



HARDIN COUNTY
Board of Supervisors

Wednesday, December 23, 2020

NOTICE: Public attendance at public meetings is restricted due to COVID-19 concerns. To access and participate in meetings remotely, please call 641-939-8108 for meeting information.

1. 9:00 A.M. Call To Order
Courthouse Large Conference Room
2. Pledge Of Allegiance
3. Approval Of Agenda
4. Approval Of Minutes

Documents:

[12-07-2020 MINUTES_BUDGET.PDF](#)
[12-08-2020 MINUTES_BUDGET.PDF](#)
[12-09-2020 MINUTES.PDF](#)
[12-09-2020 CHAT LOG.PDF](#)

5. Approval Of Claims For Payment

Documents:

[VENDOR PUBLICATION REPORT.PDF](#)

6. Utility Permits & Secondary Roads Department
7. Approval Of County Audit Report

Documents:

[FY 2019-2020 AUDIT REPORT.PDF](#)

8. County Home Tile Repair And Improvements
9. Appointments To County Magistrate Appointing Commission
10. Approve Open Enrollment For Liberty National
11. Change Of Status – Treasurer's Office

Documents:

[CHANGE OF STATUS - TREASURERS OFFICE.PDF](#)

12. Emergency Management Update
13. Public Comments

14. Other Business
15. Adjournment/Recess
16. 9:30 A.M. Drainage
Courthouse Large Conference Room
17. 12:00 P.M. Swearing In Of Elected Officials
Courthouse Large Conference Room

HARDIN COUNTY BOARD OF SUPERVISORS
MINUTES – DECEMBER 7, 2020
MONDAY - 9:13 A.M.
COURTHOUSE LARGE CONFERENCE ROOM

At 9:13 a.m. the Board met with IT Director Matt Jones regarding the FY 2021/2022 budget. The meeting was held electronically due to COVID-19 public health risks. Present: Supervisors Lance Granzow and BJ Hoffman; and Jones, Jolene Pieters, Jessica Sheridan, and Angela Silvey. Supervisor Reneé McClellan was absent.

Jones presented a draft of the IT Department budget. Discussion topics included costs and features of a new phone system and staff wages. No action taken.

The meeting concluded at 9:33 a.m.

At 9:34 a.m. the Board met with Property Manager Jody Mesch regarding the FY 2021/2022 budget. The meeting was held electronically due to COVID-19 public health risks. Present: Supervisors Granzow and Hoffman; and Mesch, Jolene Pieters, and Angela Silvey. Supervisor McClellan was absent.

Mesch presented a draft of his budget. Discussion topics included preservation of County buildings, drain issues at the jail, and staff wages and benefits. No action taken.

At 9:48 a.m. Hoffman moved, Granzow seconded to recess. Motion carried.

At 1:00 p.m. the meeting was reconvened to review Sheriff Dave McDaniel's FY 2021/2022 budget. The meeting was held electronically due to COVID-19 public health risks. Present: Supervisors Granzow, McClellan, and Hoffman; and McDaniel, Jolene Pieters, Jessica Sheridan, and Angela Silvey.

McDaniel presented a draft of his budget. Discussion topics including adding a fifth full-time dispatcher to reduce the need for part-timers, renegotiating ICE contracts, staff wages, hiring challenges, and anticipated cost of Courthouse security. No action taken.

Property Manager Mesch joined the meeting, and additional discussion was held on drain line maintenance at the jail. No action taken.

At 1:36 p.m. Hoffman moved, McClellan seconded to recess. Motion carried.

At 1:55 p.m. the Board met with Recorder Lori Kadner regarding the FY 2021/2022 budget. The meeting was held electronically due to COVID-19 public health risks. Present: Supervisors Granzow, McClellan, and Hoffman; and Kadner, Jolene Pieters, and Angela Silvey.

Kadner presented a draft of her office's budget. Discussion topics included a possible ATV ordinance and its effect on revenues, and staff wages.

At 2:06 p.m. Hoffman moved, McClellan seconded to adjourn. Motion carried.

Lance Granzow, Chair
Board of Supervisors

Jessica Lara
Hardin County Auditor

HARDIN COUNTY BOARD OF SUPERVISORS
MINUTES – DECEMBER 8, 2020
MONDAY - 10:00 A.M.
COURTHOUSE LARGE CONFERENCE ROOM

At 10:00 a.m. the Board met with Environmental Health Specialist/Zoning Administrator Jessica Sheridan regarding the FY 2021/2022 budget. The meeting was held electronically due to COVID-19 public health risks. Present: Supervisors Lance Granzow, BJ Hoffman, and Reneé McClellan; and Sheridan, Jolene Pieters, Michael Pearce, and Angela Silvey.

Sheridan presented drafts of the Environmental Health and Zoning budgets. Discussion topics included wages and life of the department's vehicle. No action taken.

At 10:08 a.m. Hoffman moved, McClellan seconded to recess. Motion carried.

At 10:36 a.m. the Board met with Conservation Director Wes Wiese regarding the FY 2021/2022 budget. The meeting was held electronically due to COVID-19 public health risks. Present: Supervisors Granzow, Hoffman, and McClellan; and Wiese, Jolene Pieters, Michael Pearce, Bernie Koehrsen, and Angela Silvey.

Discussion topics included the need for a game warden in Hardin County, establishing out-of-county user fees, renting/leasing hunting ground, renewed push of the IWILL initiative, sanitation issues at the Steamboat Rock campground, and addition of two cabins in Alden.

Also discussed were availability of Conservation land should the County adopt an ATV ordinance and amending the Conservation Board's bylaws to ensure a quorum.

Wiese's budget must meet Conservation Board approval prior to Board of Supervisors approval.

The meeting concluded at 11:04 a.m.

At 11:04 a.m. the Board met with Veterans Affairs Director Bernie Koehrsen regarding the FY 2021/2022 budget. The meeting was held electronically due to COVID-19 public health risks. Present: Supervisors Granzow, Hoffman, and McClellan; and Koehrsen, Jolene Pieters, Michael Pearce, and Angela Silvey.

Koehrsen reviewed the services offered by his department and presented a draft of his budget. Discussion topics included federal mileage reimbursements, grants received, donations, and wages. No action taken.

At 11:23 a.m. Hoffman moved, McClellan seconded to recess. Motion carried.

At 1:29 p.m. the Board met with Economic Development Director Angela De La Riva regarding the FY 2021/2022 budget. The meeting was held electronically due to COVID-19 public health risks. Present: Supervisors Granzow, Hoffman, and McClellan; and De La Riva, Jolene Pieters, Michael Pearce, and Angela Silvey.

De La Riva presented a draft of her department's budget. Discussion topics included wages and benefits, LOST funds, and amount of the County's contribution to the IFADC. No action taken.

At 1:48 p.m. Hoffman moved, McClellan seconded to recess. Motion carried.

At 2:39 p.m. the Board met with County Attorney Darrell Meyer regarding the FY 2021/2022 budget. The meeting was held electronically due to COVID-19 public health risks. Present: Supervisors Granzow, Hoffman, and McClellan; and Meyer, Jolene Pieters, Michael Pearce, and Angela Silvey.

Meyer presented a draft of his department's budget. Discussion topics included wages, estimated costs of litigation, and creating a new line item for litigation in the Supervisors' budget. No action taken.

At 2:57 p.m. Hoffman moved, McClellan seconded to adjourn. Motion carried.

Lance Granzow, Chair
Board of Supervisors

Jessica Lara
Hardin County Auditor

HARDIN COUNTY BOARD OF SUPERVISORS
MINUTES – DECEMBER 9, 2020
WEDNESDAY - 9:00 A.M.
COURTHOUSE LARGE CONFERENCE ROOM

Chair Lance Granzow called the meeting to order. The meeting was held electronically due to COVID-19 public health risks. Also in attendance were Supervisors BJ Hoffman and René McClellan; and Curt Groen, Dave McDaniel, Allison Scott, Laura Cunningham, Angela De La Riva, Rocky Reents, Jolene Pieters, Julie Duhn, Abby Flatness, Donna Juber, Bob Juber, Machel Eichmeier, Lori Kadner, Connie Mesch, Matt Rezab, Taylor Roll, Michael Pearce, Thomas Craighton, Jessica Sheridan, and Angela Silvey.

The Pledge of Allegiance was recited.

McClellan moved, Hoffman seconded to approve the agenda as posted. Motion carried.

Hoffman moved, McClellan seconded to approve the minutes of December 2, 2020. Motion carried.

McClellan moved, Hoffman seconded to approve the December 9, 2020 claims for payment. Motion carried.

Utility Permits: None.

Secondary Roads:

County Engineer Taylor Roll reported the bridge in Alden was closed for the week. Roll also explained the road crew's routine for checking for and responding to icy roads.

Hoffman moved, McClellan seconded to approve the completed Cost Allocation Plan for FY 2020 from Cost Advisory Services, Inc. Motion carried.

McClellan moved, Hoffman seconded to approve the Auditor's Monthly Report for November 2020. Motion carried.

Hoffman moved, McClellan seconded to approve the Recorder's Monthly Report for November 2020. Motion carried.

McClellan moved, Hoffman seconded to approve the retirement of Don Knoell, Assessor, effective 12/31/2020. The Board thanked Knoell for his years of service. Motion carried.

Emergency Management Update:

Thomas Craighton, Emergency Management Coordinator, reported the COVID-19 vaccine is headed to Iowa, and Hardin County's first allocation is 600 doses for health care workers.

Craighton also noted that a lighting issue on the main communications tower would soon be resolved.

Public Comments:

Donna Juber asked if the 600 vaccine doses would be followed by 600 second doses. Craighton advised he was told that 600 second doses would be arriving within the prescribed timeframe.

Other Business:

Hoffman advised the budgeting workshops were going well.

Hoffman moved, McClellan seconded to adjourn. Motion carried.

At 10:03 a.m. Chair Granzow opened the public hearing on the proposed FY 2020/2021 budget amendment. The hearing was held electronically due to COVID-19 public health risks. Also present: Supervisors Hoffman and McClellan; and Machel Eichmeier, Wes Wiese, Jolene Pieters, Matt Rezab, Michael Pearce, Jessica Lara, Taylor Roll, Jessica Sheridan, and Angela Silvey.

Granzow summarized the amendment, and Roll reviewed Secondary Roads Fund changes. No oral or written comments or objections were received on the proposed budget amendment.

McClellan moved, Hoffman seconded to close the public hearing. Roll Call Vote: "Ayes" McClellan, Hoffman, and Granzow. "Nays" None. Motion carried.

McClellan moved, Hoffman seconded to adopt the FY 2020/2021 budget amendment. Roll Call Vote: "Ayes" McClellan, Hoffman, and Granzow. "Nays" None. Motion carried.

WHEREUPON Board Member Hoffman moved that the following Resolution be adopted:

APPROPRIATIONS RESOLUTION AMENDMENT

RESOLUTION No. 2020-44

On December 9, 2020, a budget hearing for an amendment was held. The budget amendment was approved and the following appropriation amendments shall be made as deemed necessary:

| Office or Department | Amended Appropriation Amount |
|-----------------------------|------------------------------|
| Sheriff | +\$245270 |
| Veteran's Affairs | + \$27000 |
| Environmental Health/Zoning | + \$12,000 |
| Pioneer Cemetery | + \$4000 |
| Conservation | + \$46742 |
| Secondary Roads | +\$596453 |
| Auditor | + \$26735 |
| Board of Supervisors | + \$2453 |
| Mental Health | + \$286 |

Motion was seconded by Board Member McClellan and after due consideration thereof, the roll was called and the following Board Members voted:

AYES: Hoffman, McClellan, and Granzow
NAYS: None
ABSENT: None
ABSTAIN: None

Whereupon, the Chair of the Board of Supervisors declared said Resolution duly passed and adopted this 9th day of December, 2020.

/s/ Lance Granzow
Lance Granzow, Chairman
Board of Supervisors

ATTEST:

/s/ Jessica Lara
Jessica Lara
Hardin County Auditor

Hoffman moved, McClellan seconded to adjourn. Motion carried.

