

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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NEWS RELEASE

FOR RELEASE

June 24, 2021

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released an audit report on Webster County, Iowa.

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$37,101,234 for the year ended June 30, 2020, a 10.5% increase over the prior year. Expenses for County operations for the year ended June 30, 2020 totaled \$32,118,217, a 1.3% increase over the prior year. The increase in revenues is due primarily to an increase in contributed assets from the Iowa Department of Transportation.

AUDIT FINDINGS:

Sand reported three findings related to the receipt and expenditure of taxpayer funds. They are found on pages 84 through 90 of this report. The findings address issues such as lack of segregation of duties, material amounts of accounts receivable, accounts payable and capital asset additions not properly recorded in the County's financial statements and disbursements exceeding the budgeted amount. Sand provided the County with recommendations to address each of these findings.

The three findings discussed above are repeated from the prior year. The County Board of Supervisors and other County officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

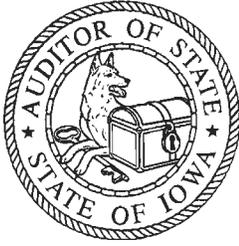
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WEBSTER COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

Webster County



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Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

June 8, 2021

Officials of Webster County
Fort Dodge, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Webster County for the year ended June 30, 2020. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Webster County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

Table of Contents

	<u>Page</u>	
Officials	3	
Independent Auditor’s Report	5-7	
Management’s Discussion and Analysis	8-14	
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Proprietary Fund Financial Statements:		
Statement of Net Position	G	25
Statement of Revenues, Expenses and Changes in Fund Net Position	H	26
Statement of Cash Flows	I	27
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	29
Notes to Financial Statements		30-53
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		56-57
Budget to GAAP Reconciliation		58
Notes to Required Supplementary Information – Budgetary Reporting		59
Schedule of the County’s Proportionate Share of the Net Pension Liability		60-61
Schedule of County Contributions		62-63
Notes to Required Supplementary Information – Pension Liability		64
Schedule of Changes in the County’s Total OPEB Liability, Related Ratios and Notes		65
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	68-69
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	70-71
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	72-73
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	74-75
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	76-77
Schedule of Expenditures of Federal Awards	6	78-79
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 <u>Government Auditing Standards</u>		80-81
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance		82-83
Schedule of Findings and Questioned Costs		84-90
Staff		91

Webster County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Campbell	Board of Supervisors	Jan 2021
Nick Carlson	Board of Supervisors	Jan 2021
Bob Thode	Board of Supervisors	Jan 2021
Niki Conrad	Board of Supervisors	Jan 2023
Keith Dencklau	Board of Supervisors	Jan 2023
Doreen Pliner	County Auditor	Jan 2021
Brenda Angstrom	County Treasurer	Jan 2023
Lindsay Laufersweiler	County Recorder	Jan 2023
James Stubbs	County Sheriff	Jan 2021
Darren Driscoll	County Attorney	Jan 2023
Angela Vinson	County Assessor	Jan 2022

Webster County



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Independent Auditor's Report

To the Officials of Webster County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Webster County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Webster County as of June 30, 2020 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 56 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

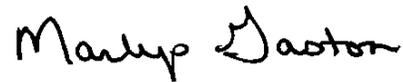
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Webster County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 8, 2021 on our consideration of Webster County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Webster County's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA
Deputy Auditor of State

June 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Webster County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 10.5%, or approximately \$3,519,000, from fiscal year 2019 to fiscal year 2020. Capital grants and contributions increased approximately \$1,391,000, operating grants and contributions increased approximately \$270,000, while charges for services decreased approximately \$113,000. General revenues increased approximately \$1,579,000.
- Program expenses of the County's governmental activities increased 1.3% over fiscal year 2019 to fiscal year 2020, or approximately \$408,000. Public safety and legal services expenditures increased approximately \$1,067,000, while mental health expenditures decreased approximately \$517,000 and roads and transportation expenditures decreased approximately \$264,000.
- The County's net position increased 6.3% or approximately \$4,983,000, over the June 30, 2019 balance.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Webster 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 Webster County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Webster County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. 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 the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2020	2019
Current and other assets	\$ 46,589	35,924
Capital assets	81,516	76,296
Total assets	128,105	112,220
Deferred outflows of resources	2,005	2,322
Long-term liabilities	25,186	17,318
Other liabilities	1,854	1,518
Total liabilities	27,040	18,836
Deferred inflows of resources	18,729	16,348
Net position:		
Net investment in capital assets	70,214	68,131
Restricted	13,216	12,015
Unrestricted	911	(788)
Total net position	\$ 84,341	79,358

Net position of Webster County's governmental activities increased 6.3% (approximately \$79.4 million compared to approximately \$84.3 million).

