

**WINNESHIEK COUNTY
DECORAH, IOWA**

FINANCIAL REPORT

JUNE 30, 2019

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WINNESHIEK COUNTY

OFFICIALS
June 30, 2019

Name	Title	Term Expires
John Logsdon	Board of Supervisors, Chairperson	December 2020
Dean Thompson	Board of Supervisors, Vice-Chairperson	December 2020
John Beard	Board of Supervisors	December 2022
Floyd Ashbacher	Board of Supervisors	December 2022
Mark Kuhn	Board of Supervisors	December 2020
Benjamin Steines	County Auditor	December 2020
Wayne Walter	County Treasurer	December 2022
Jayne Schultz	County Recorder	December 2022
Dan Marx	County Sheriff	December 2020
Andrew Van Der Maaten	County Attorney	December 2022
James Alstad	County Assessor	Appointed
Lee Bjerke	County Engineer	Appointed

INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS

To the Board of Supervisors
Winneshiek County
Decorah, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Winneshiek County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, the budgetary comparison information, the schedule of the County's proportionate share of the net pension liability, the schedule of County contributions and the schedule of changes in the County's total OPEB liability, related ratios and notes on pages 5 through 5g and pages 45 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Winneshiek County's June 30, 2019 basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information shown on Schedules 1 through 11, including the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information shown on Schedules 1 through 11, including the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the years ended June 30, 2010 through 2019 basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2020, on our consideration of Winneshiek 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 Winneshiek 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 Winneshiek County's internal control over financial reporting and compliance.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
March 10, 2020

WINNESHIEK COUNTY
DECORAH, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

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

2019 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 6.03%, or approximately \$1,395,000 from fiscal year 2018 to fiscal year 2019. Operating grants increased approximately \$292,000, capital grants increased approximately \$732,000, and property taxes increased approximately \$224,000 while charges for services decreased approximately \$28,000.
- Program expenses of the County's governmental activities were 9.33%, or approximately \$1,948,000 more in fiscal year 2019 than in fiscal year 2018. Public safety and roads and transportation had the most significant increases at approximately \$163,000 and \$2,362,000, respectively, while county environment and education and administration had the most significant decrease of approximately \$202,000 and \$343,000, respectively.
- Net position of the County's governmental activities increased 2.82%, or approximately \$1,714,000, over the June 30, 2018 balance.

USING THIS ANNUAL REPORT

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

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

The government-wide financial statements consist of a statement of net position and a statement of activities. These provide information about the activities of Winneshiek 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 Winneshiek County's operations in more detail than the government-wide financial statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. For Winneshiek County, the general fund, and the mental health, the rural services, and the secondary roads special revenue funds are the most significant funds. The remaining financial statements provide information about the enterprise activities and other activities for which Winneshiek County acts solely as an agent or custodian for the benefit of those outside of County government (agency funds).

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

USING THIS ANNUAL REPORT (Continued)

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 funds, the special revenue funds, the proprietary funds, the individual agency funds, and compares governmental fund activity to prior years. In addition, the schedule of expenditures of federal awards provides details of various federal programs benefiting the County.

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.

In the statement of net position and statement of activities, the County is divided into two distinct kinds of activities:

- 1) **Governmental activities:** most of the County's programs and services are reported here, including 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 other non-program activities. Property tax, state tax credits, and state and federal grants finance most of these activities.
- 2) **Business-type activities:** these services are provided on a charge for goods or services basis to recover all of the expenses for the goods or services provided.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES (Continued)

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, and 3) 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) Proprietary funds account for the County's Landfill Fund, the Burr Oak and Festina Sanitary Systems, and the Frankville Water District - enterprise funds, and employee group health insurance - internal service fund. The enterprise funds account for the charges for goods and services received to recover expenses for goods or services provided. 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 net position and a statement of cash flows.

- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for emergency management services, the County Assessor and E911 Service Board, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position of governmental activities and business-type activities:

		Condensed Statement of Net Position (Expressed in Thousands)		
		Governmental Activities		
		2019	2018	Percent Change
Current and other assets	\$	23,266	\$ 22,831	1.91%
Capital assets		56,518	54,229	4.22%
Total assets		79,784	77,060	3.53%
Deferred outflows of resources		1,590	1,699	-6.42%
Current liabilities		1,698	842	101.66%
Noncurrent liabilities		6,536	7,114	-8.12%
Total liabilities		8,234	7,956	3.49%
Deferred inflows of resources		10,581	9,958	6.26%
Net position:				
Net investment in capital assets		56,518	54,229	4.22%
Restricted		3,942	4,988	-20.97%
Unrestricted		2,099	1,628	28.93%
Total net position	\$	62,559	\$ 60,845	2.82%

		Condensed Statement of Net Position (Expressed in Thousands)		
		Business-type Activities		
		2019	2018	Percent Change
Current and other assets	\$	85	\$ 74	14.86%
Capital assets		2,205	1,886	16.91%
Total assets		2,290	1,960	16.84%
Long-term debt outstanding		882	555	58.92%
Other liabilities		21	16	31.25%
Total liabilities		903	571	58.14%
Net position:				
Net investment in capital assets		1,323	1,331	-0.60%
Restricted		279	273	2.20%
Unrestricted (deficit)		(215)	(215)	0.00%
Total net position	\$	1,387	\$ 1,389	-0.14%

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased for the governmental activities approximately \$471,000 or 28.93% and remained the same for the business-type activities.

The increase in net position for the governmental activities was up after a slight decrease in net position in 2018. This increase is mostly due to a decrease in the net pension liability of approximately \$356,000.

The following analysis shows the changes in net position for the governmental activities and business-type activities for the years ended June 30, 2019 and 2018:

	Changes in Net Position (Expressed in Thousands)		
	Governmental Activities		
	2019	2018	Percent Change
Revenues:			
Program revenue:			
Charges for service	\$ 2,589	\$ 2,617	-1.07%
Operating grants	5,969	5,677	5.14%
Capital grants	4,138	3,406	21.49%
General revenue:			
Property taxes	9,153	8,929	2.51%
Local option sales tax	1,578	1,479	6.69%
Penalty and interest on property taxes	51	50	2.00%
State tax credits	747	747	0.00%
Rents	115	121	-4.96%
Unrestricted investment earnings	200	96	108.33%
Other	6	29	100.00%
Total revenues	<u>24,546</u>	<u>23,151</u>	<u>6.03%</u>
Program expenses:			
Public safety and legal services	3,365	3,202	5.09%
Physical health and social services	1,220	1,217	0.25%
Mental health	832	893	-6.83%
County environment and education	2,253	2,455	-8.23%
Roads and transportation	12,057	9,695	24.36%
Governmental services to residents	595	591	0.68%
Administration	2,214	2,557	-13.41%
Non-program	293	271	8.12%
Total expenses	<u>22,829</u>	<u>20,881</u>	<u>9.33%</u>
Increase in net position before transfers	1,717	2,270	-24.36%
Transfers	(3)	31	-109.68%
Increase in net position	1,714	2,301	-25.51%
Net position, beginning of year	<u>60,845</u>	<u>58,544</u>	<u>3.93%</u>
Net position, end of year	<u>\$ 62,559</u>	<u>\$ 60,845</u>	<u>2.82%</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Changes in Net Position (Expressed in Thousands)		
	Business-type Activities		
	2019	2018	Percent Change
Revenues:			
Program revenue:			
Charges for service	\$ 384	\$ 377	1.86%
Capital grants		442	0.00%
Total revenues	384	819	-53.11%
Program expenses:			
Operating expenses	389	390	-0.26%
Operating (loss) income	(5)	429	101.17%
Change in net position before transfers	(5)	429	101.17%
Transfers	3	(31)	0.00%
(Decrease) increase in net position	(2)	398	100.50%
Net position, beginning of year	1,389	991	40.16%
Net position, end of year	\$ 1,387	\$ 1,389	-0.14%

INDIVIDUAL MAJOR FUND ANALYSIS

As the County completed the year, its governmental funds reported a combined fund balance of \$9,083,107, a decrease of \$666,688 from the 2018 fiscal year end balance of \$9,749,795.

- The general fund revenues decreased \$876,590 or 7.85% from the prior year and the expenditures increased \$337,516 or 3.59%. The most significant decrease in revenue for the County's general fund was a decrease in intergovernmental revenues of \$1,042,058. Approximately \$1,000,000 of this decrease was from FEMA money received in fiscal year 2018. Property taxes in the general fund increased 2.25%, or approximately \$152,000. The ending fund balance showed an increase of 7.17% from the prior year of \$4,731,724 to \$5,070,829.
- The County participates in a 28E agreement with 21 other counties to provide mental health services at a regional level. For the year, expenditures totaled \$833,400, a decrease of 6.71% from the prior year. The mental health fund balance at year-end decreased by \$44,351 from the prior year.
- The ending fund balance for the rural services fund increased by \$55,763 or 3.17% over the prior year. Overall revenues increased 3.95% and the expenditures increased 17.91%.
- Secondary roads fund revenues increased \$292,975 or 5.29% over the prior year. For the year, expenditures totaled \$9,467,974, an increase of \$1,969,769 or 26.27%. The secondary roads fund balance decreased \$899,252 over the prior year.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except the internal service fund and agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County’s budget is prepared on the cash basis. Over the course of the year, the County amended its budget once. The amendment was made in May 2019, which resulted in an increase in budgeted receipts and an increase in budgeted disbursements. However, this did not require an increase in property taxes.

The amendment made during the 2019 fiscal year should have no impact on the 2020 fiscal year’s budget.

The following chart shows the original and final budget for fiscal year 2019 as well as the actual receipts and disbursements for the year:

Budgetary Comparison Schedule (Expressed in Thousands)					
RECEIPTS	Budget Basis	Budgeted Amounts		Variance	
		Original	Final		
Property and other County taxes	\$ 10,753	\$ 10,675	\$ 10,675	\$ 78	
Interest and penalty on property taxes	51	50	50	1	
Intergovernmental	7,867	8,970	10,703	(2,836)	
Licenses and permits	40	29	29	11	
Charges for service	869	812	828	41	
Use of money and property	301	172	173	128	
Miscellaneous	1,226	1,147	1,461	(235)	
Total receipts	\$ 21,107	\$ 21,855	\$ 23,919	\$ (2,812)	
DISBURSEMENTS					
Public safety and legal services	\$ 3,337	\$ 3,514	\$ 3,792	\$ 455	
Physical health and social services	1,216	1,382	1,394	178	
Mental health	834	892	892	58	
County environment and education	2,400	2,591	2,617	217	
Roads and transportation	8,265	7,670	8,270	5	
Governmental services to residents	585	648	723	138	
Administration	2,753	2,756	3,311	558	
Non-program	2	7	7	5	
Capital projects	1,539	2,665	4,599	3,060	
Total disbursements	\$ 20,931	\$ 22,125	\$ 25,605	\$ 4,674	

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2019, Winneshiek County had \$56,518,279 invested in a broad range of capital assets, including large road equipment, infrastructure and construction in progress for the governmental activities. For the enterprise funds, the County had \$2,205,043 invested in land, landfill and sewer systems.