At 10:30 a.m. the Board met with Beth Miller, CPA, Bowman & Miller, PC, regarding the FY 2019/2020 county audit. The meeting was held electronically due to COVID-19 public health risks. In attendance: Supervisors Granzow, Hoffman, and McClellan; and Jolene Pieters, Machel Eichmeier, Michael Pearce, and Angela Silvey.

Miller provided a fund balance analysis, and discussion ensued on a potential error involving Secondary Roads' health insurance. It was thought that the department's health insurance should have been paid out of the General Supplemental Fund, rather than the Secondary Roads Fund. Upon review of the FY 2019/2020 budget, it was determined no error was made.

Audit findings were reviewed, and questions about claims were raised. Miller urged additional documentation for certain purchases. Miller also recommended that Supervisors claiming mileage to the Courthouse be reimbursed through payroll as a taxable benefit, per IRS regulations.

Miller inquired about future projects, and Granzow mentioned road repaving, hospital refinancing, and Secondary Roads maintenance sheds.

Also discussed was spending on the HVAC system, which was bid and contracted at \$1.6 million, but came in at a final cost of \$2.5 million, with no change orders authorized by the Board.

Property Manager Jody Mesch joined the meeting, confirmed the addition of geothermal increased costs by \$200,000, and supplied documents detailing \$191,920 of added-on costs.

A meeting with Rick Gustin of Relable1 will be held on 12/16/2020 to review HVAC project costs.

The meeting concluded at 11:53 a.m.

A FY 2021/2022 budget planning meeting scheduled for 11:30 a.m. was cancelled.

Lance Granzow, Chair
Board of Supervisors

Jessica Lara
Hardin County Auditor

Chat Log from 12/09/2020

09:05:58 From Donna-Bob Juber : Who will replace him?



Hardin County

Vendor Publication Report

Payment Date Range: 12/23/2020 - 12/23/2020

| Vendor Name | Vendor Number | Total Payments |
|---|---------------|------------------|
| AgVantage FS | 690V | 20,315.12 |
| Alliant Energy | 4253V | 9,426.57 |
| Angela De La Riva | 100411 | 136.80 |
| Bowman and Miller-P.C. | 61337V | 8,100.00 |
| Brennen Reysack | 100348 | 12.00 |
| Campbell Supply Co | 620V | 255.00 |
| Casey's General Store | 100007 | 33.00 |
| CCDA | 61902V | 40.00 |
| Central Iowa Fabrication | 62346V | 26.67 |
| CenturyLink | 1462V | 11.68 |
| CenturyLink | 4569V | 424.88 |
| Cerro Gordo Co Sheriff | 1425V | 31.65 |
| Cintas | 2475V | 778.48 |
| Cintas Corporation | 1545V | 80.58 |
| City of Iowa Falls | 509V | 31.43 |
| Clean Harbors Environmental Services, Inc | 100772 | 1,466.08 |
| Concrete Inc | 3067V | 1,152.62 |
| Connie J Mesch | 1020E | 50.00 |
| Dale Howard | 855V | 31.96 |
| Don's Truck Sales Inc | 5632V | 73.14 |
| DTC Worldwide | 249V | 314.00 |
| Eldora Tire & Alignment | 62947V | 257.60 |
| Franklin Rural Elec Co-Op | 1128V | 30.00 |
| GECRB/AMAZON | 2403V | 6,881.75 |
| Greenbelt Home Care | 61807V | 1,523.20 |
| Hamilton County Sheriff | 1477V | 52.25 |
| Hardin County Extension | 100720 | 27.75 |
| Hardin County Office Supplies | 119V | 49.99 |
| Henderson Products Inc | 2780V | 45.68 |
| Hy-Vee | 589V | 8.77 |
| Interstate Batteries | 880V | 563.75 |
| Iowa Falls Fire Extinguisher | 228V | 67.50 |
| Iowa Law Enforcement Academy | 1810V | 150.00 |
| ISSDA | 62103V | 25.00 |
| Jennie L Wilson-Moore | 100109 | 150.80 |
| John Deere Financial | 1394V | 827.46 |
| Ken's Repair | 4583V | 58.80 |
| Kit Paper | 100328 | 52.00 |
| Linn Adams | 9245E | 40.00 |
| M & G Tire Service | 2615V | 22.36 |
| Mail Services LLC | 63827V | 503.18 |
| Marcia M. Clark | 100706 | 77.00 |
| Mark M Oliver | 570E | 150.00 |
| Matthews Repair LLC | 100762 | 81.50 |
| McDowell & Sons Inc. | 501D | 600.00 |
| Mid American Energy | 728V | 35.31 |
| Midwest Card & ID Solutions | 100580 | 208.38 |
| Murphy Tractor & Equipment | 2286V | 167.43 |
| NAPA Auto Parts | 617V | 3.45 |
| Pitney Bowes Inc | 773V | 3,000.00 |
| Quaker Security LLC | 100507 | 2,550.00 |
| Quill Corporation | 1432V | 40.20 |
| R Comm Wireless | 63277V | 6,000.00 |
| RC Systems- Waterloo Office | 2077V | 91.37 |
| Region Six Planning Comm | 1201V | 2,071.35 |
| Sadler Power Train Inc | 5067V | 2,146.49 |
| Schumacher Elevator Co. | 2130V | 524.92 |
| South Hardin Signal Review Inc | 537V | 733.15 |
| Storey Kenworthy | 61798V | 46.91 |
| Summit Food Service LLC | 2332V | 5,011.93 |
| Times Citizen | 538V | 694.08 |
| Van Wall Equipment | 2924V | 84.52 |
| Wesley Wiese | 522E | 40.00 |
| Wilson Restaurant Supply Inc | 63439V | 372.96 |
| Grand Total: | | 78,860.45 |

Lance Granzow, Chair
Board of Supervisors

Jessica Lara
Hardin County Auditor

HARDIN COUNTY

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

June 30, 2020

Hardin County Table of Contents

| | | <u>Page</u> |
|--|-----------------|-------------|
| Officials | | 1 |
| Independent Auditors' Report | | 2-3 |
| Management's Discussion and Analysis | | 4-10 |
| Basic Financial Statements: | <u>Exhibit</u> | |
| Government-wide Financial Statements: | | |
| Statement of Net Position | A | 11-12 |
| Statement of Activities | B | 13-14 |
| Governmental Fund Financial Statements: | | |
| Balance Sheet | C | 15-18 |
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position | D | 19 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | E | 20-21 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities | F | 22 |
| Proprietary Fund Financial Statements: | | |
| Statement of Net Position | G | 23 |
| Statement of Revenues, Expenses and Changes in Fund Net Position | H | 24 |
| Statement of Cash Flows | I | 25 |
| Fiduciary Fund Financial Statements: | | |
| Statement of Fiduciary Net Position – Custodial Funds | J | 26 |
| Statement of Changes in Fiduciary Net Position – Custodial Funds | K | 27 |
| Notes to Financial Statements | | 28-53 |
| Required Supplementary Information: | | |
| Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds | | 54-55 |
| Budget to GAAP Reconciliation | | 56 |
| Notes to Required Supplementary Information – Budgetary Reporting | | 57 |
| Schedule of the County's Proportionate Share of the Net Pension Liability | | 58-59 |
| Schedule of County Contributions | | 60-61 |
| Notes to Required Supplementary Information – Pension Liability | | 62 |
| Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes | | 63 |
| Supplementary Information: | <u>Schedule</u> | |
| Nonmajor Governmental Funds: | | |
| Combining Balance Sheet | 1 | 64-65 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances | 2 | 66-67 |
| Custodial Funds: | | |
| Combining Schedule of Fiduciary Net Position | 3 | 68-70 |
| Combining Schedule of Changes in Fiduciary Net Position | 4 | 71-73 |

Hardin County Table of Contents (continued)

| Supplementary Information (continued): | <u>Schedule</u> | <u>Page</u> |
|---|-----------------|-------------|
| Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds | 5 | 74-75 |
| 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 <u>Government Auditing Standards</u> | | 76-77 |
| Schedule of Findings | | 78-82 |
| Audit Staff | | 83 |

Hardin County Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|------------------|----------------------|---------------------|
| BJ Hoffman | Board of Supervisors | January 2021 |
| Lance Granzow | Board of Supervisors | January 2023 |
| Renee McClellan | Board of Supervisors | January 2023 |
| | | |
| Jessica Lara | County Auditor | January 2021 |
| Machel Eichmeier | County Treasurer | January 2023 |
| Lori Kadner | County Recorder | January 2023 |
| Dave McDaniel | County Sheriff | January 2021 |
| Darrell Meyer | County Attorney | January 2023 |
| Don Knoell | 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 Hardin 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 Hardin 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 Hardin 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 15 to the financial statements, Hardin 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 54 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hardin 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 9, 2020 on our consideration of Hardin 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 Hardin County's internal control over financial reporting and compliance.

Bowman and Miller, P.C.

December 9, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Hardin 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 \$700,780 to retroactively report fiduciary funds in accordance with the GASBS.
- Revenues of the County's governmental activities decreased 8.0%, or approximately \$1.9 million, from fiscal year 2019 to fiscal year 2020. Property tax revenues decreased approximately \$16,500, operating grants, contributions and restricted interest increased approximately \$159,000, capital grants, contributions and restricted interest decreased approximately \$1.7 million and charges for service decreased approximately \$168,000.
- Program expenses of the County's governmental activities were 12.2%, or approximately \$2.2 million, more in fiscal year 2020 than in fiscal year 2019. Roads and transportation expenses increased approximately \$906,000, non-program expenses increased approximately \$948,000 and mental health services expenses increased approximately \$493,000.
- The County's net position increased 3.6%, or approximately \$1.5 million, from June 30, 2019 to June 30, 2020.

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 Hardin 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 Hardin County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Hardin 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 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 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 statements 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. 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 | \$ 38,537 | 40,174 |
| Capital assets | 38,492 | 36,044 |
| Total assets | <u>77,029</u> | <u>76,218</u> |
| Deferred outflows of resources | <u>1,276</u> | <u>1,323</u> |
| Long-term liabilities | 22,647 | 24,012 |
| Other liabilities | 438 | 971 |
| Total liabilities | <u>23,085</u> | <u>24,983</u> |
| Deferred inflows of resources | <u>10,727</u> | <u>9,590</u> |
| Net position: | | |
| Net investment in capital assets | 35,658 | 32,655 |
| Restricted | 9,346 | 9,215 |
| Unrestricted | <u>(511)</u> | <u>1,098</u> |
| Total net position | <u>\$ 44,493</u> | <u>42,968</u> |

Net position of Hardin County’s governmental activities increased 3.6% (approximately \$44.5 million compared to approximately \$43 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 – decreased from approximately \$1,098,000 at June 30, 2019 to a deficit of approximately \$511,000 at the end of this year, a decrease of 147%.

| Changes in Net Position of Governmental Activities | | |
|---|----------------------|-------------------|
| | Year Ended June 30, | |
| | 2020 | 2019 |
| Revenues: | | |
| Program revenues: | | |
| Charges for service | \$ 2,434,792 | 2,602,785 |
| Operating grants, contributions and restricted interest | 4,563,879 | 4,405,309 |
| Capital grants, contributions and restricted interest | 3,952,917 | 5,673,144 |
| General revenues: | | |
| Property tax, including tax increment financing | 8,632,974 | 8,649,498 |
| Penalty and interest on property tax | 31,451 | 26,018 |
| State tax credits | 682,566 | 711,543 |
| Local option sales tax | 683,596 | 756,044 |
| Unrestricted investment earnings | 257,553 | 286,393 |
| Other general revenues | 254,351 | 259,159 |
| Total revenues | <u>21,494,079</u> | <u>23,369,893</u> |
| Program expenses: | | |
| Public safety and legal services | 4,441,016 | 4,620,981 |
| Physical health and social services | 372,121 | 353,618 |
| Mental health | 923,351 | 430,669 |
| County environment and education | 1,128,182 | 1,068,887 |
| Roads and transportation | 8,680,619 | 7,774,882 |
| Governmental services to residents | 567,142 | 519,819 |
| Administration | 1,762,235 | 2,068,937 |
| Non-program | 1,387,204 | 438,977 |
| Interest on long-term debt | 706,949 | 522,114 |
| Total expenses | <u>19,968,819</u> | <u>17,798,884</u> |
| Change in net position | 1,525,260 | 5,571,009 |
| Net position beginning of year | <u>42,968,244</u> | <u>37,397,235</u> |
| Net position end of year | <u>\$ 44,493,504</u> | <u>42,968,244</u> |

Hardin County's net position of governmental activities increased approximately \$1.5 million during the year. Revenues for governmental activities decreased approximately \$1.9 million over the prior year, with property tax revenue decreasing approximately \$16,500. Capital grants, contributions and restricted interest decreased due to a decrease in drainage district activity. The total cost of all programs and services increased by 12.2% or approximately \$2.2 million.