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. This net position category increased \$2,083,000, or 3.1%, over the prior year.

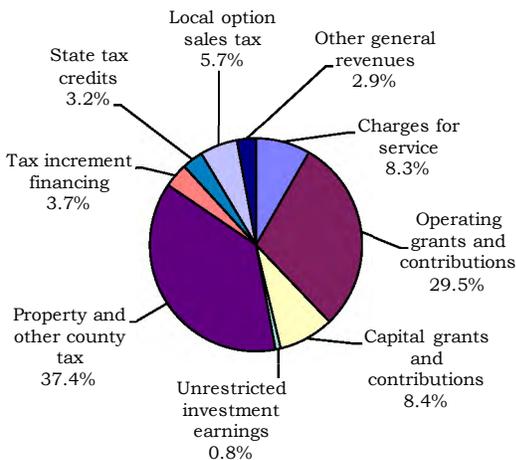
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased \$1,201,000, or 10.0%, over the prior year. This increase is primarily due to bond proceeds held at year end in the Capital Projects Fund.

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 approximately \$1,699,000 over the prior year, from a deficit balance of approximately \$788,000 to a balance of approximately \$911,000. This increase is primarily due to an increase in the amount held in the General Fund at year end.

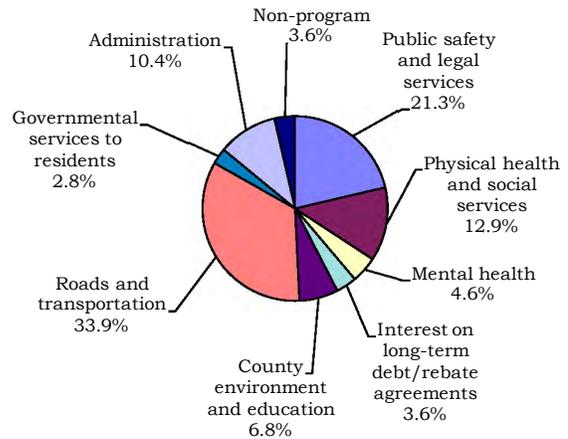
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2020	2019
Revenues:		
Program revenues:		
Charges for service	\$ 3,088	3,201
Operating grants and contributions	10,963	10,693
Capital grants and contributions	3,133	1,742
General revenues:		
Property and other county tax	13,889	13,136
Tax increment financing	1,370	1,384
State tax credits	1,199	1,201
Local option sales tax	2,114	1,495
Unrestricted investment earnings	284	248
Other general revenues	1,062	482
Total revenues	37,101	33,582
Program expenses:		
Public safety and legal services	6,848	5,781
Physical health and social services	4,153	4,263
Mental health	1,471	1,988
County environment and education	2,188	2,043
Roads and transportation	10,901	11,165
Governmental services to residents	892	919
Administration	3,356	3,249
Non-program	1,165	1,084
Interest on long-term debt/rebate agreements	1,144	1,218
Total expenses	32,118	31,710
Change in net position	4,983	1,872
Net position beginning of year	79,358	77,486
Net position end of year	\$ 84,341	79,358

Revenues by Source



Expenses by Program



Revenues for governmental activities increased approximately \$3,519,000 over the prior year. The cost of all governmental activities this year was approximately \$32 million compared to approximately \$31.7 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was only approximately \$14.9 million because some of the cost was paid by those who directly benefited from the programs (approximately \$3,088,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$14,095,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2020 from approximately \$15,636,000 to approximately \$17,184,000. Capital grants and contributions increased approximately \$1,391,000 due to an increase in the contributions received for road infrastructure from the Iowa Department of Transportation.