The County had depreciation expense of \$2,859,708 for fiscal year 2019 and total accumulated depreciation of \$47,147,266 as of June 30, 2019 for the governmental activities. The County had depreciation/depletion expense of \$42,929 for fiscal year 2019 and total accumulated depreciation/depletion of \$1,976,681 as of June 30, 2019 for the business-type activities. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Debt

At year-end, the County had \$2,822,774 in bonds and other debt compared to \$2,730,525 last year. More detail is presented in Note 7 to the financial statements.

The County's general obligation bond rating continues to carry the fourth highest rating possible, a rating that has been assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below this \$113,528,735 limit.

Other obligations include compensated absences. More detailed information about the County's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Winneshiek County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2020 budget, tax rates and the fee that will be charged for various County activities. One of those factors is the economy.

The County's local option sales taxes received continue to be a significant portion of County revenues and account, in part, for property tax levy rates lower than would otherwise be possible.

Winneshiek County has a very small amount of delinquent property taxes due to the fact that the local taxpayers pay their property taxes in a timely manner.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the County's citizens, taxpayers, customers and creditors with a general overview of Winneshiek County's finances and to demonstrate the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the County Auditor's Office, Winneshiek County, 201 West Main Street, Decorah, IA 52101.

WINNESHIEK COUNTY
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 10,145,652	\$ 84,842	\$ 10,230,494
Receivables:			
Property tax:			
Delinquent	638		638
Succeeding year	10,003,437		10,003,437
Accounts	114,908		114,908
Accrued interest	14,702		14,702
Due from other governments	994,902		994,902
Due from Winneshiek County Area Solid Waste Agency	1,449,000		1,449,000
Inventories	448,708		448,708
Prepaid expenses	93,592		93,592
Non-depreciable assets	1,949,044	821,596	2,770,640
Capital assets, net of accumulated depreciation/depletion	54,569,235	1,383,447	55,952,682
Total assets	<u>79,783,818</u>	<u>2,289,885</u>	<u>82,073,703</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	1,577,741		1,577,741
OPEB related deferred outflows	12,356		12,356
Total deferred outflows of resources	<u>1,590,097</u>	<u>-</u>	<u>1,590,097</u>
Total assets and deferred outflows of resources	<u>\$ 81,373,915</u>	<u>\$ 2,289,885</u>	<u>\$ 83,663,800</u>
LIABILITIES			
Accounts payable	\$ 1,361,834		\$ 1,361,834
Salaries and benefits payable	308,683		308,683
Accrued interest payable		\$ 3,965	3,965
Due to other governments	27,732		27,732
Long-term liabilities:			
Portion due within one year:			
Bonds payable	281,373		281,373
Notes payable		27,379	27,379
Compensated absences	475,014	16,575	491,589
Portion due after one year:			
Net pension liability	4,366,071		4,366,071
Total OPEB liability	245,703		245,703
Bonds payable	1,167,627		1,167,627
Notes payable		854,806	854,806
Total liabilities	<u>8,234,037</u>	<u>902,725</u>	<u>9,136,762</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	467,316		467,316
Unavailable property tax revenue	10,003,437		10,003,437
Other	109,848		109,848
Total deferred inflows of resources	<u>10,580,601</u>	<u>-</u>	<u>10,580,601</u>
NET POSITION			
Net investment in capital assets	56,518,279	1,322,858	57,841,137
Restricted for:			
Mental health purposes	34,411		34,411
Rural services purposes	1,812,813		1,812,813
Secondary roads purposes	1,436,279		1,436,279
Capital projects	29,392		29,392
Other special revenue purposes	570,612		570,612
Other purposes	58,871	278,809	337,680
Unrestricted (deficit)	2,098,620	(214,507)	1,884,113
Total net position	<u>62,559,277</u>	<u>1,387,160</u>	<u>63,946,437</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 81,373,915</u>	<u>\$ 2,289,885</u>	<u>\$ 83,663,800</u>

See Notes to Financial Statements.

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WINNESHIEK COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
Governmental activities:				
Public safety and legal services	\$ 3,365,397	\$ 225,992	\$ 16,969	
Physical health and social services	1,220,091	365,089	281,893	\$ 874
Mental health	831,687		56,001	
County environment and education	2,252,507	181,358	302,362	9,580
Roads and transportation	12,056,916	99,543	5,304,618	4,116,520
Governmental services to residents	594,604	1,500,026	7,082	11,219
Administration	2,214,314			
Non-program	293,219	216,997	447	
Total governmental activities	22,828,735	2,589,005	5,969,372	4,138,193
Business-type activities:				
Landfill	294,196	291,456		
Burr Oak Sewer fund	35,227	32,264		
Festina Sewer fund	21,925	18,995		
Frankville Water District fund	37,765	41,574		
Total business-type activities	389,113	384,289	-	-
Total	\$ 23,217,848	\$ 2,973,294	\$ 5,969,372	\$ 4,138,193
General revenues:				
Property taxes levied for:				
General purposes				
Local option sales tax				
Penalty and interest on property taxes				
State tax credits				
Rents				
Unrestricted investment earnings				
Gain on sale of capital assets				
Transfers				
Total general revenues				
Change in net position				
Net position, beginning of year				
Net position, end of year				

See Notes to Financial Statements.

EXHIBIT B

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (3,122,436)		\$ (3,122,436)
(572,235)		(572,235)
(775,686)		(775,686)
(1,759,207)		(1,759,207)
(2,536,235)		(2,536,235)
923,723		923,723
(2,214,314)		(2,214,314)
(75,775)		(75,775)
(10,132,165)	\$ -	(10,132,165)
	(2,740)	(2,740)
	(2,963)	(2,963)
	(2,930)	(2,930)
	3,809	3,809
-	(4,824)	(4,824)
(10,132,165)	(4,824)	(10,136,989)
9,152,410		9,152,410
1,578,360		1,578,360
50,713		50,713
747,016		747,016
114,618		114,618
199,727	113	199,840
6,236		6,236
(2,922)	2,922	-
11,846,158	3,035	11,849,193
1,713,993	(1,789)	1,712,204
60,845,284	1,388,949	62,234,233
\$ 62,559,277	\$ 1,387,160	\$ 63,946,437

WINNESHIEK COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
		Mental Health	Rural Services	Secondary Roads		
ASSETS						
Cash and pooled investments	\$ 5,406,954	\$ 26,875	\$ 1,608,255	\$ 1,596,085	\$ 570,648	\$ 9,208,817
Receivables:						
Property tax:						
Delinquent	559	38	41			638
Succeeding year	7,613,695	703,476	1,686,266			10,003,437
Accounts	100,710	8,742	1,060	4,396		114,908
Accrued interest	13,141				161	13,302
Due from other governments	171,744		269,562	518,709	34,887	994,902
Prepaid expenditures	55,196	840	6,523	31,033		93,592
Inventories				448,708		448,708
Total assets	\$ 13,361,999	\$ 739,971	\$ 3,571,707	\$ 2,598,931	\$ 605,696	\$ 20,878,304
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 440,648		\$ 53,637	\$ 843,682	\$ 5,692	\$ 1,343,659
Salaries and benefits payable	183,140	\$ 1,768	17,410	106,365		308,683
Due to other governments	2,062		1,581	24,089		27,732
Total liabilities	625,850	1,768	72,628	974,136	5,692	1,680,074
Deferred inflows of resources:						
Succeeding year property tax	7,613,695	703,476	1,686,266			10,003,437
Other	51,625	37	41	45,046	14,937	111,686
Total deferred inflows of resources	7,665,320	703,513	1,686,307	45,046	14,937	10,115,123
Fund balances:						
Nonspendable:						
Inventories				448,708		448,708
Prepaid expenditures	55,196	840	6,523	31,033		93,592
Restricted for:						
Other purposes	3,675					3,675
Mental health purposes		33,850				33,850
Rural services purposes			1,806,249			1,806,249
Secondary roads purposes				1,100,008		1,100,008
Other special revenue purposes					555,675	555,675
Capital projects					29,392	29,392
Unassigned	5,011,958					5,011,958
Total fund balances	5,070,829	34,690	1,812,772	1,579,749	585,067	9,083,107
Total liabilities, deferred inflows of resources and fund balances	\$ 13,361,999	\$ 739,971	\$ 3,571,707	\$ 2,598,931	\$ 605,696	\$ 20,878,304

See Notes to Financial Statements.

WINNESHIEK COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

Reconciliation of governmental fund balances to net position:	
Total governmental fund balances	\$ 9,083,107
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 as assets in the governmental funds, net of accumulated depreciation of:	
\$ 47,147,266	56,518,279
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	1,590,097
Deferred inflows of resources	(467,316)
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.	111,686
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.	810,212
Long-term liabilities, including compensated absences payable, accrued interest payable, net pension liability, total OPEB liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds:	
Total OPEB liability	(245,703)
Net pension liability	(4,366,071)
Compensated absences	(475,014)
Net position of governmental activities per Exhibit A	<u>\$ 62,559,277</u>
Cash and pooled investments of governmental activities include the following reclassifications:	
Internal service fund cash at June 30, 2019	<u>\$ 936,835</u>

See Notes to Financial Statements.

WINNESHIEK COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	General	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
		Mental Health	Rural Services	Secondary Roads		
REVENUES						
Property and other County taxes	\$ 6,932,571	\$ 675,901	\$ 1,543,570			\$ 9,152,042
Local option sales tax			1,578,360			1,578,360
Interest and penalty on property taxes	50,713					50,713
Intergovernmental	1,405,474	113,148	396,255	\$ 5,730,464	\$ 109,045	7,754,386
Licenses and permits	2,134		9,580	28,285		39,999
Charges for service	815,312		11,934	105	3,282	830,633
Use of money and property	302,422				3,018	305,440
Miscellaneous	783,442		159	61,531	56,388	901,520
Total revenues	10,292,068	789,049	3,539,858	5,820,385	171,733	20,613,093
EXPENDITURES						
Current:						
Public safety and legal services	3,344,469					3,344,469
Physical health and social services	1,128,814		71,810		15,174	1,215,798
Mental health		833,400				833,400
County environment and education	1,663,341		742,366			2,405,707
Roads and transportation			136,212	8,780,850		8,917,062
Governmental services to residents	575,214		11,070			586,284
Administration	2,305,882		180			2,306,062
Non-program	1,821					1,821
Capital projects	710,856			687,124	274,512	1,672,492
Total expenditures	9,730,397	833,400	961,638	9,467,974	289,686	21,283,095
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	561,671	(44,351)	2,578,220	(3,647,589)	(117,953)	(670,002)
OTHER FINANCING SOURCES (USES)						
Transfers in	377,967			2,742,101		3,120,068
Proceeds from disposal of capital assets				6,236		6,236
Transfers out	(600,533)		(2,522,457)			(3,122,990)
	(222,566)	-	(2,522,457)	2,748,337	-	3,314
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	339,105	(44,351)	55,763	(899,252)	(117,953)	(666,688)
FUND BALANCES, beginning of year	4,731,724	79,041	1,757,009	2,479,001	703,020	9,749,795
FUND BALANCES, end of year	\$ 5,070,829	\$ 34,690	\$ 1,812,772	\$ 1,579,749	\$ 585,067	\$ 9,083,107

See Notes to Financial Statements.

