,514	1,358,557	3,425,730
Fund balances end of year	\$ 10,071,877	141,382	1,748,122	3,482,667

Capital Projects	Debt Service	Nonmajor	Total
-	6,933	-	12,846,150
-	-	40,998	40,998
-	-	-	1,546,903
-	-	-	51,206
8,943	602	22,182	8,087,596
-	-	-	72,273
-	-	6,248	1,010,568
8,493	-	2,946	386,136
5,249,616	-	28,272	5,482,377
5,267,052	7,535	100,646	29,524,207
-	-	14,568	9,079,392
-	-	-	496,192
-	-	-	1,328,454
-	-	60,019	986,067
-	-	-	8,330,411
-	-	-	852,345
-	-	-	2,309,925
-	30,860	-	30,860
6,553,647	-	5,152	6,679,286
6,553,647	30,860	79,739	30,092,932
(1,286,595)	(23,325)	20,907	(568,725)
-	-	-	4,700
1,154,815	-	-	4,257,578
-	-	(3,317)	(4,257,578)
1,154,815	-	(3,317)	4,700
(131,780)	(23,325)	17,590	(564,025)
851,148	59,554	176,187	16,957,447
719,368	36,229	193,777	16,393,422

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, 2020

Change in fund balances - Total governmental funds (page 21) **\$ (564,025)**

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation 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	\$ 2,515,283	
Capital assets contributed by the Iowa Department of Transportation	658,636	
Depreciation expense	<u>(2,606,378)</u>	567,541

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		110,223
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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	<u>69,283</u>	69,283

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.

837,428

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	(32,443)	
Pension expense	(1,090,603)	
OPEB expense	(23,032)	
Interest on long-term debt	<u>393</u>	(1,145,685)

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.

516,025

Change in net position of governmental activities (page 14) **\$ 390,790**

Marshall County
Statement of Net Position
Proprietary Fund
June 30, 2020

	<u>Internal Service- Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 4,689,187
Liabilities	
Accounts payable	<u>242,000</u>
Net Position	
Restricted for employee health	<u><u>\$ 4,447,187</u></u>

Marshall County
Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2020

		<u>Internal Service- Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 2,281,148
Reimbursements from employees and others		127,135
Insurance reimbursements		24,424
Total operating revenues		<u>2,432,707</u>
Operating expenses:		
Medical claims	\$ 1,375,251	
Insurance premiums	466,087	
Administrative fees	<u>172,406</u>	<u>2,013,744</u>
Operating income		418,963
Non-operating revenues:		
Interest income		<u>97,062</u>
Net income		516,025
Net position beginning of year		<u>3,931,162</u>
Net position end of year		<u><u>\$ 4,447,187</u></u>

Marshall County
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2020

	<u>Internal Service- Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 2,281,148
Cash received from employees and others	153,750
Cash paid to suppliers for services	<u>(2,002,070)</u>
Net cash provided by operating activities	432,828
Cash flows from investing activities:	
Interest on investments	<u>97,062</u>
Net increase in cash and cash equivalents	529,890
Cash and cash equivalents beginning of year	<u>4,159,297</u>
Cash and cash equivalents end of year	<u><u>\$ 4,689,187</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 418,963
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	2,192
Increase in accounts payable	<u>11,673</u>
Net cash provided by operating activities	<u><u>\$ 432,828</u></u>

Marshall County
Statement of Fiduciary Net Position
Custodial Funds
June 30, 2020

Assets

Cash, cash equivalents and pooled investments:

County Treasurer

Other County officials

\$ 8,826,931

Receivables:

158,043

Property tax:

Delinquent

871,405

Succeeding year

51,191,318

Accounts

87,152

Accrued interest

8,024

Assessments

192,144

Due from other governments

29,865

Total assets61,364,882**Liabilities**

Accounts payable

66,601

Salaries and benefits payable

7,358

Due to other governments

2,982,524

Trusts payable

126,142

Compensated absences

34,115

Total liabilities3,216,740**Deferred Inflows of Resources**

Unavailable property tax revenue

51,191,318**Total net position**\$ 6,956,824

Marshall County
Statement of Changes in Fiduciary Net Position
Custodial Funds
June 30, 2020

Additions:

Property and other county tax	\$ 49,234,802
911 surcharge	293,273
State tax credits	4,118,799
Reimbursements other governments	2,553,827
Interest	110,890
Office fees and collections	821,046
Auto license, use tax and postage	11,613,765
Assessments	83,162
Trusts	953,728
Miscellaneous	173,826
Total additions	<u>69,957,118</u>

Deductions:

Agency remittances:	
To other funds	890,094
To other governments	67,450,943
Trusts paid out	929,230
Total deductions	<u>69,270,267</u>

Changes in net position	686,851
Net position beginning of year, as restated	<u>6,269,973</u>
Net position end of year	<u><u>\$ 6,956,824</u></u>

Marshall County

Notes to Financial Statements

June 30, 2020

(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 a Custodial Fund of the County.

Marshall County
Notes to Financial Statements
June 30, 2020

(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 Custodial 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 a Custodial 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.

Marshall County
Notes to Financial Statements
June 30, 2020

(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.

Marshall County
Notes to Financial Statements
June 30, 2020

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

C. Measurement Focus and Basis of Accounting

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

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

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.

Marshall County
Notes to Financial Statements
June 30, 2020

(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.

Marshall County
Notes to Financial Statements
June 30, 2020

(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 they are 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, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

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

Due from 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 acquired after July 1, 1980 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.

Marshall County

Notes to Financial Statements

June 30, 2020

(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, 2020. 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.

Marshall County
Notes to Financial Statements
June 30, 2020

(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.

Marshall County
Notes to Financial Statements
June 30, 2020

(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 and tax increment financing receivables 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, 2020, disbursements did not exceed the amounts budgeted.

(2) Cash, Cash Equivalents and Pooled Investments

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

Marshall County
Notes to Financial Statements
June 30, 2020

(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 \$2,646,622. 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, 2020 is as follows:

Transfer to	Transfer from	Amount
Capital Projects	General	\$ 1,154,815
General	Special Revenue:	
	Attorney Collections	3,317
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	3,099,446
Total		<u>\$ 4,257,578</u>

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

Marshall County
Notes to Financial Statements
June 30, 2020

(4) Long-Term Liabilities

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

	Capital Lease Purchase Agreements	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 141,269	785,927	4,523,932	893,579	6,344,707
Increases	-	129,540	-	-	129,540
Decreases	69,283	34,285	394,705	138,315	636,588
Balance end of year	<u>\$ 71,986</u>	<u>881,182</u>	<u>4,129,227</u>	<u>755,264</u>	<u>5,837,659</u>
Due within one year	<u>\$ 71,986</u>	<u>881,182</u>	<u>-</u>	<u>-</u>	<u>953,168</u>

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, 2020:

Year ending June 30,	Vehicles	Excavator	Total
2021	\$ 30,861	43,933	74,794
Total minimum lease payments	30,861	43,933	74,794
Less amount representing interest	(1,405)	(1,403)	(2,808)
Present value of net minimum lease payments	<u>\$ 29,456</u>	<u>42,530</u>	<u>71,986</u>

Payments under the capital lease purchase agreements totaled \$71,986 for the year ended June 30, 2020.

Marshall County
Notes to Financial Statements
June 30, 2020

(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 \$3,489,591 is outstanding at June 30, 2020. 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, 2020 was \$2,281,148.

Amounts payable from the Employee Group Health Insurance Fund at June 30, 2020 total \$242,000, 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 \$4,447,187 at June 30, 2020 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	\$ 230,327
Incurred claims (including claims incurred but not reported at June 30, 2020)	1,375,251
Payments:	
Payments on claims during the year	<u>1,363,578</u>
Unpaid claims end of year	<u><u>\$ 242,000</u></u>

Marshall County
Notes to Financial Statements
June 30, 2020

(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.

Marshall County
Notes to Financial Statements
June 30, 2020

(6) Pension Plan (continued)

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

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

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal 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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.51% of covered payroll, for a total rate of 19.02%. Protection occupation members contributed 6.61% of covered payroll and the County contributed 9.91% of covered payroll, for a total rate of 16.52%.