INDIVIDUAL MAJOR FUND ANALYSIS

As Webster County completed the year, its governmental funds reported a combined fund balance of approximately \$25,563,000, an increase of approximately \$8,937,000 over last year's total of approximately \$16,626,000. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$767,000 and expenditures decreased approximately \$716,000 compared to the prior year. Capital projects expenditures decreased approximately \$382,000, largely due to approximately \$995,000 used to purchase land for economic development in the prior year. The ending fund balance increased approximately \$2,099,000 from the prior year to approximately \$9,172,000.
- Special Revenue, Mental Health Fund revenues decreased approximately \$146,000 and expenditures decreased approximately \$514,000. The County is a member of the County Social Services Mental Health Region. During the year, the County forwarded \$1,287,764 to the Region's fiscal agent to fund Region activities, \$325,906 less than in the prior year. The Special Revenue, Mental Health Fund ending fund balance increased approximately \$67,000 during the year.
- Special Revenue, Rural Services Fund revenues increased approximately \$328,000 and expenditures increased approximately \$21,000 over the prior year. Transfers to the Special Revenue, Secondary Roads Fund increased approximately \$218,000 over the prior fiscal year. The increase in revenue is due to the increase in the rural services property tax revenue. Although the property tax levy rate remained the same as the prior year, the property values increased approximately 10.6%. The Rural Services Fund ending fund balance increased approximately \$155,000 over the prior year.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$789,000 and expenditures increased approximately \$140,000 over the prior year. The increase in revenues was due primarily to an increase of approximately \$397,000 received from FEMA for road repair work performed by the County due to flooding damage. The Secondary Roads Fund ending balance increased approximately \$952,000 over the prior year.
- The Debt Service Fund ended with a fund balance of approximately \$23,000 compared to approximately \$20,000 at the end of the previous year.
- The Capital Project Fund ended with a fund balance of approximately \$6,016,000 compared to approximately \$158,000 at the end of the previous year. The large balance this year was due to the issuance of two bonds (General Obligation Emergency Communications Equipment Bonds, Series 2019 for \$2,350,000 and General Obligation Courthouse Restoration Bonds, Series 2020 for \$6,000,000).

BUDGETARY HIGHLIGHTS

Over the course of the year, Webster County amended its budget one time. The amendment was made on January 14, 2020. The amendment was made to increase the budgeted receipts for the other financing sources and the budgeted disbursements for the non-program functions for disbursements related to the issuance of the general obligation emergency communications equipment bonds, Series 2019 for \$2,350,000 and general obligation courthouse restoration bonds, Series 2020 for \$6,000,000.

The County's receipts were \$214,806 less than budgeted, a variance of less than one percent.

Total disbursements were \$8,671,578 less than the final amended budget, a variance of 20.6%. Non-program disbursements were \$8,959,401 less than budgeted. Even with the budget amendments, the County exceeded the budgeted amount in the roads and transportation, debt service and capital projects functions for the year ended June 30, 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, Webster County had approximately \$81,516,000 invested (net of depreciation/amortization) in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$5,220,000, or 6.8%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2020	2019
Land	\$ 5,828	5,819
Construction in progress	3,131	383
Buildings and improvements	18,241	18,628
Machinery and equipment	4,924	4,286
Intangibles	33	66
Infrastructure	49,359	47,114
Total	\$ 81,516	76,296

The County had depreciation expense of \$4,091,394 in fiscal year 2020 and total accumulated depreciation of \$68,232,775 at June 30, 2020. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2020, Webster County had approximately \$16,373,000 of general obligation bonds and other debt outstanding, compared to approximately \$9,567,000 at June 30, 2019, as shown below:

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2020	2019
General obligation capital loan notes	\$ 3,330	3,915
General obligation local option sales and services tax bonds	4,365	4,805
General obligation emergency communications equipment bonds	2,350	-
General obligation courthouse restoration bonds	6,000	-
Drainage warrants	328	847
Total	\$ 16,373	9,567

On October 30, 2019, the County issued \$2,350,000 of general obligation emergency communications equipment bonds, Series 2019. The bonds were issued to provide funds for the purpose of paying the costs to acquire and install emergency communications equipment and systems.

On February 19, 2020, the County issued \$6,000,000 of general obligation courthouse restoration bonds, Series 2020. The bonds were issued to provide funds for the purpose of paying the costs of the restoration of the Courthouse Clock-tower structure.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Webster County's outstanding general obligation debt of \$17,245,000, including tax increment rebate agreements of \$1,200,000, is significantly below its constitutional debt limit of approximately \$156.9 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Webster County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County at June 2020 stands at 7.2% versus 3.4% a year ago. This is below the State's unemployment rate of 7.3% and is below the national rate of 11.2% at June 2020.

These indicators were taken into account when adopting the budget for fiscal year 2021. Budgeted disbursements are approximately \$44.1 million, an increase of approximately \$2,000,000 over the final fiscal year 2020 budget. The County considered the effect inflation and consumer demands for services have on program costs. Modest wage and cost-of-living adjustments are included in the fiscal year 2021 budget. The County's budget includes an increase in capital projects disbursements of approximately \$9.6 million over the prior year due to the continuation of the projects funded by the general obligation emergency communications equipment bonds and general obligation courthouse restoration bonds.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$9,758,000 by the close of fiscal year 2021.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Webster County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Webster County Auditor's Office, 703 Central Avenue, Fort Dodge, Iowa 50501.