The cost of all governmental activities this year was approximately \$20 million compared to approximately \$17.8 million last year. However, as shown in the Statement of Activities on page 14, the amount that taxpayers ultimately financed for these activities was approximately \$9 million because some of the cost was paid by those who directly benefited from the programs (approximately \$2.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$8.5 million). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased in 2020 from approximately \$12.7 million to approximately \$11 million. The County paid for the remaining "public benefit" portion of governmental activities (approximately \$9 million) with taxes (some of

which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Hardin County completed the year, its governmental funds reported a combined fund balance of approximately \$11.3 million, a decrease of approximately \$1.5 million over last year's total of approximately \$12.8 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$575,000 over the prior year. Expenditures decreased approximately \$1.6 million when compared to the prior year. This decrease was due primarily to payments on a courthouse HVAC project in last fiscal year. The ending fund balance showed a decrease of approximately \$210,000 from the prior year to approximately \$6.3 million.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$875,000, an increase of approximately 121% from the prior year due to additional payments made to the mental health region. The Special Revenue, Mental Health Fund balance at year end decreased approximately \$488,000 from the prior year.
- Special Revenue, Rural Services Fund revenues remained virtually unchanged from the prior year. Expenditures decreased approximately \$133,000 and transfers to the Special Revenue, Secondary Roads Fund increased approximately \$75,000 resulting in an increase in the ending fund balance of approximately \$41,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$242,000. Expenditures increased approximately \$594,000 due principally to an increase in road maintenance expenses and the purchase of rock. Transfers in from the Special Revenue, Rural Services Fund increased approximately \$75,000. These changes resulted in a decrease in the Special Revenue, Secondary Roads Fund ending balance of approximately \$143,000.
- There were no significant changes in revenues, expenditures and fund balance of the Debt Service Fund.
- The Capital Projects Fund balance decreased approximately \$260,000 from the prior year due to expenditures related to the purchase of rock.

BUDGETARY HIGHLIGHTS

Over the course of the year, Hardin County amended its budget two times. The first amendment was made on December 23, 2019 and resulted in an increase in budgeted disbursements related to the courthouse HVAC project and the purchase of rock for secondary roads. The second amendment was made on April 22, 2020 and resulted in an increase in budgeted disbursements related to the purchase of rock and payments made to the mental health region.

The County's receipts were \$315,216 more than budgeted, a variance of 1.71%. The most significant variance resulted from the County receiving more receipts from the individual county offices. Total disbursements were \$3,834,315 less than the amended budget. Actual disbursements for the capital projects, roads and transportation and public safety and legal services functions were \$1,101,778, \$856,787 and \$791,614, respectively, less than budgeted.

The County did not exceed the amounts budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, Hardin County had approximately \$80 million invested in a broad range of capital assets, including public safety equipment, buildings, and roads and bridges. This is a net increase (including additions and deletions) of approximately \$4.7 million or 6.2% over last year.

| Capital Assets of Governmental Activities at Year End | | |
|---|------------------|---------------|
| (Expressed in Thousands) | | |
| | June 30, | |
| | 2020 | 2019 |
| Land | \$ 2,900 | 2,900 |
| Construction in progress | - | 3,051 |
| Buildings and improvements | 15,495 | 12,402 |
| Equipment and vehicles | 12,354 | 11,729 |
| Infrastructure | 48,783 | 44,799 |
| Total | <u>\$ 79,532</u> | <u>74,881</u> |

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

| | |
|---|-----------------|
| Capital assets contributed by the Iowa Department of Transportation | \$ 3,268 |
| HVAC system for the courthouse | 2,498 |
| Secondary road equipment | 491 |
| Sheriff's patrol cars | 183 |
| Total | <u>\$ 6,440</u> |

The County had depreciation expense of \$2,417,657 in fiscal year 2020 and total accumulated depreciation of \$41,040,298 at June 30, 2020.

The County's fiscal year 2020 capital budget included \$1,952,300 for capital projects, principally for the completion of the courthouse HVAC project and purchase of rock. More detailed information about the County's capital assets is presented in Note 8 to the financial statements.

Long-Term Debt

At June 30, 2020, the County had approximately \$18.4 million in general obligation bonds and other debt outstanding compared to approximately \$19.5 million at June 30, 2019, as shown below.

| Outstanding Debt of Governmental Activities at Year End | | |
|---|----------------------|-------------------|
| | June 30, | |
| | 2020 | 2019 |
| General obligation bonds | \$ 15,890,000 | 17,295,000 |
| Capital line of credit | - | 1,200,000 |
| Capital loan note | 1,025,530 | 239,879 |
| Capital lease purchase agreements | 273,183 | 9,749 |
| Drainage warrants and improvement certificates | 1,169,897 | 763,987 |
| Total | <u>\$ 18,358,610</u> | <u>19,508,615</u> |

Debt decreased as a result of annual payments on the general obligation bonds and capital loan note.

The County continues to carry a general obligation bond rating of A1 assigned by national rating agencies to the County's debt since 2010. The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Hardin County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$88 million. Additional information about the County's long-term debt is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In preparation for the fiscal year 2021 county budget, elected and appointed officials in Hardin County considered many factors when determining the tax rates, fee schedules, and related revenue and expense forecasts. Factors such as the economy, taxable valuation figures, population growth and age mix, state mandates, local needs, and many other items are evaluated.

The County increased tax levy rates in the general supplemental, the mental health, and rural services funds for fiscal year 2021. Property tax valuations increased 2.7% over fiscal year 2020. The County has added no major new programs or initiatives to the fiscal year 2021 budget.

The County continues to seek ways to improve efficiency by sharing programs and personnel with other counties and increasing revenues through user fees, grants, and contracts rather than solely relying on property tax income. The County will also continue to use local option sales tax revenues and capital projects budgets for allowable expenses.

The County's share of total property tax collections is about 20%. The remaining 80% of property tax collections are disbursed to the school districts, community colleges, city governments, townships, extension service, and other entities within the County.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Hardin 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 County Auditor's Office, Hardin County Courthouse, 1215 Edgington Avenue, Eldora, Iowa, 50627.

Hardin County
Statement of Net Position
June 30, 2020

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Cash, cash equivalents and pooled investments | \$ 12,365,104 |
| Receivables: | |
| Property tax: | |
| Delinquent | 78,079 |
| Succeeding year | 9,613,192 |
| Succeeding year tax increment financing | 321,694 |
| Interest and penalty on property tax | 74,485 |
| Accounts | 132,449 |
| Accrued interest | 21,039 |
| Drainage assessments | 606,257 |
| Bond | 14,355,000 |
| Due from other governments | 602,996 |
| Inventories | 367,188 |
| Capital assets, net of accumulated depreciation | 38,492,305 |
| Total assets | 77,029,788 |
| Deferred Outflows of Resources | |
| Pension related deferred outflows | 1,184,477 |
| OPEB related deferred outflows | 91,852 |
| Total deferred outflows of resources | 1,276,329 |
| Liabilities | |
| Accounts payable | 277,954 |
| Accrued interest payable | 39,826 |
| Salaries and benefits payable | 83,333 |
| Due to other governments | 36,856 |
| Long-term liabilities: | |
| Portion due or payable within one year: | |
| Capital lease purchase agreements | 33,499 |
| Capital loan note | 86,216 |
| General obligation bonds | 1,445,000 |
| Compensated absences | 329,022 |
| Portion due or payable after one year: | |
| Capital lease purchase agreements | 239,684 |
| Capital loan note | 939,314 |
| General obligation bonds | 14,445,000 |
| Drainage warrants/drainage improvement certificates | 1,169,897 |
| Net pension liability | 3,063,089 |
| Total OPEB liability | 896,569 |
| Total liabilities | 23,085,259 |

Hardin County
Statement of Net Position
June 30, 2020

Exhibit A

| | Governmental Activities |
|---|----------------------------|
| Deferred Inflows of Resources | |
| Unavailable property tax revenue | 9,613,192 |
| Unavailable tax increment financing revenue | 321,694 |
| Pension related deferred inflows | 777,923 |
| OPEB related deferred inflows | 14,545 |
| Total deferred inflows of resources | 10,727,354 |
| Net Position | |
| Net investment in capital assets | 35,658,592 |
| Restricted for: | |
| Supplemental levy purposes | 2,655,253 |
| Mental health purposes | 185,597 |
| Rural services purposes | 789,616 |
| Secondary roads purposes | 2,673,254 |
| Capital projects | 218,839 |
| Debt service | 42,916 |
| Other purposes | 2,780,697 |
| Unrestricted | (511,260) |
| Total net position | \$ 44,493,504 |

Hardin County
Statement of Activities
Year ended June 30, 2020

| | Expenses | Program Revenues | | |
|-------------------------------------|----------------------|---------------------|---|---|
| | | Charges for Service | Operating Grants, Contributions and Restricted Interest | Capital Grants, Contributions and Restricted Interest |
| Functions/Programs: | | | | |
| Governmental activities: | | | | |
| Public safety and legal services | \$ 4,441,016 | 1,768,910 | 5,675 | - |
| Physical health and social services | 372,121 | 4,443 | 113,185 | - |
| Mental health | 923,351 | 1,355 | 68,278 | - |
| County environment and education | 1,128,182 | 77,445 | 32,528 | 60,434 |
| Roads and transportation | 8,680,619 | 166,514 | 4,344,005 | 3,353,236 |
| Governmental services to residents | 567,142 | 397,567 | 208 | - |
| Administration | 1,762,235 | 12,527 | - | 453,678 |
| Non-program | 1,387,204 | 6,031 | - | 85,569 |
| Interest on long-term debt | 706,949 | - | - | - |
| Total | \$ 19,968,819 | 2,434,792 | 4,563,879 | 3,952,917 |

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

Net (Expense)
Revenue and
Changes
in Net Position

(2,666,431)

(254,493)

(853,718)

(957,775)

(816,864)

(169,367)

(1,296,030)

(1,295,604)

(706,949)

(9,017,231)