WINNESHIEK COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities:		
Net change in fund balances - total governmental funds	\$	(666,688)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital additions exceed depreciation in the current year, as follows:		
Depreciation	\$ (2,859,708)	
Capital assets contributed by the Iowa Department of Transportation	3,697,649	
Capital outlays	1,451,790	2,289,731
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:		
Property tax	368	
Other	(820)	(452)
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.		634,050
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.		197,727
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:		
Pension expense		(684,181)
OPEB expense		(16,289)
Compensated absences		(39,905)
Change in net position of governmental activities per Exhibit B	\$	1,713,993

See Notes to Financial Statements.

WINNESHIEK COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Business-type Activities			Governmental Activities
	Landfill	Nonmajor Enterprise Funds	Total	Internal Service Fund
ASSETS				
Cash and pooled investments		\$ 84,842	\$ 84,842	\$ 936,835
Accrued interest receivable			-	1,400
Total current assets	\$ -	84,842	84,842	938,235
Noncurrent assets:				
Non-depreciable assets	282,252	539,344	821,596	
Net capital assets		1,383,447	1,383,447	
Total noncurrent assets	282,252	1,922,791	2,205,043	-
Total assets	\$ 282,252	\$ 2,007,633	\$ 2,289,885	\$ 938,235
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Liabilities:				
Salaries and benefits payable			\$ -	\$ 18,175
Accrued interest payable		\$ 3,965	3,965	
Notes payable		27,379	27,379	
Total current liabilities	\$ -	31,344	31,344	18,175
Noncurrent liabilities:				
Long-term debt		854,806	854,806	
Compensated absences	16,575		16,575	
Total noncurrent liabilities	16,575	854,806	871,381	-
Total liabilities	16,575	886,150	902,725	18,175
Deferred inflows of resources:				
Other				109,848
Net position:				
Net investment in capital assets	282,252	1,040,606	1,322,858	
Restricted		278,809	278,809	
Unrestricted (deficit)	(16,575)	(197,932)	(214,507)	810,212
Total net position	265,677	1,121,483	1,387,160	810,212
Total liabilities, deferred inflows of resources and net position	\$ 282,252	\$ 2,007,633	\$ 2,289,885	\$ 938,235

See Notes to Financial Statements.

WINNESHIEK COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Business-type Activities			Governmental Activities
	Landfill	Nonmajor Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES				
Charges for service		\$ 92,833	\$ 92,833	\$ 1,324,188
Contract services	\$ 291,456		291,456	
Total operating revenues	291,456	92,833	384,289	1,324,188
OPERATING EXPENSES				
Wages and benefits	294,196		294,196	
Depreciation		42,929	42,929	
Other		35,751	35,751	
Insurance claims paid			-	1,138,588
Total operating expenses	294,196	78,680	372,876	1,138,588
Operating (loss) income	(2,740)	14,153	11,413	185,600
NONOPERATING REVENUES (EXPENSES)				
Interest income		113	113	12,127
Interest expense		(16,237)	(16,237)	
Net nonoperating revenues (expenses)	-	(16,124)	(16,124)	12,127
(Loss) income before transfers	(2,740)	(1,971)	(4,711)	197,727
TRANSFERS				
Transfer in		399,116	399,116	
Transfer out		(396,194)	(396,194)	
	-	2,922	2,922	-
Change in net position	(2,740)	951	(1,789)	197,727
NET POSITION, beginning of year	268,417	1,120,532	1,388,949	612,485
NET POSITION, end of year	\$ 265,677	\$ 1,121,483	\$ 1,387,160	\$ 810,212

See Notes to Financial Statements.

WINNESHIEK COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Business-type Activities			Governmental Activities
	Landfill	Nonmajor Enterprise Funds		Internal Service Fund
			Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from contract labor	\$ 309,905		\$ 309,905	
Cash received from charges for services		\$ 92,833	92,833	\$ 1,326,165
Cash paid to employees for services	(309,905)		(309,905)	
Cash paid to suppliers for services		(35,751)	(35,751)	(1,131,490)
Net cash provided by operating activities	-	57,082	57,082	194,675
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers in		399,116	399,116	
Operating transfers (out)		(396,194)	(396,194)	
Net cash provided by noncapital financing activities	-	2,922	2,922	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from notes payable		348,000	348,000	
Principal payments on notes payable		(21,181)	(21,181)	
Purchase of capital assets		(361,574)	(361,574)	
Interest paid on long-term borrowing		(13,704)	(13,704)	
Net cash used in capital and related financing activities	-	(48,459)	(48,459)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	113	113	11,354
Net increase in cash	-	11,658	11,658	206,029
CASH, beginning of year	-	73,184	73,184	730,806
CASH, end of year	\$ -	\$ 84,842	\$ 84,842	\$ 936,835
Reconciliation of operating (loss) income to net cash provided by operating activities:				
Operating (loss) income	\$ (2,740)	\$ 14,153	\$ 11,413	\$ 185,600
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and depletion		42,929	42,929	
Increase in deferred revenue				1,977
Increase in accounts payable				7,098
Increase in accrued compensated absences	2,740		2,740	
Net cash provided by operating activities	\$ -	\$ 57,082	\$ 57,082	\$ 194,675

See Notes to Financial Statements.

WINNESHIEK COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2019

ASSETS

Cash and pooled investments:	
County Treasurer	\$ 1,879,145
Other County officials	81,257
Receivables:	
Property tax:	
Delinquent	1,782
Succeeding year	26,078,051
Accounts	76,717
Accrued interest	1,058
Due from other governments	32,199
Prepaid insurance	4,003
	28,154,212
Total assets	28,154,212

LIABILITIES

Accounts payable	2,622
Salaries and benefits payable	13,012
Due to other funds	28,166
Due to other governments	1,969,269
Unavailable property tax revenue	26,078,051
Unearned revenues	19,952
Trusts payable	43,140
	28,154,212
Total liabilities	28,154,212

NET POSITION

	\$ None
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See Notes to Financial Statements.

WINNESHIEK COUNTY

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

Winneshiek County (the 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.

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, Winneshiek County has included all funds, organizations, account groups, 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; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature of significance of their relationship with the County should be included in the financial statements as component units. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Joint Ventures

The County participates in jointly governed organizations that provide services to the County and meet the criteria of a joint venture since there is ongoing financial interest or responsibility by the participating governments. The County is a member of Decorah MetroNet (MetroNet) and Winneshiek County Area Solid Waste Agency (Agency).

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: Winneshiek County Assessor's Conference Board, Northeast Iowa Behavioral Health, Inc., Winneshiek County Emergency Management Commission and Winneshiek County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the agency funds of the County.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Government-wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the County. 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 are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

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, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor governmental and nonmajor proprietary funds. The internal service fund is presented in a single column on the face of the proprietary funds' statements.

The major funds of the financial reporting entity are described below:

Governmental

General Fund

The general fund accounts for all the financial resources of the County, except for those required to be accounted for by other funds. The revenues of the general fund are primarily derived from general property taxes, charges for services, licenses and permits, and certain revenues from state and federal sources. The expenditures of the general fund primarily relate to general administration of public safety and legal services, physical health and social services, county environment and education, governmental services to residents and administration.

Special Revenue Funds

The special revenue funds are used to account for revenues derived from specific sources which are restricted or committed for expenditure for specified purposes other than debt service or capital projects. The major funds in this category are mental health, rural services and secondary roads.

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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Governmental (Continued)

Special Revenue Funds (Continued)

The secondary roads fund is used to account for the road use tax allocation from the State of Iowa, transfers from the general fund and the special revenue, rural services fund and other revenues to be used for secondary roads construction and maintenance.

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for operations and activities that are financed and operated in a matter similar to a private business enterprise and where the costs of providing goods or services to the general public on a continuing basis are expected to be financed or recovered primarily through user charges or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. One major enterprise fund of the County is used to account for the lease of the landfill to the Winneshiek County Area Solid Waste Agency and contract labor provided to the Agency by the County.

Internal Service Fund

An internal service fund is utilized to account for the financing of health insurance provided to the employees of the various departments of the County.

Fiduciary Fund

Agency Funds

The agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency funds are custodial in nature, assets equal liabilities and do not involve measurement of results of operations.

Measurement Focus and Basis of Accounting

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

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

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 enterprise funds are charges to customers for sales and services and employees for health insurance. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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.

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 and Pooled Investments

The County Treasurer maintains two primary demand deposit accounts through which the majority of the County's cash resources are processed.

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

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

Property Tax Receivable

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as 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 it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2018.

Interest and Penalty on Property Tax Receivable

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

Local Option Sales Tax

Local option sales tax revenue is allocated 100% to rural services special revenue funds.

Grants

Federal and state grants, primarily capital grants, are recorded as revenue when the expenditures for the purpose of the grant have been incurred. Substantially all other shared revenues are recorded during the period when received from the collecting authority, the State of Iowa.

Due from and Due to Other Funds

During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2019, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the government-wide statements.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

Due from Other Governments

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

Inventories

Inventories are valued at cost using the first-in, first-out method. Inventories in the special revenue funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.

Prepaid Expenditures

Payments made for insurance for a future period beyond June 30, 2019 are recorded as prepaid expenditures. The fund balances in the governmental fund types have been reserved for the prepaid expenditures recorded in those funds. This reflects the amount of net position not currently available for expenditure.

Capital Assets

Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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 an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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 and improvements	25-50
Land improvements	10-50
Equipment	3-20
Vehicles	5-15
Infrastructure, road networks	10-50
Intangibles	5-20

Depletion is recorded on the landfill using the useful life of 26 years.

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.