Basic Financial Statements

Webster County
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 24,789,961
Receivables:	
Property tax:	
Delinquent	137,724
Succeeding year	15,352,000
Succeeding year tax increment financing	1,879,000
Interest and penalty on property tax	536,529
Accounts	376,570
Drainage assessments:	
Current	134,344
Future	135,823
Due from other governments	1,640,418
Inventories	1,259,233
Prepaid expenditures	347,257
Capital assets, net of accumulated depreciation	81,515,850
Total assets	128,104,709
Deferred Outflows of Resources	
Pension related deferred outflows	1,885,087
OPEB related deferred outflows	119,776
Total deferred outflows of resources	2,004,863
Liabilities	
Accounts payable	1,469,022
Accrued interest payable	204,047
Salaries and benefits payable	88,404
Due to other governments	92,563
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	600,000
General obligation local option sales and services tax bonds	445,000
General obligation emergency communication equipment bonds	255,000
General obligation courthouse restoration bonds	125,000
Drainage warrants	134,343
Compensated absences	587,393
Total OPEB liability	43,415
Portion due or payable after one year:	
General obligation capital loan notes	2,730,000
General obligation local option sales and services tax bonds	3,920,000
General obligation emergency communication equipment bonds	2,320,313
General obligation courthouse restoration bonds	7,181,782
Drainage warrants	193,992
Net pension liability	5,773,395
Total OPEB liability	875,914
Total liabilities	27,039,583
Deferred Inflows of Resources	
Unavailable property tax revenue	15,352,000
Unavailable tax increment financing revenue	1,879,000
Pension related deferred inflows	1,400,473
OPEB related deferred inflows	97,726
Total deferred inflows of resources	18,729,199
Net Position	
Net investment in capital assets	70,214,236
Restricted for:	
Supplemental levy purposes	2,515,473
Mental health purposes	309,836
Rural services purposes	1,450,010
Secondary roads purposes	5,981,045
Drainage warrants	410,036
Debt service	15,605
Other purposes	2,534,008
Unrestricted	910,541
Total net position	\$ 84,340,790

See notes to financial statements.

Webster County
Statement of Activities
Year ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Service	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 6,847,890	303,615	617,411	-	(5,926,864)
Physical health and social services	4,153,079	456,465	3,448,543	-	(248,071)
Mental health	1,471,098	120	232,408	-	(1,238,570)
County environment and education	2,187,995	249,413	63,448	-	(1,875,134)
Roads and transportation	10,900,917	266,342	6,395,194	3,132,949	(1,106,432)
Governmental services to residents	891,826	665,215	-	-	(226,611)
Administration	3,355,775	155,519	4,970	-	(3,195,286)
Non-program	1,165,182	991,551	200,564	-	26,933
Interest on long-term debt/rebate agreements	1,144,455	-	-	-	(1,144,455)
Total	<u>\$ 32,118,217</u>	<u>3,088,240</u>	<u>10,962,538</u>	<u>3,132,949</u>	<u>(14,934,490)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					13,752,116
Debt service					136,946
Tax increment financing					1,369,676
Penalty and interest on property tax					109,460
State tax credits					1,198,864
Local option sales and services tax					2,113,742
Unrestricted investment earnings					283,979
Gain on disposition of capital assets					162,923
Miscellaneous					789,801
Total general revenues					<u>19,917,507</u>
Change in net position					4,983,017
Net position beginning of year					<u>79,357,773</u>
Net position end of year					<u>\$ 84,340,790</u>

See notes to financial statements.

Webster County
Balance Sheet
Governmental Funds

June 30, 2020

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 8,525,510	296,671	1,460,483
Receivables:			
Property tax:			
Delinquent	98,302	13,165	24,854
Succeeding year	9,595,000	1,028,000	3,744,000
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	536,529	-	-
Accounts	100,588	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	566,529	-	-
Inventories	-	-	-
Prepaid expenditures	248,564	-	-
Total assets	\$ 19,671,022	1,337,836	5,229,337
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 120,917	-	23,147
Salaries and benefits payable	66,288	-	1,564
Due to other governments	82,051	-	639
Total liabilities	269,256	-	25,350
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	9,595,000	1,028,000	3,744,000
Succeeding year tax increment financing	-	-	-
Other	634,831	13,165	24,854
Total deferred inflows of resources	10,229,831	1,041,165	3,768,854
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	248,564	-	-
Restricted for:			
Supplemental levy purposes	2,401,819	-	-
Mental health purposes	-	296,671	-
Rural services purposes	-	-	1,435,133
Secondary roads purposes	-	-	-
Drainage warrants	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	305,864	-	-
Assigned for public health	841,292	-	-
Unassigned	5,374,396	-	-
Total fund balances	9,171,935	296,671	1,435,133
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 19,671,022	1,337,836	5,229,337

See notes to financial statements.