The County's contributions to IPERS for the year ended June 30, 2020 totaled \$837,428.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the County reported a liability of \$4,129,227 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the County's proportion was .0713084%, which was a decrease of .000180% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$1,090,603. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Marshall County
Notes to Financial Statements
June 30, 2020

(6) Pension Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,974	197,064
Changes of assumptions	718,628	207,261
Net difference between projected and actual earnings on IPERS' investments	-	832,381
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	250,333	105,395
County contributions subsequent to the measurement date	837,428	-
Total	<u>\$ 1,846,363</u>	<u>1,342,101</u>

\$837,428 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	\$ 89,747
2022	(218,054)
2023	(127,558)
2024	(89,726)
2025	12,425
Total	<u>\$ (333,166)</u>

There were no non-employer contributing entities to IPERS.

Marshall County

Notes to Financial Statements

June 30, 2020

(6) Pension Plan (continued)

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

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

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

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0 %	5.60 %
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	100.0 %	

Marshall County

Notes to Financial Statements

June 30, 2020

(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	\$ 9,595,373	4,129,227	(453,642)

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

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

(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, 2020, the following employees were covered by the benefit terms:

Marshall County

Notes to Financial Statements

June 30, 2020

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

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>155</u>
Total	<u><u>156</u></u>

Total OPEB Liability – The County's total OPEB liability of \$755,264 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 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, 2020)	3.00% per annum.
Rates of salary increase (effective June 30, 2020)	2.50% per annum, including inflation.
Discount rate (effective June 30, 2020)	3.50% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	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 3.50% 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 annuitant distinct mortality table adjusted to 2006 with MP-2019 generational projection of future. 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, 2020 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Marshall County
Notes to Financial Statements
June 30, 2020

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 893,579
Changes for the year:	
Service cost	56,120
Interest cost	25,883
Differences between expected and actual experiences	(203,291)
Changes in assumptions	3,261
Benefit payments	(20,288)
Net changes	<u>(138,315)</u>
Total OPEB liability end of year	<u>\$ 755,264</u>

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

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 816,721	755,264	698,338

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

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$ 671,064	755,264	855,133

Marshall County
Notes to Financial Statements
June 30, 2020

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

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of \$23,032. At June 30, 2020, the County reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 326,351
Changes of assumptions	264,204
Total	<u>\$ 590,555</u>

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

Year Ending June 30,	Amount
2021	\$ (58,971)
2022	(58,971)
2023	(58,971)
2024	(58,971)
2025	(58,971)
Thereafter	(295,700)
Total	<u>\$ (590,555)</u>

Marshall County
Notes to Financial Statements
June 30, 2020

(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, 2020 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 46,738
Special Revenue:		
Rural Services	Services	<u>3,950</u>
Total for governmental funds		<u>\$ 50,688</u>
Custodial:		
County Recorder	Collections	\$ 31,322
Schools		804,803
Community Colleges		42,828
Corporations		462,809
Auto License and Use Tax		1,015,328
Tax Sale Redemption Non-County		72,615
All other		<u>552,819</u>
Total for custodial funds		<u>\$ 2,982,524</u>

(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.

<u>Year Ending</u> <u>June 30,</u>	<u>Annual</u> <u>Rent Due</u>
2021	\$ 115,260
2022	17,615
2023	6,714
2024	<u>4,667</u>
Total	<u>\$ 144,256</u>

The total annual lease costs for the year ended June 30, 2020 were \$115,908.

Marshall County
Notes to Financial Statements
June 30, 2020

(10) Capital Assets

Capital assets activity for the year ended June 30, 2020 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	5,000	1,047,357	5,000	1,047,357
Total capital assets not being depreciated	2,519,501	1,047,357	5,000	3,561,858
Capital assets being depreciated:				
Buildings	25,539,121	566,044	-	26,105,165
Equipment and vehicles	12,320,195	961,645	229,036	13,052,804
Infrastructure, road network	57,439,561	658,636	-	58,098,197
Total capital assets being depreciated	95,298,877	2,186,325	229,036	97,256,166
Less accumulated depreciation for:				
Buildings	12,866,548	456,891	-	13,323,439
Equipment and vehicles	6,682,846	755,749	174,273	7,264,322
Infrastructure, road network	29,971,756	1,393,738	-	31,365,494
Total accumulated depreciation	49,521,150	2,606,378	174,273	51,953,255
Total capital assets being depreciated, net	45,777,727	(420,053)	54,763	45,302,911
Governmental activities capital assets, net	\$ 48,297,228	627,304	59,763	48,864,769

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 280,850
County environment and education	156,919
Roads and transportation	1,917,148
Governmental services to residents	21,044
Administration	230,417
Total depreciation expense - governmental activities	\$ 2,606,378

Equipment costing \$314,752 was purchased under capital lease purchase agreements. Accumulated depreciation on these assets totaled \$67,810 at June 30, 2020.