Long-term Liabilities

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary funds 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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

Compensated Absences

County employees receive vacation leave at the following rates:

Years of Service	Vacation Credited on Anniversary Date
After 1	35 hours - 1 week
2	70 hours - 2 weeks
8	105 hours - 3 weeks
12	140 hours - 4 weeks

County employees may accumulate up to two times their annual allotment of vacation days. Sick leave accrues at the rate of two days per month and employees may accumulate up to 120 days sick leave. These accumulations are not recognized as expenditures by the County until used. The County's policy prohibits payoff of accumulated sick leave at termination of employment. Consequently, no liability for accumulated sick leave at June 30, 2019 has been determined or presented. 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, 2019. The compensated absences liability attributable to the governmental activities will be paid primarily by the general fund, and the mental health, rural services and secondary roads special revenue funds. The County's approximate maximum liability for accrued vacation pay at June 30, 2019 is \$491,589.

In accordance with the Code of Iowa Chapter 509A.13, the County provides post-employment health care benefits. Employees retiring before attaining sixty-five years of age may continue participation in the plan at their own expense until the employee attains age sixty-five.

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 mental health, rural services and secondary roads special revenue funds.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the 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 mental health, rural services and secondary roads special revenue funds.

Deferred Inflows of Resources

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

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

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.

Unassigned - all amounts not included in the preceding classifications.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net position consists of net position with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net position is used first when an expense is incurred for purposes for both restricted and unrestricted net positions.

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.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2019, disbursements did not exceed the amounts budgeted in any function.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Pooled Investments

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

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.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

In addition, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$4,544,216. There were no limitation or restrictions on withdrawals for IPAIT investments.

NOTES TO FINANCIAL STATEMENTS

2. Cash and Pooled Investments (Continued)

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

Interest Rate Risk

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

Credit Risk

The investment in the Iowa Public Agency Investment Trust is unrated.

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2019:

Governmental:	
General fund:	
Miscellaneous state grants and reimbursements	\$ 152,194
DHS administration reimbursements	11,524
Other	<u>8,026</u>
	<u>171,744</u>
 Special revenue funds:	
Rural services fund:	
Local option sales tax	243,853
Other	<u>25,709</u>
	<u>269,562</u>
 Secondary roads fund:	
Road use tax	381,814
Grants	136,410
Other	<u>485</u>
	<u>518,709</u>
 Nonmajor governmental	 <u>34,887</u>
 Total governmental funds	 <u><u>\$ 994,902</u></u>

NOTES TO FINANCIAL STATEMENTS

4. Capital Assets

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

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 1,612,805	\$ 138,156		\$ 1,750,961
Construction in progress	389,193	2,943,567	\$ 3,134,677	198,083
Total capital assets not being depreciated	2,001,998	3,081,723	3,134,677	1,949,044
Capital assets being depreciated:				
Buildings	8,314,009	471,103		8,785,112
Equipment	9,552,611	900,385	329,173	10,123,823
Vehicles	1,431,068	188,774	48,371	1,571,471
Infrastructure	77,538,446	3,697,649		81,236,095
Total capital assets being depreciated	96,836,134	5,257,911	377,544	101,716,501
Less accumulated depreciation:				
Buildings	4,790,128	219,808		5,009,936
Equipment	5,792,502	449,233	273,655	5,968,080
Vehicles	1,031,509	117,191	48,371	1,100,329
Infrastructure	32,995,445	2,073,476		35,068,921
Total accumulated depreciation	44,609,584	2,859,708	322,026	47,147,266
Total capital assets being depreciated, net	52,226,550	2,398,203	55,518	54,569,235
Governmental activities, capital assets, net	\$ 54,228,548	\$ 5,479,926	\$ 3,190,195	\$ 56,518,279
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 417,442			\$ 417,442
Construction in progress	42,580	\$ 361,574		404,154
Total capital assets not being depreciated	460,022	361,574	\$ None	821,596
Capital assets being depreciated or depleted:				
Equipment	1,986,680			1,986,680
Landfill	1,373,448			1,373,448
Total capital assets being depreciated or depleted	3,360,128	None	None	3,360,128
Less accumulated depreciation or depletion:				
Equipment	560,304	42,929		603,233
Landfill	1,373,448			1,373,448
Total accumulated depreciation or depletion	1,933,752	42,929	None	1,976,681
Total capital assets being depreciated or depleted, net	1,426,376	(42,929)	None	1,383,447
Business-type activities, capital assets, net	\$ 1,886,398	\$ 318,645	\$ None	\$ 2,205,043

NOTES TO FINANCIAL STATEMENTS

4. **Capital Assets (Continued)**

For the year ended June 30, 2019, depreciation expense was charged to functions of the primary government as follows:

Governmental activities:		
Public safety and legal services	\$	75,540
Physical health and social services		7,506
County environment and education		232,927
Roads and transportation		2,447,041
Governmental services to residents		16,298
Administration		80,396
		\$ 2,859,708
 Business-type activities:		
Burr Oak Sewer fund	\$	16,237
Festina Sewer fund		11,216
Frankville Water District fund		15,476
		\$ 42,929

5. **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. The agency fund collections also include accruals of property tax for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments for the year ended June 30, 2019 is as follows:

Fund	Description	Amount
Governmental:		
General fund	Services	\$ 2,062
Special revenue funds:		
Rural services	Services	1,581
Secondary roads		24,089
Total special revenue funds		25,670
Total governmental funds		\$ 27,732
 Fiduciary fund:		
Agency funds:		
County offices	Collections	\$ 15,106
Agricultural extension education		750
County Assessor		349,643
Schools		48,505
Community colleges		4,182
Corporations		17,721
Townships		1,580
Auto license and use tax		511,238
E911 surcharge		923,928
Other		96,616
Total agency funds		\$ 1,969,269

NOTES TO FINANCIAL STATEMENTS

6. Leases

The City of Decorah leases land to Winneshiek County under a 99-year lease for \$1 per year for the Sheriff's Office and Jail.

The City of Decorah has agreed to lease space to the Winneshiek County Sheriff's Office within the City's Police Department for \$208,419 from July 1, 2019 through June 30, 2020.

The County has agreed to lease land to Winneshiek County Area Solid Waste Agency until December 2023.

The County has agreed to lease office space to Northeast Iowa Community Action Corporation for \$6,470 per month on a month-to-month basis.

The County is leasing land to various entities for a nominal fee over long-term arrangements in association with the health campus.

Future lease payments under these agreements are as follows:

Year Ended June 30, 2019 \$ 208,419

7. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Issued	(Paid)	Balance June 30, 2019	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds:					
Solid Waste Disposal	\$ 1,726,215	\$ None	\$ (277,215)	\$ 1,449,000	\$ 281,373
Other liabilities:					
Compensated absences	435,109	475,014	(435,109)	475,014	475,014
Governmental activities:					
Long-term liabilities	\$ 2,161,324	\$ 475,014	\$ (712,324)	\$ 1,924,014	\$ 756,387
BUSINESS-TYPE ACTIVITIES					
Other liabilities:					
Notes payable	\$ 555,366	\$ 348,000	\$ (21,181)	\$ 882,185	\$ 27,379
Compensated absences	13,835	16,575	(13,835)	16,575	16,575
Total other liabilities	569,201	364,575	(35,016)	898,760	43,954
Business-type activities:					
Long-term liabilities	\$ 569,201	\$ 364,575	\$ (35,016)	\$ 898,760	\$ 43,954

NOTES TO FINANCIAL STATEMENTS

7. Long-term Debt Obligations (Continued)

General Obligation Bond

On November 1, 2016, the County issued General Obligation Bonds worth \$2,000,000. The proceeds from this issue were for cell expansion and increasing capacity at the landfill. This issue of bonds bears interest ranging from 1.5% to 1.8% and matures November 1, 2023. These payments will be made by the Winneshiek County Area Solid Waste Agency.

Notes Payable

USDA Rural Development

In April 1993, the County issued revenue notes totaling \$105,000 at 5% interest due in annual payments of \$6,226 starting July 1995 through 2032. These notes were used to partially finance the Burr Oak Sewer Project and are recorded in the enterprise fund. Interest expense of \$3,074 is reported in the Burr Oak Sewer enterprise fund.

In February 2019, the County issued revenue notes totaling \$348,000 at 2% interest due in annual payments of \$12,723 starting February 2020 through 2059. This note was used to finance the Burr Oak Sewer Improvement Project and is recorded in the enterprise fund. Interest expense of \$2,610 is reported in the Burr Oak Sewer enterprise fund.

Department of Natural Resources

In April 2000, the County issued revenue notes totaling \$132,500 at 4.5% interest due in annual payments of \$7,342 starting July 2003 through 2039. These notes were issued to partially finance the Festina Wastewater Collection & Treatment System Project. Interest expense of \$3,254 is reported in the Festina Sewer enterprise fund.

Iowa Finance Authority

In December 2015, the County issued Water Revenue Notes totaling \$910,000 at 1.75% interest due in annual payments starting June 2016 through 2045. These notes were used to partially finance the Frankville Water Project and are recorded in the enterprise fund. Following completion of the project, an amount equal to 50% of the aggregate disbursements was forgiven by the issuer. The project was completed in fiscal year 2018 for a total of \$884,965 and \$442,482 of proceeds were forgiven. Interest expense of \$7,299 is reported in the Frankville Water District enterprise fund.

A summary of the principal and interest maturities by type of debt is as follows:

Year Ending June 30,	Business-type Activities		Year Ending June 30,	Governmental Activities	
	Notes/Leases Payable			Solid Waste Disposal Note	
	Principal	Interest		Principal	Interest
2020	\$ 27,379	\$ 20,019	2020	\$ 281,373	\$ 23,610
2021	27,948	19,240	2021	284,305	20,678
2022	29,540	18,438	2022	289,422	15,561
2023	30,160	17,591	2023	294,632	10,351
2024	30,447	16,712	2024	299,268	5,715
2025-2029	146,175	71,821			
2030-2034	145,198	51,196			
2035-2039	124,364	37,637			
2040-2044	137,564	25,735			
2045-2059	183,410	28,689			
Total	\$ 882,185	\$ 307,078	Total	\$ 1,449,000	\$ 75,915

7. Long-term Debt Obligations (Continued)

General Obligation Emergency Communication Services Note

In 2018, the County participated in General Obligation Emergency Communication Services Note issued for the purpose of constructing towers to enhance emergency communication throughout Winneshiek County. The bonds are payable solely from revenues generated by surcharges generated by the E911 board. The County or any political subdivision thereof, is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2019, the balance outstanding was \$1,511,909.

Debt Limit

At June 30, 2019, the debt issued by the County did not exceed its legal debt margin compiled as follows:

Total assessed valuation	\$2,270,574,702
Debt limit - 5% of total assessed valuation	\$ 113,528,735
Debt applicable to debt limit:	
Other debt	(3,610,799)
Legal debt margin	\$ 109,917,936

8. 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 the 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.

8. Pension Plan (Continued)

Pension Benefits (Continued)

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

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

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

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

Disability and Death Benefits

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

Contributions

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

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

The County's contributions to IPERS for the year ended June 30, 2019 totaled \$634,050.