Revenue				
Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
3,837,586	22,524	7,010,689	2,659,788	23,813,251
-	1,403	-	-	137,724
-	985,000	-	-	15,352,000
-	-	-	1,879,000	1,879,000
-	-	-	-	536,529
275,982	-	-	-	376,570
-	-	-	134,344	134,344
-	-	-	135,823	135,823
976,447	-	-	97,442	1,640,418
1,259,233	-	-	-	1,259,233
98,693	-	-	-	347,257
6,447,941	1,008,927	7,010,689	4,906,397	45,612,149
275,983	-	994,430	25,935	1,440,412
20,552	-	-	-	88,404
9,873	-	-	-	92,563
306,408	-	994,430	25,935	1,621,379
-	985,000	-	-	15,352,000
-	-	-	1,879,000	1,879,000
232,635	1,403	-	290,174	1,197,062
232,635	986,403	-	2,169,174	18,428,062
1,259,233	-	-	-	1,259,233
98,693	-	-	-	347,257
-	-	-	-	2,401,819
-	-	-	-	296,671
-	-	-	-	1,435,133
4,550,972	-	-	-	4,550,972
-	-	-	478,186	478,186
-	22,524	-	165,736	188,260
-	-	6,016,259	-	6,016,259
-	-	-	2,067,366	2,373,230
-	-	-	-	841,292
-	-	-	-	5,374,396
5,908,898	22,524	6,016,259	2,711,288	25,562,708
6,447,941	1,008,927	7,010,689	4,906,397	45,612,149

Webster County

Webster County

Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position

June 30, 2020

Total governmental fund balances (page 19) \$ 25,562,708

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$149,748,625 and the accumulated depreciation is \$68,232,775. 81,515,850

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. 1,197,062

The Internal Service Fund is used by management to charge the costs of 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 in governmental activities in the Statement of Net Position. 948,100

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	\$ 2,004,863	
Deferred inflows of resources	<u>(1,498,199)</u>	506,664

Long-term liabilities, including bonds and notes payable, drainage warrants payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (25,389,594)

Net position of governmental activities (page 16) \$ 84,340,790

See notes to financial statements.

Webster County

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2020

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 9,019,128	1,206,108	3,672,720
Tax increment financing	-	-	-
Local option sales and services tax	-	-	-
Interest and penalty on property tax	53,361	-	-
Intergovernmental	5,780,680	336,423	266,961
Licenses and permits	50	-	29,174
Charges for service	1,066,796	120	1,000
Use of money and property	430,185	-	500
Miscellaneous	161,564	-	125
Total revenues	<u>16,511,764</u>	<u>1,542,651</u>	<u>3,970,480</u>
Expenditures:			
Operating:			
Public safety and legal services	5,582,239	-	-
Physical health and social services	4,002,832	-	57,761
Mental health	-	1,476,052	-
County environment and education	1,202,721	-	735,933
Roads and transportation	-	-	-
Governmental services to residents	844,880	-	-
Administration	2,818,781	-	34,688
Non-program	36,928	-	-
Debt service	-	-	-
Capital projects	953,319	-	-
Total expenditures	<u>15,441,700</u>	<u>1,476,052</u>	<u>828,382</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,070,064</u>	<u>66,599</u>	<u>3,142,098</u>
Other financing sources (uses):			
Transfers in	1,347,695	-	-
Transfers out	(318,858)	-	(2,987,314)
Bond proceeds	-	-	-
Premium on bonds	-	-	-
Drainage warrants issued	-	-	-
Total other financing sources (uses)	<u>1,028,837</u>	<u>-</u>	<u>(2,987,314)</u>
Change in fund balances	2,098,901	66,599	154,784
Fund balances beginning of year	<u>7,073,034</u>	<u>230,072</u>	<u>1,280,349</u>
Fund balances end of year	<u>\$ 9,171,935</u>	<u>296,671</u>	<u>1,435,133</u>

See notes to financial statements.