Marshall County

Notes to Financial Statements

June 30, 2020

(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, 2020, as follows.

Revenues:			
Property and other county tax		\$	836,219
Intergovernmental revenues:			
State tax credits			70,827
Charges for services			276
Total revenues			<u>907,322</u>
Expenditures:			
Services to persons with:			
Mental illness			80,978
General administration			
Direct administration	\$	170,695	
Distribution to regional fiscal agent		<u>1,076,781</u>	<u>1,247,476</u>
Total expenditures			<u>1,328,454</u>
Excess of revenues over expenditures			(421,132)
Fund balance beginning of year			<u>562,514</u>
Fund balance end of year		\$	<u>141,382</u>

(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.

Marshall County
Notes to Financial Statements
June 30, 2020

(13) Development Agreement (continued)

The total rebated during the year ended June 30, 2020 was \$46,144 and the cumulative rebated amount is \$495,358.

(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, 2020, the County abated \$46,144 of property tax under the urban renewal and economic development projects.

Tax Abatements of Other Entities

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

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

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of State Center	Urban renewal and economic development projects	\$ 1,308
City of Marshalltown	Urban renewal and economic development projects	32,599

Marshall County
Notes to Financial Statements
June 30, 2020

(15) Construction Commitment

The County has entered into contracts totaling \$22,632,614 for courthouse renovation and repairs and other county building repairs related to the July 2018 tornado. As of June 30, 2020, costs of \$19,022,639 on the project have been incurred. The \$3,609,975 balance remaining on the project at June 30, 2020 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) Accounting Change/Restatement

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

	<u>Fiduciary Activities</u>
Net position June 30, 2019, as previously reported	\$ -
Change to implement GASBS No. 84	<u>6,269,973</u>
Net position July 1, 2019, as restated	<u>\$ 6,269,973</u>

(17) Date of Management Evaluation

Management has evaluated subsequent events through December 28, 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, 2020

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 14,301,382	-
Interest and penalty on property tax	48,234	-
Intergovernmental	8,018,479	-
Licenses and permits	66,388	-
Charges for service	904,345	-
Use of money and property	399,085	-
Miscellaneous	6,198,846	-
Total receipts	<u>29,936,759</u>	<u>-</u>
Disbursements:		
Public safety and legal services	9,026,307	-
Physical health and social services	487,053	-
Mental health	1,327,365	-
County environment and education	1,019,062	-
Roads and transportation	8,610,217	-
Governmental services to residents	849,778	-
Administration	2,309,649	-
Debt service	30,860	-
Capital projects	6,838,196	-
Total disbursements	<u>30,498,487</u>	<u>-</u>
Deficiency of receipts under disbursements	(561,728)	-
Other financing sources, net	<u>1,601</u>	<u>-</u>
Change in fund balance	(560,127)	-
Balance beginning of year	<u>15,930,308</u>	<u>7,500</u>
Balance end of year	<u><u>\$ 15,370,181</u></u>	<u><u>7,500</u></u>

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
14,301,382	14,190,387	14,416,037	(114,655)
48,234	85,000	85,000	(36,766)
8,018,479	7,741,614	8,116,704	(98,225)
66,388	55,967	55,335	11,053
904,345	795,597	799,797	104,548
399,085	263,195	266,295	132,790
6,198,846	20,721,100	9,146,287	(2,947,441)
29,936,759	43,852,860	32,885,455	(2,948,696)
9,026,307	9,643,746	9,603,924	577,617
487,053	757,768	712,914	225,861
1,327,365	1,051,000	1,335,800	8,435
1,019,062	1,144,751	1,167,379	148,317
8,610,217	7,960,500	8,751,200	140,983
849,778	996,893	966,243	116,465
2,309,649	2,966,813	2,838,465	528,816
30,860	31,000	31,000	140
6,838,196	23,237,565	11,360,040	4,521,844
30,498,487	47,790,036	36,766,965	6,268,478
(561,728)	(3,937,176)	(3,881,510)	3,319,782
1,601	10,000	10,000	(8,399)
(560,127)	(3,927,176)	(3,871,510)	3,311,383
15,922,808	12,747,439	15,709,858	212,950
15,362,681	8,820,263	11,838,348	3,524,333