NOTES TO FINANCIAL STATEMENTS

8. Pension Plan (Continued)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the County reported a liability of \$4,366,071 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the County's collective proportion was .068993%, which was a decrease of 0.001897% from its collective proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$684,181. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Total of all Groups	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,944	\$ 130,444
Changes of assumptions	778,473	152,695
Net difference between projected and actual earnings on IPERS' investments		161,243
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	126,274	22,934
County contributions subsequent to the measurement date	634,050	
Total	\$ 1,577,741	\$ 467,316

\$634,050 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	\$ 363,130
2021	194,330
2022	(53,696)
2023	(18,458)
2024	(8,931)
Total	\$ 476,375

There were no non-employer contributing entities to IPERS.

NOTES TO FINANCIAL STATEMENTS

8. **Pension Plan (Continued)**

Actuarial Assumptions

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

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

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

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

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

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

8. 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	\$ 8,251,378	\$ 4,366,071	\$ 1,107,532

IPERS' Fiduciary Net Position

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

Payables to IPERS

At June 30, 2019, the County had no payables to report for the defined benefit pension plan for legally required County contributions and legally required employee contributions, which had been withheld from employee wages but not yet remitted to IPERS.

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

9. Other Postemployment Benefits (OPEB)

OPEB Benefits (Continued)

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

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>122</u>
 Total	 <u>124</u>

Total OPEB Liability

The County's total OPEB liability of \$245,703 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions

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

Rate of inflation (effective June 30, 2019)	3.00% per annum.
Rates of salary increase (effective June 30, 2019)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2019)	3.58% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2019)	5.00% per annum.

Discount Rate

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

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

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

NOTES TO FINANCIAL STATEMENTS

9. Other Postemployment Benefits (OPEB) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 230,591
Changes for the year:	
Service cost	18,066
Interest cost	8,693
Benefit payments	(11,647)
Net changes	15,112
Total OPEB liability end of year	\$ 245,703

Changes of assumption reflect no change in the discount rate of 3.58% in fiscal years 2018 and 2019.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.58%) or 1% higher (4.58%) than the current discount rate.

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB liability	\$ 260,522	\$ 245,703	\$ 231,519

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	\$ 221,956	\$ 245,703	\$ 273,488

NOTES TO FINANCIAL STATEMENTS

9. Other Postemployment Benefits (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2019, the County recognized OPEB expense of \$27,936. At June 30, 2019, the County reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources
Difference between expected and actual experiences	\$ 3,594
Changes in assumptions	8,762
Total	\$ 12,356

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

Year Ending June 30,	Amount
2020	\$ 1,177
2021	1,177
2022	1,177
2023	1,177
2024	1,177
Thereafter	6,471
	\$ 12,356

10. Risk Management

Winneshiek County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (pool) is a local government risk-sharing pool whose 778 members include various governmental entities throughout the State of Iowa. The pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

10. Risk Management (Continued)

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, 2019 were \$186,135.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2019, no liability has been recorded in the County's financial statements. As of June 30, 2019, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The County uses a partially self-funded health insurance plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Self-Insured Services Company (SISCO). The agreement is subject to automatic renewal provisions. The County purchases insurance with various deductibles based on the plan selected by employees and self-insures to provide employees with lower deductibles per year. The County's maximum annual cost per employee of this coverage varies depending on the option selected with different plans for secondary road department employees. The County has incurred costs totaling \$1,138,588 for the 2019 fiscal year. At June 30, 2019, the maximum potential additional County liability because of these plans was \$527,500.

NOTES TO FINANCIAL STATEMENTS

11. Interfund Transfers

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

	Transfers In	Transfers Out
General fund:		
Secondary roads		\$ 219,644
Burr Oak Sewer	\$ 348,000	361,574
Frankville Water District	29,967	19,315
Special revenue funds:		
Rural services		2,522,457
Secondary roads	2,742,101	
Proprietary funds:		
Frankville Water District		10,652
Burr Oak Sewer	367,800	354,728
Festina Sewer	9,344	15,244
Burr Oak Sewer Sinking	6,728	6,226
Festina Sewer Sinking	14,544	9,344
Festina Sewer Reserve	700	
<hr/>		
Total	\$ 3,519,184	\$ 3,519,184

Transfers in the governmental funds generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. Transfers in the proprietary funds are generally to move resources to and from the governmental funds to record debt proceeds and principal and interest payments.

12. Tax Abatements

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

County Tax Abatements

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

For the year ended June 30, 2019, the County abated no property tax under the urban renewal development agreement.

12. Tax Abatements (Continued)

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amount for the year ended June 30, 2019 under an agreement entered into by the following entity:

Entity	Tax Abatement Program		Amount of Tax Abated
City of Ossian	Urban renewal and economic development projects	\$	2,347

13. Construction, Purchase and Other Commitments

The total outstanding construction and purchase commitments of the County at June 30, 2019 amounted to \$4,096,865 and commitments to be reimbursed is \$1,935,410.

14. Contingent Liabilities

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of June 30, 2019, significant amounts of grant expenditures have not been audited by granting authorities but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

The County has guaranteed a loan agreement for the South Central Winneshiek Fire District dated July 24, 2017 for the purchase of a fire truck. The South Central Winneshiek Fire District is an independent nonprofit organization whose services benefit the citizens of Winneshiek County. The loan has a balance of \$115,705 as of June 30, 2019.

The County is currently contingently liable to perform environmental cleanup at two locations due to the Iowa Department of Natural Resources (DNR) classifying them as high-risk sites. Proposals have been submitted to the Iowa DNR outlining the County's plans for cleanup. As of June 30, 2019, no ruling has been made by the Iowa DNR. As a result, no estimate can be made of future cleanup costs. Funds may be available from the Iowa Comprehensive Petroleum Underground Storage Tank fund to offset some of these potential costs.

15. Joint Ventures

The County is a participant in the Winneshiek County Area Solid Waste Agency (Agency). The County currently guarantees landfill tonnage (usage) by residents to the Agency. The County appoints a member to the Agency Board and is guaranteed access to the landfill so long as it is a member. The Agency Board sets tonnage fee rates, which are charged to contracted haulers who are responsible for garbage collection and billing and collecting from local residents. Audited financial statements of Winneshiek County Area Solid Waste Agency are available from the Agency at 2000 140th Avenue, Decorah, IA 52101.

The County participates in MetroNet, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. The County appoints a member to the MetroNet Board and has access to the broadband service provided by MetroNet. MetroNet's audited financial statements are included in the City of Decorah's financial statements and are available from the City of Decorah at City Hall, Decorah, IA 52101.

NOTES TO FINANCIAL STATEMENTS

16. Fund Balance

The government-wide statement of net position reports \$3,942,378 of restricted net position, of which \$3,883,507 is restricted by enabling legislation. The amounts restricted at June 30, 2019 are as follows:

Restricted net position:	
Mental health	\$ 34,411
Rural services	1,812,813
Secondary roads	1,436,279
Capital projects fund	29,392
Other special revenue	570,612
Other	58,871
	\$ 3,942,378

Restricted net position:	
Proprietary funds:	
Burr Oak Sewer	\$ 81,348
Festina Sewer	167,971
Burr Oak Sewer Reserve	6,226
Festina Sewer Reserve	14,653
Other purpose	8,611
	\$ 278,809

The governmental fund balances as of June 30, 2019 are as follows:

Nonspendable:	
General fund	\$ 55,196
Special revenue funds:	
Mental health	840
Rural services	6,523
Secondary roads	479,741
	\$ 542,300

Restricted:	
General fund	\$ 3,675
Special revenue funds:	
Mental health	33,850
Rural services	1,806,249
Secondary roads	1,100,008
REAP Grant	172,536
Water Testing Grant	117,218
Conservation Land Acquisition Fund	253,996
Recorder's Records Management	11,925
Capital projects fund:	
Freeport Trail	10,750
Prairie Farmer Trail	18,642
	\$ 3,528,849

17. Accrued Closure and Postclosure Care Costs

Since the County owns the land and leases it to the Winneshiek County Area Solid Waste Agency (Agency), it is ultimately responsible for the closure and postclosure care costs of the landfill. The County is under the understanding that the Agency will cover these costs through their operations. The landfill site is currently regulated by the Iowa Department of Natural Resources (DNR).

To comply with federal and state regulations, the Agency is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Agency have been estimated at \$4,547,400 and \$1,274,613 for closure and postclosure care, respectively, for a total of \$5,822,013 as of June 30, 2019, and the portion of the liability that has been recognized is \$3,068,675. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2019. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 26 years. The capacity used at June 30, 2019 was 53%. The estimated remaining life increased during the year ended June 30, 2017 due to the construction project including some closure costs for existing cells and increasing capacity of the landfill. The estimated useful life as of June 30, 2016 was seven years. The total closure and postclosure estimate as of June 30, 2018 was \$5,248,007 and the portion of the liability that had been recognized was \$2,667,863.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Agency has accumulated resources to fund these costs and, at June 30, 2019, assets of \$5,948,776 are restricted for these purposes, of which \$4,646,411 is for closure and \$1,302,365 is for postclosure care. They are reported as restricted investments in the Agency's statements of net position.

NOTES TO FINANCIAL STATEMENTS

18. Winneshiek County Financial Information Included in the County Social Services Mental Health Region

County Social Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth and Wright. The financial activity of Winneshiek County's special revenue, mental health fund is included in the County Social Services Mental Health Region for the year ended June 30, 2019, as follows:

Revenues:		
Property and other County taxes	\$	675,901
Intergovernmental revenues:		
State tax credits	\$ 57,147	
Other intergovernmental revenues	56,001	113,148
Total revenues		789,049
Expenditures:		
General administration:		
Direct administration	55,988	
Distribution to regional fiscal agent	777,412	833,400
Total expenditures		833,400
Deficiency of revenues under expenditures		(44,351)
Fund balance, beginning of the year		79,041
Fund balance, end of the year	\$	34,690

19. Prospective Accounting Changes

The Governmental Accounting Standards Board (GASB) has issued two statements not yet implemented by the County. These statements which might impact the County are as follows:

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the fiscal year ending June 30, 2020. The revised requirements of this Statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing the specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the fiscal year ending June 30, 2021. The Statement increases the usefulness of governments' financial statement by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

The County's management has not yet determined the effect these statements will have on the County's financial statements.

20. Subsequent Events

Management has evaluated subsequent events through March 10, 2020, the date on which the financial statements were available to be issued.