8,193,737

161,944

277,293

31,451

682,566

683,596

257,553

254,351

10,542,491

1,525,260

42,968,244

\$ 44,493,504

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

| | Special Revenue | | | |
|---|----------------------|------------------|-------------------|--------------------|
| | General | Mental Health | Rural Services | Secondary Roads |
| Assets | | | | |
| Cash, cash equivalents and pooled investments | \$ 6,363,773 | 179,409 | 761,422 | 1,863,030 |
| Receivables: | | | | |
| Property tax: | | | | |
| Delinquent | 57,287 | 3,640 | 15,382 | - |
| Succeeding year | 6,628,848 | 438,568 | 2,370,294 | - |
| Succeeding year tax increment financing | - | - | - | - |
| Interest and penalty on property tax | 74,485 | - | - | - |
| Accounts | 20,945 | 44 | - | 111,460 |
| Accrued interest | 21,039 | - | - | - |
| Drainage assessments | - | - | - | - |
| Due from other governments | 32,722 | - | 23,263 | 507,228 |
| Inventories | - | - | - | 367,188 |
| Total assets | \$ 13,199,099 | 621,661 | 3,170,361 | 2,848,906 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 71,600 | 141 | 3,360 | 70,853 |
| Salaries and benefits payable | 35,567 | - | 1,324 | 46,442 |
| Due to other governments | 16,543 | - | - | 15,425 |
| Total liabilities | 123,710 | 141 | 4,684 | 132,720 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues: | | | | |
| Succeeding year property tax | 6,628,848 | 438,568 | 2,370,294 | - |
| Succeeding year tax increment financing | - | - | - | - |
| Other | 101,666 | 1,851 | 5,767 | - |
| Total deferred inflows of resources | 6,730,514 | 440,419 | 2,376,061 | - |

| Debt Service | Capital Projects | Nonmajor | Total |
|----------------|------------------|------------------|-------------------|
| 84,995 | 213,023 | 916,967 | 10,382,619 |
| 1,770 | - | - | 78,079 |
| 175,482 | - | - | 9,613,192 |
| - | - | 321,694 | 321,694 |
| - | - | - | 74,485 |
| - | - | - | 132,449 |
| - | - | - | 21,039 |
| - | - | 606,257 | 606,257 |
| - | 5,816 | 33,967 | 602,996 |
| - | - | - | 367,188 |
| <u>262,247</u> | <u>218,839</u> | <u>1,878,885</u> | <u>22,199,998</u> |
| - | - | - | 145,954 |
| - | - | - | 83,333 |
| - | - | 4,888 | 36,856 |
| - | - | <u>4,888</u> | <u>266,143</u> |
| 175,482 | - | - | 9,613,192 |
| - | - | 321,694 | 321,694 |
| 1,090 | - | 603,249 | 713,623 |
| <u>176,572</u> | - | <u>924,943</u> | <u>10,648,509</u> |

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

| | Special Revenue | | | |
|---|----------------------|------------------|-------------------|--------------------|
| | General | Mental Health | Rural Services | Secondary Roads |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Inventories | \$ - | - | - | 367,188 |
| Restricted for: | | | | |
| Supplemental levy purposes | 2,655,253 | - | - | - |
| Mental health purposes | - | 181,101 | - | - |
| Rural services purposes | - | - | 789,616 | - |
| Secondary road purposes | - | - | - | 2,348,998 |
| Conservation land acquisition | 1,979 | - | - | - |
| Drainage district purposes | - | - | - | - |
| Debt service | - | - | - | - |
| Capital projects | - | - | - | - |
| Cemetery levy | 71,043 | - | - | - |
| Other purposes | - | - | - | - |
| Assigned for conservation resources | 798,442 | - | - | - |
| Assigned for sheriff | 59,857 | - | - | - |
| Unassigned | 2,758,301 | - | - | - |
| Total fund balances | <u>6,344,875</u> | <u>181,101</u> | <u>789,616</u> | <u>2,716,186</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 13,199,099</u> | <u>621,661</u> | <u>3,170,361</u> | <u>2,848,906</u> |

| Debt Service | Capital Projects | Nonmajor | Total |
|-----------------|---------------------|-----------|------------|
| - | - | - | 367,188 |
| - | - | - | 2,655,253 |
| - | - | - | 181,101 |
| - | - | - | 789,616 |
| - | - | - | 2,348,998 |
| - | - | - | 1,979 |
| - | - | 3,008 | 3,008 |
| 85,675 | - | - | 85,675 |
| - | 218,839 | - | 218,839 |
| - | - | - | 71,043 |
| - | - | 946,046 | 946,046 |
| - | - | - | 798,442 |
| - | - | - | 59,857 |
| - | - | - | 2,758,301 |
| 85,675 | 218,839 | 949,054 | 11,285,346 |
| 262,247 | 218,839 | 1,878,885 | 22,199,998 |

Hardin 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) \$ 11,285,346

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 \$79,532,603 and the accumulated depreciation is \$41,040,298. 38,492,305

Bond receivable is not due and receivable in the current year and, therefore, is not reported in the governmental funds. 14,355,000

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. 713,623

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 1,850,485

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 | \$ 1,276,329 | |
| Deferred inflows of resources | <u>(792,468)</u> | 483,861 |

Long-term liabilities, including capital lease purchase agreements payable, bonds payable, capital loan note payable, compensated absences payable, drainage warrants/drainage improvement certificates 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. (22,687,116)

Net position of governmental activities (page 12) \$ 44,493,504

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

| | Special Revenue | | | |
|--|---------------------|------------------|--------------------|--------------------|
| | General | Mental Health | Rural Services | Secondary Roads |
| Revenues: | | | | |
| Property and other county tax | \$ 5,580,927 | 354,645 | 2,237,524 | - |
| Tax increment financing | - | - | - | - |
| Local option sales tax | - | - | 296,344 | - |
| Interest and penalty on property tax | 21,860 | - | - | - |
| Intergovernmental | 2,432,015 | 31,433 | 130,866 | 4,429,159 |
| Licenses and permits | 13,508 | - | - | 14,270 |
| Charges for service | 550,184 | - | - | - |
| Use of money and property | 321,452 | - | - | - |
| Miscellaneous | 147,159 | 530 | 385 | 152,244 |
| Total revenues | <u>9,067,105</u> | <u>386,608</u> | <u>2,665,119</u> | <u>4,595,673</u> |
| Expenditures: | | | | |
| Operating: | | | | |
| Public safety and legal services | 4,365,037 | - | 109,000 | - |
| Physical health and social services | 381,642 | - | - | - |
| Mental health | 59,333 | 874,544 | - | - |
| County environment and education | 980,033 | - | 277,549 | - |
| Roads and transportation | 4,936 | - | 269,985 | 7,012,864 |
| Governmental services to residents | 580,819 | - | 1,026 | - |
| Administration | 2,244,676 | - | - | - |
| Non-program | 45,737 | - | 46,349 | - |
| Debt service | 225,000 | - | - | - |
| Capital projects | 259,283 | - | - | 49,950 |
| Total expenditures | <u>9,146,496</u> | <u>874,544</u> | <u>703,909</u> | <u>7,062,814</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(79,391)</u> | <u>(487,936)</u> | <u>1,961,210</u> | <u>(2,467,141)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | 2,087,797 |
| Transfers out | (167,414) | - | (1,920,383) | - |
| Capital lease purchase agreements | 36,734 | - | - | 236,449 |
| Drainage warrants/drainage improvement certificates issued | - | - | - | - |
| Total other financing sources (uses) | <u>(130,680)</u> | <u>-</u> | <u>(1,920,383)</u> | <u>2,324,246</u> |
| Change in fund balances | <u>(210,071)</u> | <u>(487,936)</u> | <u>40,827</u> | <u>(142,895)</u> |
| Fund balances beginning of year | <u>6,554,946</u> | <u>669,037</u> | <u>748,789</u> | <u>2,859,081</u> |
| Fund balances end of year | <u>\$ 6,344,875</u> | <u>181,101</u> | <u>789,616</u> | <u>2,716,186</u> |

See notes to financial statements.

| Debt Service | Capital Projects | Nonmajor | Total |
|-----------------|---------------------|-----------|-------------|
| 161,243 | - | - | 8,334,339 |
| - | - | 277,293 | 277,293 |
| - | 68,360 | 318,892 | 683,596 |
| - | - | - | 21,860 |
| 14,192 | - | 22,967 | 7,060,632 |
| - | - | - | 27,778 |
| - | - | 3,454 | 553,638 |
| - | - | 3,352 | 324,804 |
| 1,453,678 | 250 | 65,278 | 1,819,524 |
| 1,629,113 | 68,610 | 691,236 | 19,103,464 |
| - | - | - | 4,474,037 |
| - | - | - | 381,642 |
| - | - | - | 933,877 |
| - | - | - | 1,257,582 |
| - | - | 141,000 | 7,428,785 |
| - | - | - | 581,845 |
| - | - | 17,693 | 2,262,369 |
| - | - | 1,245,410 | 1,337,496 |
| 1,629,722 | - | 263,928 | 2,118,650 |
| - | 328,795 | - | 638,028 |
| 1,629,722 | 328,795 | 1,668,031 | 21,414,311 |
| (609) | (260,185) | (976,795) | (2,310,847) |
| - | - | - | 2,087,797 |
| - | - | - | (2,087,797) |
| - | - | - | 273,183 |
| - | - | 491,479 | 491,479 |
| - | - | 491,479 | 764,662 |
| (609) | (260,185) | (485,316) | (1,546,185) |
| 86,284 | 479,024 | 1,434,370 | 12,831,531 |
| 85,675 | 218,839 | 949,054 | 11,285,346 |

**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) \$ (1,546,185)

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 | \$ 1,597,477 | |
| Capital assets contributed by the Iowa Department of Transportation | 3,268,082 | |
| Depreciation expense | <u>(2,417,657)</u> | 2,447,902 |

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 in the governmental funds, as follows:

| | | |
|--------------|--|---------|
| Property tax | | (3,676) |
|--------------|--|---------|

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 | (679,093) | |
| Repaid | <u>829,098</u> | 150,005 |

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.

558,307

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 | 13,068 | |
| OPEB expense | (8,992) | |
| Pension expense | (728,841) | |
| Interest on long-term debt | <u>6,701</u> | (718,064) |

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.

636,971

Change in net position of governmental activities (page 14) \$ 1,525,260

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

Exhibit G

| | <u>Internal Service - Employee Group Health</u> |
|---------------------------|---|
| Assets | |
| Cash and cash equivalents | \$ 1,982,485 |
| Liabilities | |
| Accounts payable | <u>132,000</u> |
| Net Position | |
| Unrestricted | <u><u>\$ 1,850,485</u></u> |

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

Exhibit H

| | | Internal Service - Employee Group Health |
|--|--------------|--|
| Operating revenues: | | |
| Reimbursements from operating funds | \$ 1,772,596 | |
| Reimbursements from employees and others | 1,223,633 | |
| Insurance reimbursements | 470,812 | |
| Total operating revenues | | 3,467,041 |
| Operating expenses: | | |
| Medical claims | \$ 1,895,231 | |
| Insurance premiums | 788,596 | |
| Administrative fees | 110,708 | |
| Miscellaneous | 41,566 | |
| Operating income | | 630,940 |
| Non-operating revenue: | | |
| Interest income | | 6,031 |
| Net income | | 636,971 |
| Net position beginning of year | | 1,213,514 |
| Net position end of year | | \$ 1,850,485 |

Hardin County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2020

Exhibit I

| | Internal Service - Employee Group Health |
|---|--|
| Cash flows from operating activities: | |
| Cash received from operating fund reimbursements | \$ 1,772,596 |
| Cash received from employees and others | 1,694,445 |
| Cash payments to suppliers for services | (2,865,981) |
| Net cash provided by operating activities | 601,060 |
| Cash flows from investing activities: | |
| Interest on investments | 6,031 |
| Net increase in cash and cash equivalents | 607,091 |
| Cash and cash equivalents beginning of year | 1,375,394 |
| Cash and cash equivalents end of year | \$ 1,982,485 |
| | |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 630,940 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Decrease in accounts payable | (29,880) |
| Net cash provided by operating activities | \$ 601,060 |

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

Exhibit J

Assets

| | |
|--|-------------------|
| Cash, cash equivalents and pooled investments: | |
| County Treasurer | \$ 1,582,779 |
| Other County officials | 141,638 |
| Receivables: | |
| Property tax receivable: | |
| Delinquent | 267,510 |
| Succeeding year | 22,498,401 |
| Accounts | 14,047 |
| Assessments | 136,099 |
| Due from other governments | 71,117 |
| Total assets | 24,711,591 |

Liabilities

| | |
|--------------------------|------------------|
| Accounts payable | 26,606 |
| Due to other governments | 1,339,540 |
| Trusts payable | 119,442 |
| Compensated absences | 18,519 |
| Total liabilities | 1,504,107 |

Deferred Inflows of Resources

| | |
|----------------------------------|------------|
| Unavailable property tax revenue | 22,498,401 |
|----------------------------------|------------|

| | |
|---------------------------|-------------------|
| Total net position | \$ 709,083 |
|---------------------------|-------------------|

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

Exhibit K

| | |
|---|--------------------------|
| Additions: | |
| Property and other county tax | \$ 22,026,827 |
| E911 surcharge | 191,163 |
| State tax credits | 2,070,886 |
| Grants | 105,085 |
| Interest | 7,382 |
| Office fees and collections | 1,981,958 |
| Auto licenses, use tax and postage | 7,094,652 |
| Drivers licenses fees | 76,684 |
| Assessments | 89,497 |
| Trusts | 773,735 |
| Miscellaneous | 198,959 |
| Total additions | <u>34,616,828</u> |
| Deductions: | |
| Agency remittances: | |
| To other funds | 2,024,827 |
| To other governments | 31,990,560 |
| Trust paid out | 593,138 |
| Total deductions | <u>34,608,525</u> |
| Change in net position | 8,303 |
| Net position beginning of year, as restated | <u>700,780</u> |
| Net position end of year | <u><u>\$ 709,083</u></u> |

Hardin County
Notes to Financial Statements
June 30, 2020

(1) Summary of Significant Accounting Policies

Hardin County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, 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, Hardin 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 Hardin 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 that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

One hundred seventy-six 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 Hardin 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 Hardin County Auditor's office. Fifty-six drainage districts are under the control of another county or a drainage board elected by the general population; thus, they are not included as blended component units, but are reported in the Custodial Funds of the County.