Revenue				
Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
-	136,015	-	-	14,033,971
-	-	-	1,369,676	1,369,676
1,056,871	-	-	1,056,871	2,113,742
-	-	-	-	53,361
6,360,466	11,641	-	204,033	12,960,204
33,992	-	-	-	63,216
-	-	-	6,089	1,074,005
30,888	-	-	11,742	473,315
419,321	-	2,713	918,443	1,502,166
7,901,538	147,656	2,713	3,566,854	33,643,656
-	-	-	-	5,582,239
-	-	-	-	4,060,593
-	-	-	-	1,476,052
-	-	-	37,936	1,976,590
8,947,306	-	-	-	8,947,306
-	-	-	-	844,880
-	-	-	-	2,853,469
-	-	-	373,126	410,054
-	1,198,855	128,750	1,612,773	2,940,378
790,900	-	3,897,863	94,680	5,736,762
9,738,206	1,198,855	4,026,613	2,118,515	34,828,323
(1,836,668)	(1,051,199)	(4,023,900)	1,448,339	(1,184,667)
3,306,172	1,053,900	-	100,000	5,807,767
(517,500)	-	-	(1,984,095)	(5,807,767)
-	-	8,350,000	-	8,350,000
-	-	1,532,095	-	1,532,095
-	-	-	239,529	239,529
2,788,672	1,053,900	9,882,095	(1,644,566)	10,121,624
952,004	2,701	5,858,195	(196,227)	8,936,957
4,956,894	19,823	158,064	2,907,515	16,625,751
5,908,898	22,524	6,016,259	2,711,288	25,562,708

Webster County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances –
Governmental Funds to the Statement
of Activities

Year ended June 30, 2020

Change in fund balances - Total governmental funds (page 23) \$ 8,936,957

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 6,015,152	
Capital assets contributed by the Iowa Department of Transportation	3,132,949	
Depreciation expense	<u>(4,091,394)</u>	5,056,707

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 162,923

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	92,313	
Other	<u>(488,698)</u>	(396,385)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:

Issued	(8,589,529)	
Premium on bond issuances	(1,532,095)	
Repaid	<u>1,783,225</u>	(8,338,399)

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. 932,839

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(71,507)	
OPEB expense	(74,408)	
Pension expense	(1,279,197)	
Interest on long-term debt	<u>(116,052)</u>	(1,541,164)

The Internal Service Fund is used by management to charge the costs of 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. 169,539

Change in net position of governmental activities (page 17) \$ 4,983,017

See notes to financial statements.

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

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 976,710
Liabilities	
Accounts payable	<u>28,610</u>
Net Position	
Unrestricted	<u>\$ 948,100</u>

See notes to financial statements.

Webster County

Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Fund

Year ended June 30, 2020

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 2,518,142
Reimbursements from employees and others		439,386
COBRA reimbursements		<u>61,180</u>
Total operating revenues		3,018,708
Operating expenses:		
Insurance premiums	\$ 2,554,848	
Medical claims	261,918	
Administrative fees	<u>46,877</u>	<u>2,863,643</u>
Operating income		155,065
Non-operating revenues:		
Interest income		<u>14,474</u>
Net income		169,539
Net position beginning of year		<u>778,561</u>
Net position end of year		<u>\$ 948,100</u>

See notes to financial statements.

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

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund contributions	\$ 2,518,142
Cash received from employees and others	439,386
Cash received from COBRA reimbursements	61,180
Cash paid for insurance premiums	(2,554,848)
Cash paid for medical claims	(242,173)
Cash paid for administrative expenses	(46,877)
Net cash provided by operating activities	174,810
Cash flows from investing activities:	
Interest on investments	14,474
Net increase in cash and cash equivalents	189,284
Cash and cash equivalents beginning of year	787,426
Cash and cash equivalents end of year	\$ 976,710
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 155,065
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	19,745
Net cash provided by operating activities	\$ 174,810

See notes to financial statements.

Webster County

Webster County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2020

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 4,071,585
Other County officials	145,128
Receivables:	
Property tax:	
Delinquent	582,562
Succeeding year	48,939,000
Accounts	102,033
Special assessments	638,344
Drainage assessments	4,173
Due from other governments	184,941
Prepaid items	35,003
Total assets	54,702,769

Liabilities

Accounts payable	75,448
Salaries and benefits payable	2,771
Due to other governments	54,074,685
Trusts payable	526,329
Stamped warrants payable	4,868
Compensated absences	18,668
Total liabilities	54,702,769

Net position	\$ -
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See notes to financial statements.

Webster County

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

Webster County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

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

A. Reporting Entity

For financial reporting purposes, Webster County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Webster County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Webster County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported as an Agency Fund. Financial information of the individual drainage districts can be obtained from the Webster County Auditor's Office.