Required Supplementary Information

WINNESHIEK COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
June 30, 2019

	Actual/Budget	Less Amounts not Budgeted	Budget Basis
RECEIPTS			
Property and other County taxes	\$ 10,753,090		\$ 10,753,090
Interest and penalty on property taxes	50,765		50,765
Intergovernmental	7,867,477		7,867,477
Licenses and permits	39,549		39,549
Charges for service	868,817		868,817
Use of money and property	301,429		301,429
Miscellaneous	1,229,525	\$ 3,675	1,225,850
Total receipts	21,110,652	3,675	21,106,977
DISBURSEMENTS			
Public safety and legal services	3,337,084		3,337,084
Physical health and social services	1,216,199		1,216,199
Mental health	833,411		833,411
County environment and education	2,400,170		2,400,170
Roads and transportation	8,265,343		8,265,343
Governmental services to residents	584,651		584,651
Administration	2,753,208		2,753,208
Non-program	1,821		1,821
Capital projects	1,539,339		1,539,339
Total disbursements	20,931,226	-	20,931,226
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	179,426	3,675	175,751
OTHER FINANCING SOURCES, NET	6,236		6,236
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	185,662	3,675	181,987
BALANCE, beginning of year	9,023,155		9,023,155
BALANCE, end of year	\$ 9,208,817	\$ 3,675	\$ 9,205,142

See Notes to Required Budgetary Information and Independent Auditor's Report.

Budgeted Amounts		Final to Actual Variance- Positive (Negative)
Original	Final	
\$ 10,675,292	\$ 10,675,292	\$ 77,798
50,350	50,350	415
8,970,293	10,702,935	(2,835,458)
28,550	28,550	10,999
811,550	827,555	41,262
172,405	172,805	128,624
1,147,341	1,461,326	(235,476)
21,855,781	23,918,813	(2,811,836)
3,514,312	3,792,312	455,228
1,382,059	1,394,059	177,860
891,531	891,531	58,120
2,590,684	2,616,913	216,743
7,670,000	8,270,500	5,157
648,402	723,532	138,881
2,755,992	3,311,076	557,868
6,500	6,500	4,679
2,665,000	4,598,824	3,059,485
22,124,480	25,605,247	4,674,021
(268,699)	(1,686,434)	1,862,185
15,000	15,000	(8,764)
(253,699)	(1,671,434)	1,853,421
9,015,714	9,015,714	7,441
\$ 8,762,015	\$ 7,344,280	\$ 1,860,862

WINNESHIEK COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGET TO GAAP RECONCILIATION
 For the Year Ended June 30, 2019

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 21,110,652	\$ (497,559)	\$ 20,613,093
Expenditures	20,931,226	351,869	21,283,095
Net	179,426	(849,428)	(670,002)
Other financing sources, net	6,236	(2,922)	3,314
Beginning fund balance	9,023,155	726,640	9,749,795
Ending fund balance	<u>\$ 9,208,817</u>	<u>\$ (125,710)</u>	<u>\$ 9,083,107</u>

See Notes to Required Budgetary Information and Independent Auditor's Report.

WINNESHIEK COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
For the Year Ended June 30, 2019

The budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except 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:

1. Public safety and legal services
2. Physical health and social services
3. Mental health
4. County environment and education
5. Roads and transportation
6. Governmental services to residents
7. Administration
8. Non-program
9. Debt service
10. Capital projects

Function disbursements required to be budgeted include disbursements for the general fund, the special revenue funds, the capital projects fund and the debt service fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted receipts by \$2,063,032 and increased budgeted disbursements by \$3,480,767. The budget amendment is reflected in the final budgeted amount.

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.

See Independent Auditor's Report.

WINNESHIEK COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 For the Last Five Years*
 (In Thousands)

	2019	2018	2017	2016	2015
County's collective proportion of the net pension liability (asset)	0.068993%	0.070890%	0.070499%	0.065954%	0.064759%
County's collective proportionate share of the net pension liability (asset)	\$ 4,366	\$ 4,722	\$ 4,437	\$ 3,258	\$ 2,568
County's covered payroll	\$ 6,363	\$ 6,083	\$ 5,838	\$ 5,550	\$ 5,450
County's collective proportionate share of the net pension liability as a percentage of its covered payroll	68.62%	77.63%	76.00%	58.70%	47.12%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

* 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.

See Notes to Required Pension Liability Information and Independent Auditor's Report.

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WINNESHIEK COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Last Ten Years
(In Thousands)

	2019	2018	2017	2016
Statutorily required contribution	\$ 634	\$ 576	\$ 552	\$ 531
Contributions in relation to the statutorily required contribution	(634)	(576)	(552)	(531)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 6,647	\$ 6,363	\$ 6,083	\$ 5,838
Contributions as a percentage of covered payroll	9.54%	9.05%	9.07%	9.10%

See Notes to Required Pension Liability Information and Independent Auditor's Report.

2015	2014	2013	2012	2011	2010
\$ 507	\$ 497	\$ 469	\$ 445	\$ 376	\$ 342
(507)	(497)	(469)	(445)	(376)	(342)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,550	\$ 5,450	\$ 5,250	\$ 5,286	\$ 5,056	\$ 4,932
9.14%	9.12%	8.93%	8.42%	7.44%	6.93%

WINNESHIEK COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
For the Year Ended June 30, 2019

Changes of Benefit Terms:

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

Changes of Assumptions:

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

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

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

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

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

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

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

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

See Independent Auditor's Report.

WINNESHIEK COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
 For the Last Two Years

	2019	2018
Service cost	\$ 18,066	\$ 17,539
Interest cost	8,693	8,188
Difference between expected and actual experiences	-	4,278
Changes in assumptions	-	10,432
Benefit payments	(11,647)	(12,602)
Net change in total OPEB liability	15,112	27,835
Total OPEB liability beginning of year	230,591	202,756
Total OPEB liability end of year	\$ 245,703	\$ 230,591
Covered-employee payroll	\$ 6,375,436	\$ 5,856,616
Total OPEB liability as a percentage of covered-employee payroll	3.85%	3.94%

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

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

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

Year Ended June 30, 2019	3.58%
Year Ended June 30, 2018	3.58%
Year Ended June 30, 2017	4.50%

See Independent Auditor's Report.

Other Supplementary Information

WINNESHIEK COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and pooled investments	\$ 541,256	\$ 29,392	\$ 570,648
Receivables:			
Accrued interest	161		161
Due from other governments	34,887		34,887
Total assets	\$ 576,304	\$ 29,392	\$ 605,696
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 5,692	\$ -	\$ 5,692
Deferred inflows of resources:			
Other	14,937	-	14,937
Fund balances:			
Restricted for:			
Other special revenue funds	555,675		555,675
Capital projects		29,392	29,392
Total fund balances	555,675	29,392	585,067
Total liabilities, deferred inflows of resources and fund balances	\$ 576,304	\$ 29,392	\$ 605,696

See Independent Auditor's Report.

WINNESHIEK COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2019

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 109,045		\$ 109,045
Charges for service	3,282		3,282
Use of money and property	3,018		3,018
Miscellaneous	56,388		56,388
Total revenues	171,733	\$ -	171,733
EXPENDITURES			
Current:			
Physical health and social services	15,174		15,174
Capital projects	274,512		274,512
Total expenditures	289,686	-	289,686
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(117,953)	-	(117,953)
FUND BALANCES, beginning of year	673,628	29,392	703,020
FUND BALANCES, end of year	\$ 555,675	\$ 29,392	\$ 585,067

See Independent Auditor's Report.

WINNESHIEK COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2019

	REAP Grant	Water Testing Grant	Conservation Land Acquisition Fund	Recorder's Records Management	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and pooled investments	\$ 172,380	\$ 103,211	\$ 254,038	\$ 11,627	\$ 541,256
Receivables:					
Accrued interest	156			5	161
Due from other governments		14,657	19,937	293	34,887
Total assets	<u>\$ 172,536</u>	<u>\$ 117,868</u>	<u>\$ 273,975</u>	<u>\$ 11,925</u>	<u>\$ 576,304</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 650	\$ 5,042	\$ -	\$ 5,692
Deferred inflows of resources:					
Other	-	-	14,937	-	14,937
Fund balances:					
Reserved	172,536	117,218	253,996	11,925	555,675
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 172,536</u>	<u>\$ 117,868</u>	<u>\$ 273,975</u>	<u>\$ 11,925</u>	<u>\$ 576,304</u>

See Independent Auditor's Report.

WINNESHIEK COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2019

	REAP Grant	Water Testing Grant	Conservation Land Acquisition Fund	Recorder's Records Management	Total Nonmajor Special Revenue Funds
REVENUES					
Intergovernmental	\$ 10,273	\$ 23,963	\$ 74,809		\$ 109,045
Charges for service				\$ 3,282	3,282
Use of money and property	2,963			55	3,018
Miscellaneous			56,388		56,388
Total revenues	13,236	23,963	131,197	3,337	171,733
EXPENDITURES					
Current:					
Physical health and social services		15,174			15,174
Capital projects	139,680		134,832		274,512
Total expenditures	139,680	15,174	134,832	-	289,686
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(126,444)	8,789	(3,635)	3,337	(117,953)
FUND BALANCES, beginning of year	298,980	108,429	257,631	8,588	673,628
FUND BALANCES, end of year	\$ 172,536	\$ 117,218	\$ 253,996	\$ 11,925	\$ 555,675

See Independent Auditor's Report.

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WINNESHIEK COUNTY
 COMBINING SCHEDULE OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 June 30, 2019

	Frankville Water District Fund	Burr Oak Sewer Fund	Festina Sewer Fund
ASSETS			
Cash and pooled investments	\$ 2,331	\$ 40,998	\$ 12,023
Total current assets	<u>2,331</u>	<u>40,998</u>	<u>12,023</u>
Noncurrent assets:			
Non-depreciable assets		535,844	3,500
Net capital assets	727,069	322,461	333,917
Total noncurrent assets	<u>727,069</u>	<u>858,305</u>	<u>337,417</u>
Total assets	<u>\$ 729,400</u>	<u>\$ 899,303</u>	<u>\$ 349,440</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Accrued interest payable	\$ 565	\$ 2,626	\$ 774
Notes payable	12,000	9,071	6,308
Total current liabilities	<u>12,565</u>	<u>11,697</u>	<u>7,082</u>
Noncurrent liabilities:			
Long-term debt	394,000	397,289	63,517
Total liabilities	<u>406,565</u>	<u>408,986</u>	<u>70,599</u>
Net position:			
Net investment in capital assets	321,069	451,945	267,592
Restricted		81,348	167,971
Unrestricted (deficit)	1,766	(42,976)	(156,722)
Total net position	<u>322,835</u>	<u>490,317</u>	<u>278,841</u>
Total liabilities and net position	<u>\$ 729,400</u>	<u>\$ 899,303</u>	<u>\$ 349,440</u>

See Independent Auditor's Report.