Hardin 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: Hardin County Assessor's Conference Board, Hardin County Joint E911 Service Board and Hardin 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 also participates in the following additional jointly governed organizations established pursuant to Chapter 28E and Chapter 256I of the Code of Iowa: Heartland Risk Pool Insurance, Hardin County Solid Waste Commission, Rural Iowa Waste Management Association, Central Iowa Community Service Region, Mid-Iowa Drug Task Force, Northeast Iowa Response Group, Region 6 Planning Commission, Central Iowa Juvenile Detention Center 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.

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.

Hardin County
Notes to Financial Statements
June 30, 2020

(1) **Summary of Significant Accounting Policies (continued)**

B. Basis of Presentation (continued)

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 road construction and maintenance.

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.

Hardin County
Notes to Financial Statements
June 30, 2020

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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.

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.

Hardin County
Notes to Financial Statements
June 30, 2020

(1) **Summary of Significant Accounting Policies (continued)**

C. Measurement Focus and Basis of Accounting (continued)

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 which is 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.

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

Hardin 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 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 a 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.

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

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

Bond Receivable – Bond receivable represents amounts due from the Ellsworth Municipal Hospital for payment on the general obligation bonds issued by the County.

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.

Hardin 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)

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets 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. Reportable capital assets are defined by the County as assets with initial, individual costs 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 | 12-65 |
| Equipment | 5-10 |
| Vehicles | 5-10 |

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the County after the measurement date but before the end of the County's reporting period.

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

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

Hardin 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)

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 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.

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

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on Hardin 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.

Hardin 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 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 the property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax 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 OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

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. However, disbursements in certain departments exceeded the amounts appropriated.

Hardin County
Notes to Financial Statements
June 30, 2020

(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.

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 \$3,571. 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 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 which 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 |
|-------------------------------------|------------------------------------|---------------------|
| Special Revenue: Secondary Roads | Special Revenue: Rural Services | \$ 1,920,383 |
| | General | 167,414 |
| Total | | <u>\$ 2,087,797</u> |

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

Hardin County
Notes to Financial Statements
June 30, 2020

(4) 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.

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

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

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

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

Hardin County
Notes to Financial Statements
June 30, 2020

(4) 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 that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 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 \$558,307.

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 \$3,063,089 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 .0528971%, which was an increase of .0000739% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$728,841. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Hardin County
Notes to Financial Statements
June 30, 2020

(4) Pension Plan (continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 21,823 | 132,267 |
| Changes of assumptions | 458,545 | 91,861 |
| Net difference between projected and actual earnings on IPERS' investments | - | 519,109 |
| Changes in proportion and differences between County contributions and the County's proportionate share of contributions | 145,802 | 34,686 |
| County contributions subsequent to the measurement date | 558,307 | - |
| Total | \$ 1,184,477 | 777,923 |

\$558,307 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 | \$ 85,113 |
| 2022 | (108,195) |
| 2023 | (70,717) |
| 2024 | (61,555) |
| 2025 | 3,601 |
| Total | \$ (151,753) |

There were no non-employer contributing entities to IPERS.

Hardin County
Notes to Financial Statements
June 30, 2020

(4) 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 Health 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 | <u>100.0 %</u> | |

Hardin County
Notes to Financial Statements
June 30, 2020

(4) 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 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 | \$ 6,512,375 | 3,063,089 | 170,874 |

IPERS’ Fiduciary Net Position – Detailed information about the 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.

(5) Other Postemployment Benefits (OPEB)

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

OPEB Benefits – Individuals who are employed by Hardin County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay 102% of the premium for the medical, prescription drug and dental benefits as active employees which results in an implicit rate subsidy and 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:

Hardin County
Notes to Financial Statements
June 30, 2020

(5) Other Postemployment Benefits (OPEB) (continued)

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefit payments | 6 |
| Active employees | 100 |
| Total | 106 |

Total OPEB Liability – The County’s total OPEB liability of \$896,569 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) | 3.00% per annum, including inflation. |
| Discount rate (effective June 30, 2020) | 3.58% compounded annually, including inflation. |
| Healthcare cost trend rate (effective June 30, 2020) | 5.00% per annum. |

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 mortality improvement. 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.

Hardin County
Notes to Financial Statements
June 30, 2020

(5) Other Postemployment Benefits (OPEB) (continued)

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|-------------------------|
| Total OPEB Liability beginning of year | \$ 818,875 |
| Changes for the year: | |
| Service Cost | 69,796 |
| Interest Cost | 31,509 |
| Differences between expected and actual experiences | 44,126 |
| Changes in assumptions | 2,653 |
| Benefit payments | (70,390) |
| Net changes | 77,694 |
| Total OPEB liability end of year | \$ 896,569 |

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 | \$ 957,396 | 896,569 | 840,132 |

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 (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

| | 1% Decrease (4.00%) | Healthcare Cost Trend Rate (5.00%) | 1% Increase (6.00%) |
|----------------------|---------------------------|---|---------------------------|
| Total OPEB liability | \$ 816,847 | 896,569 | 989,616 |

Hardin County
Notes to Financial Statements
June 30, 2020

(5) Other Postemployment Benefits (OPEB) (continued)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of \$8,992. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 89,454 | - |
| Changes of assumptions | 2,398 | 14,545 |
| Total | \$ 91,852 | 14,545 |

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

| Year Ending June 30, | Amount |
|-------------------------|-----------|
| 2021 | \$ 9,296 |
| 2022 | 9,296 |
| 2023 | 9,296 |
| 2024 | 9,296 |
| 2025 | 9,296 |
| Thereafter | 30,827 |
| Total | \$ 77,307 |

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2020 is as follows:

Hardin County
Notes to Financial Statements
June 30, 2020

(6) Due to Other Governments (continued)

| Fund | Description | Amount |
|------------------------------|-------------|---------------------|
| General | Services | \$ 16,543 |
| Special Revenue: | | |
| Secondary Roads | Services | 15,425 |
| Garden Wind Farm TIF | | 4,888 |
| | | <u>36,856</u> |
| Total for governmental funds | | <u>\$ 36,856</u> |
| Custodial: | | |
| Schools | Collections | \$ 249,960 |
| Community Colleges | | 18,129 |
| Corporations | | 235,597 |
| Townships | | 7,568 |
| Auto License and Use Tax | | 621,414 |
| City Special Assessments | | 139,323 |
| All other | | 67,549 |
| | | <u>1,339,540</u> |
| Total for custodial funds | | <u>\$ 1,339,540</u> |

(7) Operating Leases

The County has entered into a lease for operating space used by Mental Health for operation of their clubhouse, a lease for a postage machines through Pitney Bowes and various copier leases through Bankers Leasing Company. The leases expire on various dates through October 2024. The following is a schedule by year of the total annual lease costs required under the operating leases.

| Year Ending June 30, | Annual Rent Due |
|-------------------------|--------------------|
| 2021 | \$ 26,206 |
| 2022 | 8,774 |
| 2023 | 8,774 |
| 2024 | 8,774 |
| 2025 | 2,925 |
| | <u>55,453</u> |
| Total | <u>\$ 55,453</u> |

The total annual lease costs for the year ended June 30, 2020 were \$40,486.

Hardin County
Notes to Financial Statements
June 30, 2020

(8) 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 | \$ 2,899,723 | - | - | 2,899,723 |
| Construction in progress | 3,051,550 | - | 3,051,550 | - |
| Total capital assets not being depreciated | <u>5,951,273</u> | <u>-</u> | <u>3,051,550</u> | <u>2,899,723</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 12,402,530 | 3,092,846 | - | 15,495,376 |
| Equipment and vehicles | 11,728,607 | 853,438 | 227,754 | 12,354,291 |
| Infrastructure, road network | 44,798,836 | 3,984,377 | - | 48,783,213 |
| Total capital assets being depreciated | <u>68,929,973</u> | <u>7,930,661</u> | <u>227,754</u> | <u>76,632,880</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 4,990,454 | 332,307 | - | 5,322,761 |
| Equipment and vehicles | 7,868,922 | 706,851 | 214,202 | 8,361,571 |
| Infrastructure, road network | 25,977,467 | 1,378,499 | - | 27,355,966 |
| Total accumulated depreciation | <u>38,836,843</u> | <u>2,417,657</u> | <u>214,202</u> | <u>41,040,298</u> |
| Total capital assets being depreciated, net | <u>30,093,130</u> | <u>5,513,004</u> | <u>13,552</u> | <u>35,592,582</u> |
| Governmental activities capital assets, net | <u>\$ 36,044,403</u> | <u>5,513,004</u> | <u>3,065,102</u> | <u>38,492,305</u> |

Depreciation expense was charged to the following functions:

| | |
|--|---------------------|
| Governmental activities: | |
| Public safety and legal services | \$ 329,187 |
| County environment and education | 67,423 |
| Roads and transportation | 1,850,770 |
| Government services | 16,756 |
| Administration | 153,521 |
| Total depreciation expense - governmental activities | <u>\$ 2,417,657</u> |

Equipment costing \$273,183 was purchased under capital lease purchase agreements. Accumulated depreciation on these assets totaled \$5,248.

Hardin County
Notes to Financial Statements
June 30, 2020

(9) Long-Term Liabilities

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

| | General Obligaton Bonds | Capital Loan Note | Capital Lease Purchase Agreements | Compensated Absences | Drainage Warrants/ Drainage Improvement Certificates | Net Pension Liability | Total OPEB Liability | Total |
|------------------------------|-------------------------------|-------------------------|--|-------------------------|--|-----------------------------|----------------------------|------------|
| Balance beginning of year | \$ 17,295,000 | 1,439,879 | 9,749 | 342,090 | 763,987 | 3,342,784 | 818,875 | 24,012,364 |
| Increases | - | - | 273,183 | 8,008 | 405,910 | - | 77,694 | 764,795 |
| Decreases | 1,405,000 | 414,349 | 9,749 | 21,076 | - | 279,695 | - | 2,129,869 |
| Balance end of year | \$ 15,890,000 | 1,025,530 | 273,183 | 329,022 | 1,169,897 | 3,063,089 | 896,569 | 22,647,290 |
| Due within one year | \$ 1,445,000 | 86,216 | 33,499 | 329,022 | - | - | - | 1,893,737 |

Capital Lease Purchase Agreements

The County has entered into a capital lease purchase agreement to lease a Case IH tractor for the conservation department with an historical cost of \$36,734 and a Caterpillar excavator for the secondary roads department at an historical cost of \$236,449. The following is a schedule of the future minimum lease payments, including interest at 4.54% and 3.35%, respectively, per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2020:

| Year ending June 30, | Tractor | Excavator | Total |
|---|-----------|-----------|----------|
| 2021 | \$ 10,250 | 37,119 | 47,369 |
| 2022 | 10,250 | 37,119 | 47,369 |
| 2023 | 10,250 | 37,119 | 47,369 |
| 2024 | 10,250 | 37,119 | 47,369 |
| 2025 | - | 37,119 | 37,119 |
| Thereafter | - | 83,947 | 83,947 |
| Total minimum lease payments | 41,000 | 269,542 | 310,542 |
| Less amount representing interest | (4,266) | (33,093) | (37,359) |
| Present value of net minimum lease payments | \$ 36,734 | 236,449 | 273,183 |

Payments under capital lease purchase agreements totaled \$9,749 for the year ended June 30, 2020.