Marshall County
Budgetary Comparison Schedule -
Budget to GAAP Reconciliation
Required Supplementary Information
Year Ended June 30, 2020

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 29,936,759	(412,552)	29,524,207
Expenditures	30,498,487	(405,555)	30,092,932
Net	(561,728)	(6,997)	(568,725)
Other financing sources, net	1,601	3,099	4,700
Beginning fund balances	15,930,308	1,027,139	16,957,447
Ending fund balances	\$ 15,370,181	1,023,241	16,393,422

Marshall County
Notes to Required Supplementary Information-
Budgetary Reporting
June 30, 2020

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except 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 decreased budgeted disbursements by \$11,023,071. 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, 2020, disbursements did not exceed the amounts budgeted for any function.

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

	2020	2019	2018
County's proportion of the net pension liability	0.0713084 %	0.0714879 %	0.0769774 %
County's proportionate share of the net pension liability	\$ 4,129,227	4,523,932	5,127,672
County's covered payroll	\$ 8,752,304	8,195,441	7,856,581
County's proportionate share of the net pension liability as a percentage of its covered payroll	47.18 %	55.20 %	65.27 %
IPERS' net position as a percentage of the total pension liability	85.45 %	83.62 %	82.21 %

* 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.

2017	2016	2015
0.0792355 %	0.0743841 %	0.0670501 %
4,986,543	3,674,933	2,659,146
7,756,838	7,768,922	7,587,125
64.29 %	47.30 %	35.05 %
81.82 %	85.19 %	87.61 %

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

	2020	2019	2018	2017
Statutorily required contribution	\$ 837,428	843,105	751,822	723,843
Contributions in relation to the statutorily required contribution	(837,428)	(843,105)	(751,822)	(723,843)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 8,774,087	8,752,304	8,195,441	7,856,581
Contributions as a percentage of covered payroll	9.54%	9.63%	9.17%	9.21%

2016	2015	2014	2013	2012	2011
717,206	722,327	703,957	681,722	646,050	567,532
(717,206)	(722,327)	(703,957)	(681,722)	(646,050)	(567,532)
-	-	-	-	-	-
7,756,838	7,768,922	7,587,125	7,446,144	7,418,441	7,310,460
9.25%	9.30%	9.28%	9.16%	8.71%	7.76%

Marshall County
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

	2020	2019	2018
Service Cost	\$ 56,120	61,450	59,951
Interest Cost	25,883	31,721	29,944
Difference between expected and actual experiences	(203,291)	-	(183,452)
Changes in assumptions	3,261	-	(352,486)
Benefit payments	(20,288)	(48,406)	(35,092)
Net change in total OPEB liability	(138,315)	44,765	(481,135)
Total OPEB liability beginning of year	893,579	848,814	1,329,949
Total OPEB liability end of year	\$ 755,264	893,579	848,814
Covered-employee payroll	\$ 8,227,540	8,100,042	7,676,708
Total OPEB liability as a percentage of covered-employee payroll	9.18%	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, 2020	3.50%
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, 2020

				Special
	Resource Enhancement and Protection	Sheriff's Investigative	County Recorder's Records Management	Attorney's Forfeiture
Assets				
Cash, cash equivalents and pooled investments	\$ 97,645	13,962	31,827	11,058
Receivables:				
Succeeding year tax increment financing	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 97,645	13,962	31,827	11,058
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,372	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year tax increment financing	-	-	-	-
Fund balances:				
Restricted for:				
Other purposes	96,273	13,962	31,827	11,058
Total liabilities, deferred inflows of resources and fund balances	\$ 97,645	13,962	31,827	11,058

Revenue			
Attorney's Collections	Drainage Certificates	Urban Renewal Revenue	Total
33,037	7,500	-	195,029
-	-	47,969	47,969
1,462	-	-	1,462
34,499	7,500	47,969	244,460
1,342	-	-	2,714
-	-	47,969	47,969
33,157	7,500	-	193,777
34,499	7,500	47,969	244,460