SCHEDULE 5

Burr Oak Sewer Sinking Fund	Festina Sewer Sinking Fund	Burr Oak Sewer Reserve Fund	Festina Sewer Reserve Fund	Total Nonmajor Enterprise Funds
\$ 974	\$ 7,637	\$ 6,226	\$ 14,653	\$ 84,842
974	7,637	6,226	14,653	84,842
				539,344
				1,383,447
-	-	-	-	1,922,791
\$ 974	\$ 7,637	\$ 6,226	\$ 14,653	\$ 2,007,633
				\$ 3,965
				27,379
\$ -	\$ -	\$ -	\$ -	31,344
				854,806
-	-	-	-	886,150
974	7,637	6,226	14,653	1,040,606
				278,809
				(197,932)
974	7,637	6,226	14,653	1,121,483
\$ 974	\$ 7,637	\$ 6,226	\$ 14,653	\$ 2,007,633

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WINNESHIEK COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 For the Year Ended June 30, 2019

	Frankville Water District Fund	Burr Oak Sewer Fund	Festina Sewer Fund
OPERATING REVENUES			
Charges for services	\$ 41,574	\$ 32,264	\$ 18,995
Total operating revenues	<u>41,574</u>	<u>32,264</u>	<u>18,995</u>
OPERATING EXPENSES			
Depreciation	15,476	16,237	11,216
Other	14,990	12,706	2,810
Total operating expenses	<u>30,466</u>	<u>28,943</u>	<u>14,026</u>
Operating income (loss)	<u>11,108</u>	<u>3,321</u>	<u>4,969</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income		100	13
Interest expense	(7,299)	(5,684)	(3,254)
Net nonoperating revenues (expenses)	<u>(7,299)</u>	<u>(5,584)</u>	<u>(3,241)</u>
Income (loss) before transfers	<u>3,809</u>	<u>(2,263)</u>	<u>1,728</u>
OPERATING TRANSFERS			
Transfer in		367,800	9,344
Transfer out	(10,652)	(354,728)	(15,244)
Total operating transfers	<u>(10,652)</u>	<u>13,072</u>	<u>(5,900)</u>
Change in net position	<u>(6,843)</u>	<u>10,809</u>	<u>(4,172)</u>
NET POSITION, beginning of year	<u>329,678</u>	<u>479,508</u>	<u>283,013</u>
NET POSITION, end of year	<u>\$ 322,835</u>	<u>\$ 490,317</u>	<u>\$ 278,841</u>

See Independent Auditor's Report.

SCHEDULE 6

Burr Oak Sewer Sinking Fund	Festina Sewer Sinking Fund	Burr Oak Sewer Reserve Fund	Festina Sewer Reserve Fund	Total Nonmajor Enterprise Funds
				\$ 92,833
\$ -	\$ -	\$ -	\$ -	92,833
600	4,645			42,929
				35,751
600	4,645	-	-	78,680
(600)	(4,645)	-	-	14,153
				113
				(16,237)
-	-	-	-	(16,124)
(600)	(4,645)	-	-	(1,971)
6,728 (6,226)	14,544 (9,344)		700	399,116 (396,194)
502	5,200	-	700	2,922
(98)	555	-	700	951
1,072	7,082	6,226	13,953	1,120,532
\$ 974	\$ 7,637	\$ 6,226	\$ 14,653	\$ 1,121,483

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WINNESHIEK COUNTY
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2019

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS				
Cash and pooled investments:				
County Treasurer		\$ 736	\$ 357,143	\$ 47,621
Other County officials	\$ 81,257			
Receivables:				
Property tax:				
Delinquent		14	28	884
Succeeding year		262,812	503,726	16,121,832
Accounts	5,042			
Accrued interest				
Due from other governments			7	
Prepaid insurance			3,360	
Total assets	\$ 86,299	\$ 263,562	\$ 864,264	\$ 16,170,337
LIABILITIES				
Accounts payable			\$ 548	
Salaries and benefits payable			10,234	
Due to other funds	\$ 28,053		113	
Due to other governments	15,106	\$ 750	349,643	\$ 48,505
Unavailable property tax revenue		262,812	503,726	16,121,832
Trusts payable	43,140			
Unearned revenues				
Total liabilities	\$ 86,299	\$ 263,562	\$ 864,264	\$ 16,170,337

See Independent Auditor's Report.

<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>E911 Surcharge</u>	<u>Other</u>	<u>Total</u>
\$ 4,108	\$ 17,009	\$ 1,565	\$ 511,238	\$ 840,282	\$ 99,443	\$ 1,879,145 81,257
74	712	15			55	1,782
1,370,837	6,244,342	548,208			1,026,294	26,078,051
				71,675		76,717
				1,058		1,058
				12,159	20,033	32,199
					643	4,003
<u>\$ 1,375,019</u>	<u>\$ 6,262,063</u>	<u>\$ 549,788</u>	<u>\$ 511,238</u>	<u>\$ 925,174</u>	<u>\$ 1,146,468</u>	<u>\$ 28,154,212</u>
				\$ 1,246	\$ 828	\$ 2,622
					2,778	13,012
						28,166
\$ 4,182	\$ 17,721	\$ 1,580	\$ 511,238	923,928	96,616	1,969,269
1,370,837	6,244,342	548,208			1,026,294	26,078,051
						43,140
					19,952	19,952
<u>\$ 1,375,019</u>	<u>\$ 6,262,063</u>	<u>\$ 549,788</u>	<u>\$ 511,238</u>	<u>\$ 925,174</u>	<u>\$ 1,146,468</u>	<u>\$ 28,154,212</u>

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WINNESHIEK COUNTY
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2019

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS AND LIABILITIES				
BALANCE, beginning of year	\$ 60,873	\$ 254,462	\$ 743,253	\$ 16,366,688
ADDITIONS				
Property and other County taxes		248,706	481,412	15,212,190
State tax credits		20,273	32,376	1,322,316
Office fees and collections	462,898			
Auto license, use tax and postage				
E911 telephone surcharges				
Miscellaneous	381,257			
Assessments			44	
Trusts	71,839			
Total additions	915,994	268,979	513,832	16,534,506
DEDUCTIONS				
Agency remittances:				
To other funds	453,933			
To other governments	268,188	259,879		16,730,857
Trusts paid out	44,226			
Miscellaneous	124,221		392,821	
Total deductions	890,568	259,879	392,821	16,730,857
BALANCE, end of year	\$ 86,299	\$ 263,562	\$ 864,264	\$ 16,170,337

See Independent Auditor's Report.

<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>E911 Surcharge</u>	<u>Other</u>	<u>Total</u>
\$ 1,419,804	\$ 6,083,236	\$ 527,230	\$ 595,227	\$ 1,244,104	\$ 794,578	\$ 28,089,455
1,292,296	5,861,069	522,091			998,266	24,616,030
113,133	663,903	33,678			45,661	2,231,340
			6,890,513		3,306	466,204
				76,747		6,890,513
				215,265		76,747
					171,579	768,101
					105,029	105,073
						71,839
<u>1,405,429</u>	<u>6,524,972</u>	<u>555,769</u>	<u>6,890,513</u>	<u>292,012</u>	<u>1,323,841</u>	<u>35,225,847</u>
1,450,214	6,346,145	533,211	210,965 6,763,537	610,942	971,951	664,898 33,934,924
						44,226
						517,042
<u>1,450,214</u>	<u>6,346,145</u>	<u>533,211</u>	<u>6,974,502</u>	<u>610,942</u>	<u>971,951</u>	<u>35,161,090</u>
<u>\$ 1,375,019</u>	<u>\$ 6,262,063</u>	<u>\$ 549,788</u>	<u>\$ 511,238</u>	<u>\$ 925,174</u>	<u>\$ 1,146,468</u>	<u>\$ 28,154,212</u>

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WINNESHIEK COUNTY
 COMPARATIVE SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 All GOVERNMENTAL FUNDS
 Years Ended June 30,

	Modified Accrual Basis			
	2019	2018	2017	2016
REVENUES				
Property and other County taxes	\$ 9,152,042	\$ 8,930,264	\$ 8,712,158	\$ 8,231,786
Local option sales tax	1,578,360	1,478,524	1,464,256	1,432,705
Interest and penalty on property taxes	50,713	49,606	50,410	49,382
Intergovernmental	7,754,386	8,523,223	9,563,682	7,616,214
Licenses and permits	39,999	26,902	30,072	23,929
Charges for service	830,633	865,011	840,636	725,481
Use of money and property	305,440	215,463	167,180	159,766
Miscellaneous	901,520	994,723	984,116	888,330
Total revenues	\$ 20,613,093	\$ 21,083,716	\$ 21,812,510	\$ 19,127,593
EXPENDITURES				
Current:				
Public safety and legal services	\$ 3,344,469	\$ 3,101,880	\$ 3,981,797	\$ 2,781,637
Physical health and social services	1,215,798	1,215,239	1,251,659	1,324,333
Mental health	833,400	893,379	967,694	834,286
County environment and education	2,405,707	2,327,203	2,151,576	1,817,801
Roads and transportation	8,917,062	6,757,855	8,079,231	7,662,578
Governmental services to residents	586,284	576,687	569,843	544,433
Administration	2,306,062	2,468,551	2,171,283	2,139,199
Non-program	1,821	1,574	2,002,804	4,087
Debt service				
Capital projects	1,672,492	1,376,654	2,747,014	1,657,479
Total expenditures	\$ 21,283,095	\$ 18,719,022	\$ 23,922,901	\$ 18,765,833

See Independent Auditor's Report.