Hardin County
Notes to Financial Statements
June 30, 2020

(9) Long-Term Liabilities (continued)

Drainage Warrants/Drainage Improvement Certificates Payable

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

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing the assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest is paid to the bearer of the certificate upon receipt of the installment payment plus interest, from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue, Drainage Districts Fund solely from drainage assessments against benefited properties.

Bonds Payable and Capital Loan Note

A summary of the County's June 30, 2020 general obligation bond indebtedness and capital loan note are as follows:

| Year Ending June 30, | Interest Rate | General Obligation Bonds | | Capital Loan Note | | Total |
|----------------------------|------------------|-----------------------------|-----------|----------------------|----------|------------|
| | | Principal | Interest | Principal | Interest | |
| 2021 | 1.42-3.75 % | \$ 1,445,000 | 457,886 | 86,216 | 38,992 | 2,028,094 |
| 2022 | 1.60-3.75 | 1,240,000 | 426,171 | 89,494 | 35,714 | 1,791,379 |
| 2023 | 1.75-3.75 | 1,235,000 | 396,881 | 92,897 | 32,311 | 1,757,089 |
| 2024 | 1.90-3.75 | 1,270,000 | 367,206 | 96,350 | 28,858 | 1,762,414 |
| 2025 | 2.05-3.75 | 1,300,000 | 334,236 | 100,092 | 25,116 | 1,759,444 |
| 2026-2030 | 2.25-3.25 | 6,635,000 | 1,086,303 | 560,481 | 41,153 | 8,322,937 |
| 2031-2032 | 3.25 | 2,765,000 | 135,526 | - | - | 2,900,526 |
| Total | | \$ 15,890,000 | 3,204,209 | 1,025,530 | 202,144 | 20,321,883 |

During the year ended June 30, 2020, the County retired \$1,405,000 of general obligation bonds and \$414,349 of a capital loan note.

Hardin County
Notes to Financial Statements
June 30, 2020

(10) Hardin County Employee Group Health Fund

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$40,000. 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 Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2020 was \$1,772,596.

Amounts payable from the Employee Group Health Fund at June 30, 2020 total \$132,000, 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 \$1,850,485 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 | \$ | 161,880 |
| Incurred claims (including claims incurred but not reported at June 30, 2020) | | 1,895,231 |
| Payments: | | |
| Payments on claims during the year | | 1,925,111 |
| Unpaid claims end of year | \$ | 132,000 |

(11) Risk Management

Hardin County is a member in the Heartland Insurance Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Insurance Risk Pool (Pool) is a local government risk-sharing pool whose membership includes ten counties throughout the State of Iowa. The Pool was formed in July 1987 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Hardin County
Notes to Financial Statements
June 30, 2020

(11) Risk Management (continued)

Each member County is responsible for the payment of member contributions to the Pool on an annual basis. Member contributions to the Pool are recorded as expenditures from the operating fund at the time of payment to the risk pool. In the event of payment of any loss by the Pool, the Pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery.

The Pool is responsible for paying the reinsurance premiums on the insurance policies when due, to pay claims in accordance with the various coverages and to make other payments as required by applicable law, to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the Pool, and to pay all reasonable and necessary expenses to administer the Pool and fund.

Initial risk of loss for the self-insured coverages is retained by the Pool. The Pool obtained a reinsurance policy for the year ended June 30, 2020, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers compensation, and in excess of \$400,000 per occurrence, up to a maximum of \$7,000,000 per occurrence, including the retention of the pool, for general liability, police professional, errors and omissions and automobile liability.

The Pool records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustments expenses. At June 30, 2020, the Pool reported a surplus of assets over liabilities.

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool by means of an assessment that would be charged to the member County in addition to the premium contributions. At June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since commencement of the risk pool.

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2020 were \$417,443.

Initial membership into the Pool is for a mandatory three year period. Subsequent to the initial term, a member County may withdraw at the end of any given fiscal year. The initial membership period for Hardin County commenced July 1, 1987, and is subject to renewal every three years. The County also carries commercial insurance purchased by the Pool from other insurers for coverages associated with the employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Hardin County
Notes to Financial Statements
June 30, 2020

(12) County Financial Information Included in the Central Iowa Community Service Region

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 the County's Special Revenue, Mental Health Fund is included in the Central Iowa Community Service Region for the year ended June 30, 2020 as follows:

| | | |
|---|---------|-----------|
| Revenues: | | |
| Property and other county tax | \$ | 354,645 |
| Intergovernmental revenues: | | |
| State tax credits | | 31,433 |
| Miscellaneous | | 530 |
| Total revenues | | 386,608 |
| Expenditures: | | |
| Services to persons with: | | |
| Mental illness | | 232,789 |
| General administration | | |
| Direct administration | \$ | 60,788 |
| Distribution to regional fiscal agent | 580,967 | 641,755 |
| Total expenditures | | 874,544 |
| Deficiency of revenues under expenditures | | (487,936) |
| Fund balance beginning of year | | 669,037 |
| Fund balance end of year | \$ | 181,101 |

(13) Development Agreement

The County agreed to rebate percentages of the incremental property tax paid by NRP of Iowa, LLC, in exchange for the costs of certain improvements to the property. 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 NRP of Iowa, LLC, for a period not to exceed 10 years or in a cumulative amount not to exceed a total of \$300,000. The payments will be made on December 1 and June 1 of each fiscal year, beginning on December 1, 2018. In years 1-5, the rebate will be 100% of the incremental value; year 6 will be 80%, year 7 will be 60%, year 8 will be 40%, year 9 will be 20% and year 10 will be 10%.

The total rebated during the year ended June 30, 2020 was \$17,693 and the cumulative rebated amount is \$23,102.

(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 governments or the citizens of those governments.

Hardin County
Notes to Financial Statements
June 30, 2020

(14) Tax Abatements (continued)

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, \$128,918 of property tax was diverted from the County under the County's urban renewal development agreement.

Tax Abatements of Other Entities

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:

| Entity | Tax Abatement Program | Amount of Tax Abated |
|--------------------|---|----------------------|
| City of Iowa Falls | Urban renewal and economic development projects | \$ 18,532 |
| City of Ackley | Urban renewal and economic development projects | \$ 6,267 |

(15) 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 GASB No. 84 | <u>700,780</u> |
| Net position July 1, 2019, as restated | <u>\$ 700,780</u> |

(16) Subsequent Event

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

Hardin 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 | \$ 9,248,529 | - |
| Interest and penalty on property tax | 21,229 | - |
| Intergovernmental | 6,886,030 | - |
| Licenses and permits | 28,243 | - |
| Charges for service | 616,442 | - |
| Use of money and property | 305,478 | 2,915 |
| Miscellaneous | 1,707,391 | 62,270 |
| Total receipts | <u>18,813,342</u> | <u>65,185</u> |
| Disbursements: | | |
| Public safety and legal services | 4,503,417 | - |
| Physical health and social services | 384,498 | - |
| Mental health | 934,245 | - |
| County environment and education | 1,200,052 | - |
| Roads and transportation | 7,232,200 | - |
| Governmental services to residents | 581,840 | - |
| Administration | 2,564,001 | - |
| Non-program | 1,343,531 | 1,207,833 |
| Debt service | 1,893,650 | - |
| Capital projects | 850,522 | - |
| Total disbursements | <u>21,487,956</u> | <u>1,207,833</u> |
| Deficiency of receipts under disbursements | (2,674,614) | (1,142,648) |
| Other financing sources, net | <u>491,479</u> | <u>491,479</u> |
| Change in fund balances | (2,183,135) | (651,169) |
| Balance beginning of year | <u>12,565,754</u> | <u>651,169</u> |
| Balance end of year | <u>\$ 10,382,619</u> | <u>-</u> |

| Net | Budgeted Amounts | | Final to Net Variance |
|-------------|------------------|-------------|-----------------------------|
| | Original | Final | |
| 9,248,529 | 9,359,166 | 9,359,166 | (110,637) |
| 21,229 | - | - | 21,229 |
| 6,886,030 | 6,862,467 | 6,862,467 | 23,563 |
| 28,243 | 31,200 | 31,200 | (2,957) |
| 616,442 | 443,450 | 443,450 | 172,992 |
| 302,563 | 232,030 | 232,030 | 70,533 |
| 1,645,121 | 1,504,628 | 1,504,628 | 140,493 |
| 18,748,157 | 18,432,941 | 18,432,941 | 315,216 |
| 4,503,417 | 5,295,031 | 5,295,031 | 791,614 |
| 384,498 | 505,897 | 516,897 | 132,399 |
| 934,245 | 726,632 | 1,107,632 | 173,387 |
| 1,200,052 | 1,255,651 | 1,257,001 | 56,949 |
| 7,232,200 | 7,458,987 | 8,088,987 | 856,787 |
| 581,840 | 777,524 | 784,524 | 202,684 |
| 2,564,001 | 2,371,288 | 2,596,288 | 32,287 |
| 135,698 | 617,582 | 621,082 | 485,384 |
| 1,893,650 | 1,894,696 | 1,894,696 | 1,046 |
| 850,522 | 1,907,300 | 1,952,300 | 1,101,778 |
| 20,280,123 | 22,810,588 | 24,114,438 | 3,834,315 |
| (1,531,966) | (4,377,647) | (5,681,497) | 4,149,531 |
| - | - | - | - |
| (1,531,966) | (4,377,647) | (5,681,497) | 4,149,531 |
| 11,914,585 | 9,885,886 | 9,885,886 | 2,028,699 |
| 10,382,619 | 5,508,239 | 4,204,389 | 6,178,230 |

Hardin 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 | \$ 18,813,342 | 290,122 | 19,103,464 |
| Expenditures | 21,487,956 | (73,645) | 21,414,311 |
| Net | (2,674,614) | 363,767 | (2,310,847) |
| Other financing sources, net | 491,479 | 273,183 | 764,662 |
| Beginning fund balances | 12,565,754 | 265,777 | 12,831,531 |
| Ending fund balances | \$ 10,382,619 | 902,727 | 11,285,346 |

Hardin 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, the Debt Service Fund and the Capital Projects 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, two budget amendments increased budgeted disbursements by \$1,303,850. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2020, disbursements did not exceed the amounts budgeted in any function. However, disbursements in certain departments exceeded the amounts appropriated.

Hardin 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 | 0.0528971 % | 0.0528232 % | 0.0554434 % |
| County's proportionate share of the net pension liability | \$ 3,063,089 | 3,342,784 | 3,693,231 |
| County's covered payroll | \$ 5,616,195 | 5,406,385 | 5,267,342 |
| County's proportionate share of the net pension liability as a percentage of its covered payroll | 54.54 % | 61.83 % | 70.12 % |
| 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 preceding fiscal year.

| 2017 | 2016 | 2015 |
|-------------|-------------|-------------|
| 0.0542185 % | 0.0521826 % | 0.0492177 % |
| 3,412,141 | 2,578,072 | 1,951,929 |
| 4,861,315 | 4,794,191 | 4,889,832 |
| 70.19 % | 53.77 % | 39.92 % |
| 81.82 % | 85.19 % | 87.61 % |

Hardin 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 | \$ 558,307 | 538,476 | 493,183 | 482,212 |
| Contributions in relation to the statutorily required contribution | \$ (558,307) | (538,476) | (493,183) | (482,212) |
| Contribution deficiency (excess) | - | - | - | - |
| County's covered payroll | \$ 5,866,088 | 5,616,195 | 5,406,385 | 5,267,342 |
| Contributions as a percentage of covered payroll | 9.52% | 9.59% | 9.12% | 9.15% |

| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 445,728 | 441,156 | 451,369 | 439,729 | 408,081 | 357,144 |
| (445,728) | (441,156) | (451,369) | (439,729) | (408,081) | (357,144) |
| - | - | - | - | - | - |
| 4,861,315 | 4,794,191 | 4,889,832 | 4,863,880 | 4,768,776 | 4,670,416 |
| 9.17% | 9.20% | 9.23% | 9.04% | 8.56% | 7.65% |

Hardin 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.