Marshall County
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Resource Enhancement and Protection	Sheriff's Investigative	County Recorder's Records Management	Special Attorney's Forfeiture
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	17,036	-	-	-
Charges for service	-	-	6,248	-
Use of money and property	1,535	233	472	187
Miscellaneous	-	3,546	-	1,480
Total revenues	18,571	3,779	6,720	1,667
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	1,554
County environment and education	-	-	-	-
Capital projects	5,152	-	-	-
Total expenditures	5,152	-	-	1,554
Excess (deficiency) of revenues over (under) expenditures	13,419	3,779	6,720	113
Other financing uses:				
Transfers out	-	-	-	-
Change in fund balances	13,419	3,779	6,720	113
Fund balances beginning of year	82,854	10,183	25,107	10,945
Fund balances end of year	\$ 96,273	13,962	31,827	11,058

Revenue				
Attorney's Collections	Drainage Certificates	Urban Renewal Revenue	Moderate Income Housing	Total
-	-	40,998	-	40,998
-	-	5,146	-	22,182
-	-	-	-	6,248
519	-	-	-	2,946
23,246	-	-	-	28,272
23,765	-	46,144	-	100,646
13,014	-	-	-	14,568
-	-	46,144	13,875	60,019
-	-	-	-	5,152
13,014	-	46,144	13,875	79,739
10,751	-	-	(13,875)	20,907
(3,317)	-	-	-	(3,317)
7,434	-	-	(13,875)	17,590
25,723	7,500	-	13,875	176,187
33,157	7,500	-	-	193,777

Marshall County
Combining Schedule of Fiduciary Net Position
Custodial Funds
June 30, 2020

	<u>County Offices</u>		<u>Agricultural</u>	
	<u>County</u>	<u>County</u>	<u>Extension</u>	<u>County</u>
	<u>Recorder</u>	<u>Sheriff</u>	<u>Education</u>	<u>Assessor</u>
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	-	2,355	392,327
Other County officials	31,196	126,847	-	-
Receivables:				
Property tax:				
Delinquent	-	-	4,886	7,005
Succeeding year	-	-	295,000	520,000
Accounts	126	-	-	15
Accrued interest	-	-	-	-
Assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 31,322	126,847	302,241	919,347
Liabilities				
Accounts payable	-	-	-	3,060
Salaries and benefits payable	-	-	-	7,358
Due to other governments	31,322	705	7,241	-
Trusts payable	-	126,142	-	-
Compensated absences	-	-	-	26,552
Total liabilities	31,322	126,847	7,241	36,970
Deferred Inflows of Revenues				
Unavailable revenues	-	-	295,000	520,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	-	-	362,377

Schools	Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City Special Assessments	Auto License and Use Tax
266,553	13,940	178,867	2,442	2,335	6,280	1,015,328
-	-	-	-	-	-	-
538,250	28,888	283,942	8,309	92	-	-
31,265,303	3,152,681	15,391,371	560,714	5,292	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	192,144	-
-	-	-	-	-	-	-
32,070,106	3,195,509	15,854,180	571,465	7,719	198,424	1,015,328
-	-	-	-	-	-	-
-	-	-	-	-	-	-
804,803	42,828	462,809	10,751	2,427	198,424	1,015,328
-	-	-	-	-	-	-
-	-	-	-	-	-	-
804,803	42,828	462,809	10,751	2,427	198,424	1,015,328
31,265,303	3,152,681	15,391,371	560,714	5,292	-	-
-	-	-	-	-	-	-

Marshall County
Combining Schedule of Fiduciary Net Position
Custodial Funds (Continued)
June 30, 2020

	Local Emergency Management Services	Tax Sale Redemption Non-County	Solid Waste Irrevocable Trust
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 321,811	72,615	5,003,677
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	-	-	-
Accrued interest	-	-	8,024
Assessments	-	-	-
Due from other governments	29,865	-	-
Total assets	\$ 351,676	72,615	5,011,701
Liabilities			
Accounts payable	12,947	-	-
Salaries and benefits payable	-	-	-
Due to other governments	-	72,615	-
Trusts payable	-	-	-
Compensated absences	7,563	-	-
Total liabilities	20,510	72,615	-
Deferred Inflows of Revenues			
Unavailable revenues	-	-	-
Net Position			
Restricted for individuals, organizations and other governments	\$ 331,166	-	5,011,701