SCHEDULE 9

Modified Accrual Basis					
2015	2014	2013	2012	2011	2010
\$ 8,107,755	\$ 7,633,942	\$ 7,707,204	\$ 7,422,935	\$ 7,129,466	\$ 6,682,837
1,490,067	1,305,241	1,443,421	1,220,456	1,289,539	1,234,237
49,277	52,312	52,188	55,167	57,100	61,083
6,093,748	6,139,781	5,536,014	8,008,604	7,121,719	6,555,969
20,989	25,417	19,607	19,342	12,770	12,943
707,793	711,954	709,823	645,513	610,437	574,453
151,327	146,314	152,366	172,689	190,454	189,438
722,092	1,000,809	862,591	872,123	774,961	539,518
<u>\$ 17,343,048</u>	<u>\$ 17,015,770</u>	<u>\$ 16,483,214</u>	<u>\$ 18,416,829</u>	<u>\$ 17,186,446</u>	<u>\$ 15,850,478</u>
\$ 2,609,552	\$ 2,486,450	\$ 2,260,166	\$ 2,292,597	\$ 2,217,149	\$ 2,044,387
1,303,254	1,321,137	1,328,106	1,419,929	1,411,514	1,707,517
1,401,148	1,768,935	1,049,783	2,526,694	2,702,757	2,065,220
1,685,897	1,589,247	1,522,418	1,520,347	1,695,435	3,448,510
5,237,297	6,508,015	5,827,296	5,494,568	4,734,265	6,737,583
549,902	524,512	611,866	445,980	403,366	328,933
2,020,823	2,019,642	1,952,183	1,733,409	1,652,185	1,358,709
3,712	3,398	3,390	14,004	2,720	39,217
				492,026	487,723
1,665,783	1,229,020	1,505,347	1,605,035	1,683,341	587,285
<u>\$ 16,477,368</u>	<u>\$ 17,450,356</u>	<u>\$ 16,060,555</u>	<u>\$ 17,052,563</u>	<u>\$ 16,994,758</u>	<u>\$ 18,805,084</u>

WINNESHIEK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Part I: Summary of the Independent Auditor's Results:

- (a) The auditor's report expresses unmodified opinions on whether the financial statements of Winneshiek County were prepared in accordance with U.S. generally accepted accounting principles.
- (b) One significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements. No material weaknesses noted.
- (c) No instances of noncompliance material to the financial statements of Winneshiek County, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- (d) One significant deficiency in internal control over the major program were disclosed by the audit of the financial statements. No material weaknesses noted.
- (e) The auditor's report on compliance for the major federal award program for Winneshiek County expresses an unmodified opinion on the major federal program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with 2 CFR Section 200.516(a).
- (g) The program tested as a major program was as follows:
 - CFDA Number 97.036 Disaster Grants
- (h) The threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Winneshiek County did qualify as a low-risk auditee.

WINNESHIEK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Part II: Findings Related to the Financial Statements:

Instances of noncompliance: no matters were noted.

Internal control deficiencies:

Finding 2019-001 Overlapping Duties

Condition: The County's offices are not large enough to permit an adequate segregation of duties for effective internal controls. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

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

Cause: The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.

Effect: This deficiency results in a reasonable possibility that the County would not be able to detect misstatements that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Recommendation: The County should review the operating procedures of the County offices to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. While we do recognize that the County is not large enough to permit a segregation of duties for effective internal controls, we believe it is important the Board be aware that this condition does exist.

**Views of Responsible
Officials and Planned**

Corrective Actions: Management is cognizant of this limitation and will implement additional controls where possible.

WINNESHIEK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Part III: Findings and Questioned Costs for Federal Awards:

Instances of noncompliance: no matters were noted.

Internal control deficiencies:

CFDA Number 97.036 Disaster Grants

Federal Award Year: 2019

U.S. Department of Homeland Security

Passed through Iowa Homeland Security and Emergency Management Department

See 2019-001 above.

Part IV: Other Findings Related to Required Statutory Reporting:

See management letter dated March 10, 2020

WINNESHIEK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Grantor/Program Title	CFDA Number	Grant Number/Description	Program Expenditures
Direct:			
U.S. Department of Agriculture:			
Water and Water Disposal Systems for Rural Communities	10.760	1780-12	\$ 145,211
Indirect:			
U.S. Department of Agriculture:			
Passed through Iowa Department of Human Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	LAE Reimbursement	13,166
U.S. Department of Housing and Urban Development:			
Passed through Iowa Department of Economic Development Authority:			
National Disaster Resilience Competition	14.272	13-NDRI-009	355,291
U.S. Department of Justice:			
Passed through Iowa Department of Justice:			
Crime Victim Assistance	16.575	VA-19-25	25,750
U.S. Department of Transportation:			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO96(142)--8J-96	191,316
		BROS-CO96(143)--8J-96	42,394
		13-STP-ES-115	21,289
			254,999
Passed through Iowa Department of Public Safety:			
Highway Safety Cluster:			
National Priority Safety Programs	20.616	PAP 19-405d M6OT, Task 59-00-00	17,452
Subtotal U.S. Department of Transportation			272,451
U.S. Department of Health and Human Services:			
Passed through Iowa Department of Public Health:			
Project Grants and Cooperative Agreements for Immunization Cooperative Agreements	93.268	5889I482	6,438
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements			
	93.074	5889BT01	17,076
Passed through Iowa Department of Human Services:			
Social Services Block Grant	93.667	LAE Reimbursement	3,891
Other Federal Financial Assistance:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566	LAE Reimbursement	60
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	LAE Reimbursement	3,323
Foster Care - Title IV-E	93.658	LAE Reimbursement	4,631
Adoption Assistance	93.659	LAE Reimbursement	1,566
State Children's Insurance Program	93.767	LAE Reimbursement	91
Medical Assistance Program	93.778	LAE Reimbursement	21,215
			30,886
Subtotal U.S. Department of Health and Human Services			58,291

See Independent Auditor's Report.

WINNESHIEK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Grantor/Program Title	CFDA Number	Grant Number/Description	Program Expenditures
Indirect (Continued):			
U.S. Department of Homeland Security:			
Passed through Iowa Homeland Security and Emergency Management Department:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR-4386-IA	\$ 238,976
Emergency Management Performance Grants	97.042	EMPG-18-PT-96 EMPG-19-PT-96	6,799 19,952
			<u>26,751</u>
Subtotal U.S. Department of Homeland Security			<u>265,727</u>
Total Federal Financial Assistance			<u>\$ 1,135,887</u>

WINNESHIEK COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Winneshiek County under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Winneshiek County, it is not intended to and does not present the financial position, changes in net position or cash flows of Winneshiek County.

Summary of Significant Accounting Policies:

- 1) Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

- 2) Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate:

Winneshiek County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Subrecipients:

There were no awards passed through to subrecipients.

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

To the Board of Supervisors
Winneshiek County
Decorah, Iowa

We have audited, in accordance with the 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, the business-type activities, each major fund, and the aggregate remaining fund information of Winneshiek County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Winneshiek County's basic financial statements, and have issued our report thereon dated March 10, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Winneshiek County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Winneshiek County's Response to Finding

Winneshiek County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Winneshiek County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
March 10, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Supervisors
Winneshiek County
Decorah, Iowa

Report on Compliance for the Major Federal Program

We have audited Winneshiek County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Winneshiek County's major federal program for the year ended June 30, 2019. Winneshiek County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Winneshiek County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Winneshiek County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Winneshiek County's compliance.

Opinion on the Major Federal Program

In our opinion, Winneshiek County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Winneshiek County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Winneshiek County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Winneshiek County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

Winneshiek County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Winneshiek County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
March 10, 2020

MANAGEMENT LETTER

To the Board of Supervisors
Winneshiek County
Decorah, Iowa

In planning and performing our audit of the basic financial statements of Winneshiek County for the year ended June 30, 2019, we considered the County's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the County's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 through 10 below are compliance comments required by the Iowa Auditor of State. A separate report dated March 10, 2020, contains our report on the County's internal control over financial reporting. This letter does not affect our report dated March 10, 2020, on the basic financial statements of Winneshiek County. Comment 11 is an unresolved comment from the prior year. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

1. **Certified Budget**
Disbursements for the year ended June 30, 2019 did not exceed the amounts budgeted for any function.
2. **Questionable Expenditures**
We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979.
3. **Travel Expense**
No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.
4. **Business Transactions**
We noted no business transactions between the County and County officials and/or employees for the year ended June 30, 2019.
5. **Bond Coverage**
Surety bond coverage of County officials and employees is in accordance with statutory provisions.

6. Board Minutes

No transactions were found that we believe should have been approved in the Board minutes but were not. The minutes were published as required by Chapter 349.18 of the Code of Iowa and Attorney General's Opinions dated December 10, 1985, December 31, 1986, and May 2, 1989.

7. Deposits and Investments

A resolution naming official depository banks has been approved by the Board of Supervisors. The maximum deposit amount stated in the resolution was not exceeded during the year ended June 30, 2019.

8. 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).

9. County Extension Office

The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in the financial statements.

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

The surety bond covering the Treasurer of the County Extension Council was in compliance with statutory provisions.

However, we did note that one 4-H Club maintains its bank account separate from the County Extension Council's accounting records. While the 4-H Club is subject to oversight by Iowa State University and the County Extension Office, the transactions and resulting balances of the 4-H Club was not reflected in the Extension Council's accounting system and has not been included in the annual budget, monthly financial reports or annual financial reports as required by the County Extension Office.

Recommendation

In accordance with County Extension policy, and to strengthen internal control and increase operating efficiencies, the financial transactions of all the 4-H Clubs separate accounts should be integrated with the County Extension's accounting records under the Extension District's EIN. The financial activity should be included in the County Extension's accounting records, monthly financial reports and the annual financial reports.

Response and Corrective Action Planned

The 4-H leader has been contacted multiple times regarding the complete transfer of funds from the Club to ISU Extension & Outreach. Funds will be transferred, in their entirety on or before June 1, 2020.

Conclusion

Response accepted.

10. Tax Increment Financing (TIF)

For the year ended June 30, 2019, the County Auditor's Office performed their duties in accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa and completed reconciliations of each City's TIF receipts and TIF debt certified.

11. Capital Asset Records

A partial record of the County's fixed assets is maintained by individual offices. Property journal totals have not been summarized, nor has reconciliation been performed to balance additions and deletions to the general ledger.

Recommendation

We recommend complete property and equipment records be developed. In addition, to facilitate the proper insurance, maintenance and safeguarding of these assets, an inventory of all property and equipment should be taken at least once each year and checked against the fixed assets records. Management may want to consider the employment of an outside consulting firm to maintain its property records.

Response and Corrective Action Planned

We are continually making improvements to our inventory management procedures and will make an effort to take updated inventory at least once per year.

Conclusion

Response accepted.

12. Solid Waste Tonnage Fees Retained

During the year ended June 30, 2019, the solid waste fees established by Chapter 455B.310 of the Code of Iowa, were administered by Winneshiek County Area Solid Waste Agency. The Agency is a 28E organization of which Winneshiek County is a member.

13. Financial Assurance

The Winneshiek County Area Solid Waste Agency has demonstrated financial assurance for closure and postclosure care costs by establishing a closure and postclosure account as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. As of June 30, 2019, the estimated closure and postclosure care costs were fully funded by a dedicated investment account. The calculation is made as follows:

	<u>Closure</u>	<u>Postclosure</u>
Total estimated costs for closure and postclosure care	\$ 4,547,400	\$ 1,274,613
Less balance of funds held in local dedicated fund at June 30, 2019	<u>(4,646,411)</u>	<u>(1,302,365)</u>
Dedicated funds in excess of estimated costs for closure and postclosure care	<u>\$ (99,011)</u>	<u>\$ (27,752)</u>

This report, a public record by law, is intended solely for the information and use of the Board of Supervisors, management and citizens of Winneshiek County, and federal awarding agencies and pass-through entities to whom the County may report. The report is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Winneshiek County during the course of our audit. If you have any questions concerning these or other matters, we would be happy to discuss them with you at your convenience.

Hacker, Nelson & Co., P.C.