Hardin 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 | \$ 69,796 | 49,099 | 47,669 |
| Interest Cost | 31,509 | 29,304 | 28,265 |
| Difference between expected and actual experience | 44,126 | - | 31,200 |
| Changes in assumptions | 2,653 | - | (20,521) |
| Benefit payments | (70,390) | (57,963) | - |
| Net change in total OPEB liability | 77,694 | 20,440 | 86,613 |
| Total OPEB liability beginning of year | 818,875 | 798,435 | 711,822 |
| Total OPEB liability end of year | <u>\$ 896,569</u> | <u>818,875</u> | <u>798,435</u> |
| Covered payroll | \$ 4,903,422 | 4,777,391 | 4,210,130 |
| Total OPEB liability as a percentage of covered payroll | 18.28% | 17.14% | 18.96% |

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 | 4.50% |

Hardin County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

| | Resource Enhancement and Protection | Pine Lake Corn Processors TIF | Carbo Tech TIF |
|---|--|--|----------------------|
| Assets | | | |
| Cash, cash equivalents and pooled investments | \$ 56,691 | 158,049 | 56,472 |
| Receivables: | | | |
| Property tax: | | | |
| Succeeding year tax increment financing | - | - | - |
| Drainage assessments | - | - | - |
| Due from other governments | - | 4,888 | - |
| Total assets | \$ 56,691 | 162,937 | 56,472 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities: | | | |
| Due to other governments | \$ - | - | - |
| Total liabilities | - | - | - |
| Deferred inflows of resources: | | | |
| Unavailable revenues: | | | |
| Succeeding year tax increment financing | - | - | - |
| Other | - | - | - |
| Total deferred inflows of resources | - | - | - |
| Fund balances: | | | |
| Restricted for: | | | |
| Drainage warrants/drainage improvement certificates | - | - | - |
| Other purposes | 56,691 | 162,937 | 56,472 |
| Total fund balances | 56,691 | 162,937 | 56,472 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 56,691 | 162,937 | 56,472 |

| Special Revenue | | | | | | | |
|----------------------------|-------------------|------------------------------|---|---|------------------------------------|-----------------------|-----------|
| Garden Wind Farm TIF | NRP TIF Rebate | State Forfeiture Funds | County Recorder's Records Management | Community Betterment/ Local Option Sales Tax | Roads Local Option Sales Tax | Drainage Districts | Total |
| 325,838 | 1,256 | 1,593 | 47,911 | 182,888 | 86,269 | - | 916,967 |
| 306,936 | 14,758 | - | - | - | - | - | 321,694 |
| - | - | - | - | - | - | 606,257 | 606,257 |
| - | - | - | - | 5,816 | 23,263 | - | 33,967 |
| 632,774 | 16,014 | 1,593 | 47,911 | 188,704 | 109,532 | 606,257 | 1,878,885 |
| 4,888 | - | - | - | - | - | - | 4,888 |
| 4,888 | - | - | - | - | - | - | 4,888 |
| 306,936 | 14,758 | - | - | - | - | - | 321,694 |
| - | - | - | - | - | - | 603,249 | 603,249 |
| 306,936 | 14,758 | - | - | - | - | 603,249 | 924,943 |
| - | - | - | - | - | - | 3,008 | 3,008 |
| 320,950 | 1,256 | 1,593 | 47,911 | 188,704 | 109,532 | - | 946,046 |
| 320,950 | 1,256 | 1,593 | 47,911 | 188,704 | 109,532 | 3,008 | 949,054 |
| 632,774 | 16,014 | 1,593 | 47,911 | 188,704 | 109,532 | 606,257 | 1,878,885 |

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

| | Resource Enhancement and Protection | Pine Lake Corn Processors TIF | Carbo Tech TIF |
|--|--|--|----------------------|
| Revenues: | | | |
| Tax increment financing | \$ - | - | - |
| Local option sales tax | - | - | - |
| Intergovernmental | 11,568 | - | - |
| Charges for service | - | - | - |
| Use of money and property | 229 | - | - |
| Miscellaneous | - | - | - |
| Total revenues | <u>11,797</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | |
| Operating: | | | |
| Roads and transportatin | - | - | - |
| General county management | - | - | - |
| Non-program | - | - | - |
| Debt service | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>11,797</u> | <u>-</u> | <u>-</u> |
| Other financing sources: | | | |
| Drainage warrants/drainage improvement certificates issued | - | - | - |
| Change in fund balances | 11,797 | - | - |
| Fund balances beginning of year | <u>44,894</u> | <u>162,937</u> | <u>56,472</u> |
| Fund balances end of year | <u>\$ 56,691</u> | <u>162,937</u> | <u>56,472</u> |

| Special Revenue | | | | | | | | |
|----------------------------|-------------------|------------------------------|---|---|------------------------------------|-----------------------|-----------|--|
| Garden Wind Farm TIF | NRP TIF Rebate | State Forfeiture Funds | County Recorder's Records Management | Community Betterment/ Local Option Sales Tax | Roads Local Option Sales Tax | Drainage Districts | Total | |
| 265,009 | 12,284 | - | - | - | - | - | 277,293 | |
| - | - | - | - | 68,360 | 250,532 | - | 318,892 | |
| 10,542 | 857 | - | - | - | - | - | 22,967 | |
| - | - | - | 3,454 | - | - | - | 3,454 | |
| - | - | - | 208 | - | - | 2,915 | 3,352 | |
| - | - | - | - | - | - | 65,278 | 65,278 | |
| 275,551 | 13,141 | - | 3,662 | 68,360 | 250,532 | 68,193 | 691,236 | |
| - | - | - | - | - | 141,000 | - | 141,000 | |
| - | 17,693 | - | - | - | - | - | 17,693 | |
| - | - | - | - | 37,577 | - | 1,207,833 | 1,245,410 | |
| 263,928 | - | - | - | - | - | - | 263,928 | |
| 263,928 | 17,693 | - | - | 37,577 | 141,000 | 1,207,833 | 1,668,031 | |
| 11,623 | (4,552) | - | 3,662 | 30,783 | 109,532 | (1,139,640) | (976,795) | |
| - | - | - | - | - | - | 491,479 | 491,479 | |
| 11,623 | (4,552) | - | 3,662 | 30,783 | 109,532 | (648,161) | (485,316) | |
| 309,327 | 5,808 | 1,593 | 44,249 | 157,921 | - | 651,169 | 1,434,370 | |
| 320,950 | 1,256 | 1,593 | 47,911 | 188,704 | 109,532 | 3,008 | 949,054 | |

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

| | County Offices | Agricultural Extension Education | County Assessor | Schools |
|--|-------------------|--|--------------------|-------------------|
| Assets | | | | |
| Cash, cash equivalents and pooled investments: | | | | |
| County Treasurer | \$ - | 2,776 | 127,379 | 134,936 |
| Other County officials | 141,638 | - | - | - |
| Receivables: | | | | |
| Property tax: | | | | |
| Delinquent | - | 2,418 | 2,773 | 115,024 |
| Succeeding year | - | 432,688 | 358,395 | 13,007,335 |
| Accounts | 110 | - | - | - |
| Assessments | - | - | - | - |
| Due from other governments | - | - | - | - |
| Total assets | \$ 141,748 | 437,882 | 488,547 | 13,257,295 |
| Liabilities | | | | |
| Accounts payable | - | - | 165 | - |
| Due to other governments | 22,306 | 5,194 | - | 249,960 |
| Trusts payable | 119,442 | - | - | - |
| Compensated absences | - | - | 17,077 | - |
| Total liabilities | 141,748 | 5,194 | 17,242 | 249,960 |
| Deferred Inflows of Resources | | | | |
| Unavailable revenues | - | 432,688 | 358,395 | 13,007,335 |
| Net Position | | | | |
| Restricted for individuals, organizations and other governments | \$ - | - | 112,910 | - |

| Community Colleges | Corporations | Townships | Brucellosis and Tuberculosis Eradication | City Special Assessments | Auto License and Use Tax | Local Emergency Management Services |
|--------------------|------------------|----------------|--|--------------------------|--------------------------|-------------------------------------|
| 9,688 | 100,007 | 4,331 | 31 | 3,224 | 621,414 | 77,280 |
| - | - | - | - | - | - | - |
| 8,441 | 135,590 | 3,237 | 27 | - | - | - |
| 1,641,814 | 6,625,482 | 429,933 | 2,754 | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | 136,099 | - | - |
| - | - | - | - | - | - | - |
| <u>1,659,943</u> | <u>6,861,079</u> | <u>437,501</u> | <u>2,812</u> | <u>139,323</u> | <u>621,414</u> | <u>77,280</u> |
| - | - | - | - | - | - | 6,951 |
| 18,129 | 235,597 | 7,568 | 58 | 139,323 | 621,414 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 1,442 |
| <u>18,129</u> | <u>235,597</u> | <u>7,568</u> | <u>58</u> | <u>139,323</u> | <u>621,414</u> | <u>8,393</u> |
| <u>1,641,814</u> | <u>6,625,482</u> | <u>429,933</u> | <u>2,754</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - | 68,887 |

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

| | E911 Surcharge | Drainage Districts | Other | Total |
|--|-------------------|-----------------------|----------------|-------------------|
| Assets | | | | |
| Cash, cash equivalents and pooled investments: | | | | |
| County Treasurer | \$ 311,688 | (11,143) | 201,168 | 1,582,779 |
| Other County officials | - | - | - | 141,638 |
| Receivables: | | | | |
| Property tax: | | | | |
| Delinquent | - | - | - | 267,510 |
| Succeeding year | - | - | - | 22,498,401 |
| Accounts | 13,937 | - | - | 14,047 |
| Assessments | - | - | - | 136,099 |
| Due from other governments | 71,117 | - | - | 71,117 |
| Total assets | \$ 396,742 | (11,143) | 201,168 | 24,711,591 |
| Liabilities | | | | |
| Accounts payable | 19,490 | - | - | 26,606 |
| Due to other governments | - | (11,143) | 51,134 | 1,339,540 |
| Trusts payable | - | - | - | 119,442 |
| Compensated absences | - | - | - | 18,519 |
| Total liabilities | 19,490 | (11,143) | 51,134 | 1,504,107 |
| Deferred Inflows of Resources | | | | |
| Unavailable revenues | - | - | - | 22,498,401 |
| Net Position | | | | |
| Restricted for individuals, organizations and other governments | \$ 377,252 | - | 150,034 | 709,083 |