The Friends of Webster County Conservation has been incorporated under Chapter 504A of the Code of Iowa to solicit and accept gifts from persons or organizations for development and enhancement of environmental education and conservation projects within the scope of the jurisdiction of the Webster County Conservation Board. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

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: Webster County Assessor’s Conference Board, Webster County Emergency Management Commission and Webster County Joint 911 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.

The County also participates in the North Central Iowa Regional Solid Waste Agency, the Webster County Telecommunications Board, Central Iowa Juvenile Detention Center, Region V Narcotic Task Force, Mid-Iowa Development Association Council of Governments, Hazardous Materials Response Commission, County Social Services and Local Emergency Planning Commission, jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa. In addition, the County participates in the following jointly governed organizations: Second Judicial District Department of Correctional Services, Iowa Central Industries, Your Own Limited Resources, Inc., the North Central Alcoholism Research Foundation, Webster County Economic Development Corporation and North Central Mental Health Center.

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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, they are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

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

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

Current drainage assessments receivable represent assessments which are due and payable but have not been collected. Future drainage assessments receivable represent amounts which will be assessed to individuals and levied against their property in the future for work already done on drainage districts which benefit their property.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which are due and payable but have not been collected.

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories 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.

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful lives (In Years)
Building improvements	25 - 50
Land and improvements	10 - 50
Equipment and vehicles	3 - 20
Intangibles	5 - 20
Infrastructure	10 - 65

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on 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 Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the roads and transportation, debt service and capital projects functions.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

The County had no investments meeting the disclosure requirements of Governmental accounting standards Board statement No. 72.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Local Option Sales and Services Tax	\$ 713,312
	Urban Renewal Tax Increment Financing	634,383
		<u>1,347,695</u>
Special Revenue: Secondary Roads	General	318,858
	Special Revenue: Rural Services	2,987,314
		<u>3,306,172</u>
Webster County Trails	Special Revenue:	
	Local Option Sales and Services Tax	100,000
Debt Service	Special Revenue:	
	Secondary Roads	517,500
	Local Option Sales and Services Tax	536,400
		<u>1,053,900</u>
Total		<u>\$ 5,807,767</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 5,819,418	8,200	-	5,827,618
Construction in progress, road network	382,932	3,851,814	4,234,746	-
Construction in progress	-	3,131,398	-	3,131,398
Total capital assets not being depreciated/amortized	6,202,350	6,991,412	4,234,746	8,959,016
Capital assets being depreciated/amortized:				
Buildings	* 30,109,186	84,024	-	30,193,210
Improvements other than buildings	* 1,458,269	276,461	-	1,734,730
Equipment and vehicles	14,351,889	1,794,602	954,178	15,192,313
Intangibles, other	164,292	-	-	164,292
Infrastructure, road network	87,842,055	4,234,746	-	92,076,801
Infrastructure, other	1,248,220	180,043	-	1,428,263
Total capital assets being depreciated/amortized	135,173,911	6,569,876	954,178	140,789,609
Less accumulated depreciation/amortization for:				
Buildings	12,627,555	683,410	-	13,310,965
Improvements other than buildings	311,628	64,045	-	375,673
Equipment and vehicles	10,065,690	1,141,348	938,660	10,268,378
Intangibles, other	98,575	32,858	-	131,433
Infrastructure, road network	41,678,218	2,119,804	-	43,798,022
Infrastructure, other	298,375	49,929	-	348,304
Total accumulated depreciation/amortization	65,080,041	4,091,394	938,660	68,232,775
Total capital assets being depreciated/amortized, net	70,093,870	2,478,482	15,518	72,556,834
Governmental activities capital assets, net	\$ 76,296,220	9,469,894	4,250,264	81,515,850

* Asset capitalized in fiscal year 2019 was reclassified from improvements other than building to buildings.

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 418,389
Physical health and social services	58,974
Mental health	1,441
County environment and education	199,634
Roads and transportation	3,182,829
Governmental services to residents	30,634
Administration	199,493
Total depreciation/amortization expense - governmental activities	\$ 4,091,394

(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. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2020 is as follows:

Fund	Description	Amount
General	Services	\$ 82,051
Special Revenue:		
Rural Services	Services	639
Secondary Roads	Services	9,873
Total for governmental funds		<u>\$ 92,563</u>
Agency:		
Agricultural Extension Education	Collections	\$ 296,987
County Assessor		1,309,506
Schools		27,347,382
Community Colleges		2,204,240
Corporations		19,469,059
Townships		563,429
Auto License and Use Tax		1,204,760
Special Districts		741,575
All other		937,747
Total for agency funds		<u>\$ 54,074,685</u>