Schedule 3

Marshall County			
E911	Communications	Other	Total
865,999	237,275	445,127	8,826,931
-	-	-	158,043
-	-	33	871,405
-	-	957	51,191,318
87,011	-	-	87,152
-	-	-	8,024
-	-	-	192,144
-	-	-	29,865
953,010	237,275	446,117	61,364,882
9,589	41,005	-	66,601
-	-	-	7,358
-	-	333,271	2,982,524
-	-	-	126,142
-	-	-	34,115
9,589	41,005	333,271	3,216,740
-	-	957	51,191,318
943,421	196,270	111,889	6,956,824

Marshall County
Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds
Year Ended June 30, 2020

	<u>County Offices</u>		Agricultural	
	County Recorder	County Sheriff	Extension Education	County Assessor
Assets and Liabilities				
Additions:				
Property and other county tax	\$ -	-	279,294	497,475
E911 surcharge	-	-	-	-
State tax credits	-	-	21,540	30,884
Reimbursements other governments	-	-	-	-
Interest	-	-	-	-
Office fees and collections	612,910	200,252	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	216,720	-	-
Miscellaneous	-	-	-	2,514
Total additions	612,910	416,972	300,834	530,873
Deductions:				
Agency remittances:				
To other funds	247,074	200,424	-	-
To other governments	365,836	4,945	300,834	361,606
Trusts paid out	-	211,603	-	-
Total deductions	612,910	416,972	300,834	361,606
Changes in net position	-	-	-	169,267
Net position beginning of year, as restated	-	-	-	193,110
Net position end of year	\$ -	-	-	362,377

Schools	Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City Special Assessments	Auto License and Use Tax
29,515,019	3,059,559	15,000,985	534,363	4,996	-	-
-	-	-	-	-	-	-
2,421,792	127,725	1,486,692	29,684	398	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	11,611,698
-	-	-	-	-	83,162	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
31,936,811	3,187,284	16,487,677	564,047	5,394	83,162	11,611,698
-	-	-	-	-	-	442,596
31,936,811	3,187,284	16,487,677	564,047	5,394	83,162	11,169,102
-	-	-	-	-	-	-
31,936,811	3,187,284	16,487,677	564,047	5,394	83,162	11,611,698
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Marshall County
Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds (Continued)
Year Ended June 30, 2020

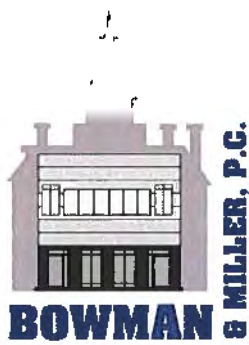
	Local Emergency Management Services	Tax Sale Redemption Non-County	Solid Waste Irrevocable Trust	E911
Assets and Liabilities				
Additions:				
Property and other county tax	\$ -	-	-	-
E911 surcharge	-	-	-	293,273
State tax credits	-	-	-	-
Reimbursements other governments	1,328,545	-	-	79,229
Interest	-	-	99,192	9,590
Office fees and collections	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	581,118	-	-
Miscellaneous	7,890	-	160,000	3,422
Total additions	1,336,435	581,118	259,192	385,514
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	1,291,853	-	-	311,156
Trusts paid out	-	581,118	-	-
Total deductions	1,291,853	581,118	-	311,156
Changes in net position	44,582	-	259,192	74,358
Net position beginning of year, as restated	286,584	-	4,752,509	869,063
Net position end of year	\$ 331,166	-	5,011,701	943,421

Marshall County		
Communications	Other	Total
-	343,111	49,234,802
-	-	293,273
-	84	4,118,799
1,146,053	-	2,553,827
1,737	371	110,890
-	7,884	821,046
-	2,067	11,613,765
-	-	83,162
-	155,890	953,728
-	-	173,826
1,147,790	509,407	69,957,118
-	-	890,094
1,028,090	353,146	67,450,943
-	136,509	929,230
1,028,090	489,655	69,270,267
119,700	19,752	686,851
76,570	92,137	6,269,973
196,270	111,889	6,956,824