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

| | County Offices | Agricultural Extension Education | County Assessor | Schools |
|---|-------------------|--|--------------------|-------------------|
| Additions: | | | | |
| Property and other county tax | \$ - | 417,504 | 341,057 | 12,229,395 |
| E911 surcharge | - | - | - | - |
| State tax credits | - | 20,880 | 23,944 | 1,035,658 |
| Grants | - | - | - | - |
| Interest | 402 | - | - | - |
| Office fees and collections | 1,981,958 | - | - | - |
| Auto licenses, use tax and postage | - | - | - | - |
| Drivers license fees | - | - | - | - |
| Assessments | - | - | - | - |
| Trusts | 549,611 | - | - | - |
| Miscellaneous | - | - | - | - |
| Total additions | <u>2,531,971</u> | <u>438,384</u> | <u>365,001</u> | <u>13,265,053</u> |
| Deductions: | | | | |
| Agency remittances: | | | | |
| To other funds | 1,784,376 | - | - | - |
| To other governments | 169,950 | 438,384 | 268,798 | 13,265,053 |
| Trusts paid out | 577,645 | - | - | - |
| Total deductions | <u>2,531,971</u> | <u>438,384</u> | <u>268,798</u> | <u>13,265,053</u> |
| Change in net position | - | - | 96,203 | - |
| Net position beginning of year, as restated | - | - | 16,707 | - |
| Net position end of year | <u>\$ -</u> | <u>-</u> | <u>112,910</u> | <u>-</u> |

| Community Colleges | Corporations | Townships | Brucellosis and Tuberculosis Eradication | City Special Assessments | Auto License and Use Tax | Drivers License | Local Emergency Management Services |
|-----------------------|--------------|-----------|--|--------------------------------|-----------------------------------|--------------------|--|
| 1,588,627 | 7,035,911 | 411,748 | 2,585 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 72,651 | 893,649 | 23,873 | 231 | - | - | - | - |
| - | - | - | - | - | - | - | 17,380 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 7,094,652 | - | - |
| - | - | - | - | - | - | 76,684 | - |
| - | - | - | - | 64,317 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 77,666 |
| 1,661,278 | 7,929,560 | 435,621 | 2,816 | 64,317 | 7,094,652 | 76,684 | 95,046 |
| - | - | - | - | - | 213,942 | 26,509 | - |
| 1,661,278 | 7,929,560 | 435,621 | 2,816 | 64,317 | 6,880,710 | 50,175 | 227,663 |
| - | - | - | - | - | - | - | - |
| 1,661,278 | 7,929,560 | 435,621 | 2,816 | 64,317 | 7,094,652 | 76,684 | 227,663 |
| - | - | - | - | - | - | - | (132,617) |
| - | - | - | - | - | - | - | 201,504 |
| - | - | - | - | - | - | - | 68,887 |

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

| | Drainage Districts | E911 Surcharge | Tax Sale Redemption Non-County | Other | Total |
|---|-----------------------|-------------------|--------------------------------------|---------|------------|
| Additions: | | | | | |
| Property and other county tax | \$ - | - | - | - | 22,026,827 |
| E911 surcharge | - | 191,163 | - | - | 191,163 |
| State tax credits | - | - | - | - | 2,070,886 |
| Grants | - | 87,705 | - | - | 105,085 |
| Interest | - | 5,645 | - | 1,335 | 7,382 |
| Office fees and collections | - | - | - | - | 1,981,958 |
| Auto licenses, use tax and postage | - | - | - | - | 7,094,652 |
| Drivers license fees | - | - | - | - | 76,684 |
| Assessments | 25,180 | - | - | - | 89,497 |
| Trusts | - | - | 219,023 | 5,101 | 773,735 |
| Miscellaneous | - | - | - | 121,293 | 198,959 |
| Total additions | 25,180 | 284,513 | 219,023 | 127,729 | 34,616,828 |
| Deductions: | | | | | |
| Agency remittances: | | | | | |
| To other funds | - | - | - | - | 2,024,827 |
| To other governments | 25,180 | 334,786 | 219,023 | 17,246 | 31,990,560 |
| Trusts paid out | - | - | - | 15,493 | 593,138 |
| Total deductions | 25,180 | 334,786 | 219,023 | 32,739 | 34,608,525 |
| Change in net position | - | (50,273) | - | 94,990 | 8,303 |
| Net position beginning of year, as restated | - | 427,525 | - | 55,044 | 700,780 |
| Net position end of year | \$ - | 377,252 | - | 150,034 | 709,083 |

Hardin 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 | \$ 8,334,339 | 8,230,609 | 8,072,852 | 7,432,549 |
| Tax increment financing | 277,293 | 415,510 | 633,094 | 612,604 |
| Local option sales tax | 683,596 | 756,044 | 756,617 | 673,689 |
| Interest and penalty on property tax | 21,860 | 53,600 | 47,598 | 48,339 |
| Intergovernmental | 7,060,632 | 7,393,767 | 7,575,480 | 7,582,879 |
| Licenses and permits | 27,778 | 18,710 | 42,725 | 21,525 |
| Charges for service | 553,638 | 560,392 | 537,966 | 528,763 |
| Use of money and property | 324,804 | 350,951 | 298,289 | 237,807 |
| Miscellaneous | 1,819,524 | 1,768,588 | 2,973,912 | 2,981,691 |
| Total | \$ 19,103,464 | 19,548,171 | 20,938,533 | 20,119,846 |
| Expenditures: | | | | |
| Operating: | | | | |
| Public safety and legal services | \$ 4,474,037 | 4,776,489 | 4,509,539 | 4,056,402 |
| Physical health and social services | 381,642 | 356,117 | 327,902 | 326,141 |
| Mental health | 933,877 | 456,262 | 429,760 | 391,735 |
| County environment and education | 1,257,582 | 1,064,381 | 1,029,783 | 1,007,020 |
| Roads and transportation | 7,428,785 | 6,864,426 | 5,808,884 | 6,154,438 |
| Governmental services to residents | 581,845 | 530,503 | 560,810 | 527,135 |
| Administration | 2,262,369 | 2,052,932 | 1,865,874 | 1,735,506 |
| Non-program | 1,337,496 | 719,574 | 1,838,616 | 1,034,189 |
| Debt service | 2,118,650 | 1,953,815 | 2,391,117 | 7,618,387 |
| Capital projects | 638,028 | 2,270,499 | 367,612 | 593,584 |
| Total | \$ 21,414,311 | 21,044,998 | 19,129,897 | 23,444,537 |

| Modified Accrual Basis | | | | | |
|------------------------|------------|------------|------------|------------|------------|
| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| 7,800,289 | 7,840,421 | 7,067,670 | 6,512,506 | 6,426,282 | 6,438,937 |
| - | - | - | - | - | - |
| 717,431 | 753,796 | 677,656 | 638,592 | 630,507 | 718,785 |
| 57,817 | 51,410 | 49,496 | 50,735 | 54,121 | 54,368 |
| 6,416,578 | 6,075,158 | 6,897,612 | 6,225,000 | 7,683,304 | 7,503,886 |
| 9,600 | 6,430 | 5,830 | 4,825 | 26,282 | 12,712 |
| 510,958 | 490,052 | 478,639 | 473,821 | 494,711 | 480,505 |
| 203,662 | 182,867 | 201,140 | 159,932 | 198,546 | 202,184 |
| 2,411,808 | 1,813,945 | 895,551 | 1,011,847 | 344,474 | 556,342 |
| 18,128,143 | 17,214,079 | 16,273,594 | 15,077,258 | 15,858,227 | 15,967,719 |
| 3,599,738 | 3,465,424 | 3,556,270 | 3,602,978 | 3,518,509 | 3,423,543 |
| 259,809 | 260,788 | 274,436 | 161,997 | 207,052 | 211,600 |
| 455,153 | 2,074,076 | 709,436 | 749,434 | 2,088,962 | 1,747,233 |
| 933,447 | 877,110 | 889,088 | 953,821 | 786,887 | 929,516 |
| 6,020,472 | 4,793,700 | 5,913,588 | 5,476,613 | 4,548,742 | 5,606,480 |
| 545,935 | 500,603 | 514,345 | 490,320 | 457,137 | 409,986 |
| 1,560,815 | 1,724,248 | 1,702,132 | 1,802,277 | 1,702,756 | 1,469,657 |
| 1,012,725 | 907,900 | 1,920,904 | 943,263 | 1,887,148 | 1,338,296 |
| 2,497,610 | 2,487,167 | 1,621,762 | 21,265,774 | 934,820 | 803,307 |
| 355,645 | 655,987 | 731,101 | 3,647,205 | 2,269,922 | 1,548,898 |
| 17,241,349 | 17,747,003 | 17,833,062 | 39,093,682 | 18,401,935 | 17,488,516 |



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 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 Hardin 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 Hardin 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 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hardin 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 Hardin County's internal control. Accordingly, we do not express an opinion on the effectiveness of Hardin 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, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings as item II-A-20, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hardin County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 which 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.

Hardin County's Responses to Findings

Hardin County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Hardin 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 Hardin 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 9, 2020

Hardin 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 significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Hardin County
Schedule of Findings
Year ended June 30, 2020

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

II-A-20 Capital Project

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

Condition – The County entered into a contract to install a new HVAC/Geothermal system in the courthouse and annex building. Additional costs were incurred on this project with no submitted or approved change orders.

Cause – The County did not maintain records such that the total amount being incurred on the project was reviewed.

Effect – Inadequate controls over the project could adversely affect the County’s ability to track additional costs being incurred without appropriate change orders.

Recommendation – The County should review its operating procedures to ensure that change orders are made and approved before further work is done on the project and develop a system to track total costs on the project

Response – The County will implement procedures to monitor capital projects and the billing statements received and will ensure that change orders are submitted and approved before further work is done.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Hardin County
Schedule of Findings
Year ended June 30, 2020

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. However, disbursements in several departments exceeded the amount appropriated before amendments were approved.

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

Response – Department heads do not always realize they have exceeded their budget until it is too late. It takes more than 30 days from announcement of a budget amendment to publication and then to hearing and we are not always given the information in time to meet those constraints. Moving forward the Auditor’s office will make a better effort to supervise the budgets, but ultimately need the buy-in and responsible actions of the department heads to monitor their own budgets.

Conclusion – Response accepted.

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

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 – No business transactions between the County and County officials or employees were noted.

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 coverage should be reviewed annually to ensure the coverage is adequate for current operations.

Hardin County
Schedule of Findings
Year ended June 30, 2020

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

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).

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

Response – With the conversion of our software program from Solutions to Tyler I have not been able to get my semi-annual reports to balance therefore, I have not published them in the time required in accordance with Chapter 349.16(3). I understand that this required by the Code of Iowa and in my previous software I always balanced and published as required. I ensure you I will work with our new provider to get this issue resolved and get the semi-annual reports published. Future semi-annual reports will be published in a timely manner.

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.

III-L-20 Capital Lease Agreement – The County did not hold a public hearing prior to entering into a \$236,449 capital lease agreement for the purchase of a new excavator for the Secondary Roads department as required by Chapter 331.301 of the Code of Iowa.

Recommendation – The County should follow the statutory authorization requirements before entering into a capital lease purchase agreement.

Response – We will ensure that a public hearing is held before any future capital leases are approved.

Conclusion – Response accepted.

Hardin County
Schedule of Findings
Year ended June 30, 2020

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

III-M-20 E911 Budget – Disbursements during the year ended June 30, 2020 exceeded the amount budgeted.

Recommendation – The budget should have been amended by the E911 Commission in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – I was not involved in developing the fiscal year 2020 budget. When the 2021 budget was developed more time was spent and expenditures were assigned to correct line items. The budget is now reviewed at each E911 Service board meeting to better monitor it.

Conclusion – Response accepted.

Hardin County Audit Staff

This audit was performed by:

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

Personnel:

Elizabeth A. Miller, CPA, Partner
Nathan Minkel, CPA, Partner
Taylor Johnson, CPA, Partner
Camden Kickbush, CPA, Staff



HARDIN COUNTY

Courthouse

HARDIN COUNTY COURTHOUSE
1215 EDGINGTON AVE.
ELDORA, IA 50627

FILED

DEC 17 2020

HARDIN COUNTY AUDITOR

HARDIN COUNTY Employee Change of Status Report

Please enter the following change(s) as of 12/28/2020
Date

Name: Samantha Cook

Department: Treasurer

Address: _____

Position: Motor Vehicle Clerk

City State Zip Code

Salary/Hourly Rate: _____

Fund: 001-03-8100-000-1004

Status: Full-time Permanent Part-time Temporary/Seasonal Part-time

Reason of Change:

- Hired
- Resignation
- Promotion
- Retirement
- Demotion
- Layoff
- Pay Increase
- Discharge
- Leave of Absence _____
Dates

Other: _____

Dates of Employment: 08/27/2018 to 12/28/2020
From To

Last Day of Work 12/28/220
(if applicable)

Beyond the last day of work, the following vacation time was (or will be paid): _____ to _____
From To

Authorized by: *Mandy Eichmeier*
Elected Official or Department Head

12/17/2020
Date

Authorized by: _____
Board of Supervisors

Date