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

	2020	2019	2018	2017
Revenues:				
Property and other county tax	\$ 12,846,150	12,654,057	12,707,266	12,334,541
Tax increment financing	40,998	40,536	45,597	45,223
Local option sales tax	1,546,903	1,287,037	1,206,255	1,343,263
Interest and penalty on property tax	51,206	100,752	101,013	127,555
Intergovernmental	8,087,596	7,934,115	8,336,929	7,919,057
Licenses and permits	72,273	57,902	74,530	60,871
Charges for service	1,010,568	980,912	1,025,453	935,737
Use of money and property	386,136	363,706	278,681	203,749
Miscellaneous	5,482,377	14,450,304	334,667	337,357
Total	\$ 29,524,207	37,869,321	24,110,391	23,307,353
Expenditures:				
Operating:				
Public safety and legal services	\$ 9,079,392	8,667,041	7,821,114	7,765,532
Physical health and social services	496,192	515,411	609,712	600,628
Mental health	1,328,454	904,590	933,943	957,887
County environment and education	986,067	1,191,115	933,427	906,258
Roads and transportation	8,330,411	8,306,138	7,386,762	7,876,876
Governmental services to residents	852,345	897,904	904,653	957,346
Administration	2,309,925	2,623,500	2,681,178	2,627,354
Debt service	30,860	109,368	768,080	744,099
Capital projects	6,679,286	14,445,573	902,338	120,324
Total	\$ 30,092,932	37,660,640	22,941,207	22,556,304

Modified Accrual Basis					
2016	2015	2014	2013	2012	2011
12,434,629	12,261,750	12,593,094	12,318,561	12,485,437	12,058,876
-	-	-	-	-	-
1,641,388	1,222,611	1,134,553	1,074,652	925,628	1,201,856
102,236	104,649	116,324	108,006	114,693	138,983
7,495,625	7,086,993	6,353,340	6,279,617	9,623,543	8,042,690
74,393	52,084	194,955	227,073	83,260	420,754
958,389	842,646	771,758	973,531	775,389	783,293
189,708	208,339	197,831	221,486	232,034	266,364
489,048	356,615	304,600	220,294	287,780	426,616
23,385,416	22,135,687	21,666,455	21,423,220	24,527,764	23,339,432
7,518,230	7,347,330	7,251,390	6,907,463	6,920,295	6,553,666
621,941	612,244	686,973	812,509	871,968	915,115
1,054,625	4,767,126	1,151,650	1,586,563	4,360,668	3,939,338
860,933	972,934	954,346	1,286,349	1,033,112	941,991
6,296,373	5,820,001	6,159,224	6,200,500	5,904,478	5,682,722
839,859	821,340	937,099	722,347	695,428	821,502
2,577,366	2,547,928	2,865,986	2,459,776	2,476,554	2,461,677
731,651	748,865	634,839	593,550	594,129	2,482,182
494,520	929,074	139,771	434,453	1,431,830	1,120,566
20,995,498	24,566,842	20,781,278	21,003,510	24,288,462	24,918,759



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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, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 28, 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 a deficiency in internal control that we consider to be a material weakness. We consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-A-20, to be a material weakness.

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

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.

December 28, 2020

**Marshall County
Schedule of Findings
Year Ended June 30, 2020**

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) A material weakness 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, 2020**

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

II-A-20 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:

	<u>Applicable Office</u>
(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.

Marshall County Schedule of Findings Year Ended June 30, 2020

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

INTERNAL CONTROL DEFICIENCY (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.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-20 Certified Budget – Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted.

III-B-20 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

III-C-20 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

III-D-20 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Business Connection</u>	<u>Description</u>	<u>Amount</u>
Dave Thompson, Board of Supervisor Owner of thompson True-Value	Supplies	\$ 5,277
Curt Miller, Secondary Road employee, Owner of Keen Edge	Services	2,863
Amanda Hoffman, daughter of County Sheriff Steve Hoffman	Contract labor	1,335
Kim Elder, Emergency Management Director, Instructor	Services	579
Melanie Ewalt, GIS employee, Owner of Sweet Smells by Mel	Cookies	100
Shelby Pennington-Nyheim, Jailer, husband owns Nyheim Clean Edge Painting	Painting	3,035

**Marshall County
Schedule of Findings
Year Ended June 30, 2020**

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

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Board of Supervisor, Emergency Management Director, County Sheriff's daughter and other County employees do not appear to represent conflicts of interest since total transactions with each individual were less than \$6,000 during the fiscal year.

III-E-20 Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

III-F-20 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-G-20 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

III-H-20 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-I-20 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-J-20 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. We have published an annual report for the fiscal year ended June 30, 2020.

Conclusion – Response accepted

III-K-20 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**

Personnel:

**Elizabeth A. Miller, CPA, Partner
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