(6) Long-Term Liabilities

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

	General Obligation Capital Loan Notes	General Obligation Local Option Sales and Services Tax Bonds	General Obligation Emergency Communications Equipment Bonds (1)	General Obligation Courthouse Restoration Bonds (2)	Drainage Warrants	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year,	\$ 3,915,000	4,805,000	-	-	847,031	515,886	6,519,371	716,013	17,318,301
Increases	-	-	2,575,313	7,306,782	239,529	556,896	-	203,316	10,881,836
Decreases	585,000	440,000	-	-	758,225	485,389	745,976	-	3,014,590
Balance end of year	\$ 3,330,000	4,365,000	2,575,313	7,306,782	328,335	587,393	5,773,395	919,329	25,185,547
Due within one year	\$ 600,000	445,000	255,000	125,000	134,343	587,393	-	43,415	2,190,151

(1) The unamortized premium on the bonds was \$225,313 at June 30, 2020.
(2) The unamortized premium on the bonds was \$1,306,782 at June 30, 2020.

General Obligation Capital Loan Notes

On December 18, 2012, the County issued \$1,340,000 of general obligation capital loan notes, Series 2012 pursuant to the provisions of Section 331.402 of the Code of Iowa for the purpose of paying costs of aiding in the planning, undertaking and carrying out of an urban renewal project, including funds paid to the City of Fort Dodge to fund the oversizing of sewer and water services to accommodate future expansion of the County’s Industrial Park. During the year ended June 30, 2020, the County paid principal of \$135,000 and interest of \$8,755 on the notes.

On July 29, 2016, the County issued \$4,675,000 of general obligation capital loan notes, Series 2016B pursuant to the provisions of Section 331.402 of the Code of Iowa for the purpose of paying costs of aiding in the planning, undertaking and carrying out of urban renewal projects under the authority of chapter 403, including a portion of the costs of building, furnishing and equipping the Otho Shed Maintenance Complex Project. During

the year ended June 30, 2020, the County paid principal of \$450,000 and interest of \$67,200 on the notes.

A summary of the general obligation capital loan notes indebtedness is as follows:

General Obligation Capital Loan Notes								
Series 2012								
Issued Dec 18, 2012								
Year	Interest				Total			
Ending June 30,	Rate	Principal	Interest	Total	Principal	Interest	Total	
2021	1.50%	\$ 140,000	7,000	147,000				
2022	1.70	140,000	4,900	144,900				
2023	1.80	140,000	2,520	142,520				
Total		\$ 420,000	14,420	434,420				

General Obligation Capital Loan Notes								
Series 2016B								
Issued Jul 29, 2016								
Year	Interest				Total			
Ending June 30,	Rate	Principal	Interest	Total	Principal	Interest	Total	
2021	2.00%	\$ 460,000	58,200	518,200	\$ 600,000	65,200	665,200	
2022	2.00	470,000	49,000	519,000	610,000	53,900	663,900	
2023	2.00	480,000	39,600	519,600	620,000	42,120	662,120	
2024	2.00	490,000	30,000	520,000	490,000	30,000	520,000	
2025	2.00	500,000	20,200	520,200	500,000	20,200	520,200	
2026-2030	2.00	510,000	10,200	520,200	510,000	10,200	520,200	
Total		\$ 2,910,000	207,200	3,117,200	\$ 3,330,000	221,620	3,551,620	

General Obligation Local Option Sales and Services Tax (LOST) Refunding Bonds

On July 29, 2016, the County issued \$4,805,000 of general obligation local option sales and services tax bonds refunding bonds for the crossover advance refunding of \$4,705,000 of general obligation bonds dated December 30, 2010.

A summary of the general obligation local option sales and services tax refunding bonds indebtedness is as follows:

General Obligation Refunding					
LOST Bonds, Series 2016A					
Issued Jul 29, 2016					
Year	Interest				Total
Ending June 30,	Rate	Principal	Interest	Total	
2021	2.00%	\$ 445,000	87,300	532,300	
2022	2.00	455,000	78,400	533,400	
2023	2.00	465,000	69,300	534,300	
2024	2.00	475,000	60,000	535,000	
2025	2.00	485,000	50,500	535,500	
2026-2029		2,040,000	103,000	2,143,000	
Total		\$ 4,365,000	448,500	4,813,500	

The County has pledged future local option sales and services tax receipts to repay the general obligation local option sales and services tax bonds. The bonds are payable and secured by a pledge of 50% of the local option sales and services tax receipts and, if the 50% portion of the local option sales tax receipts is insufficient, the County may levy an annual tax on all of the taxable property in the County.

Annual principal and interest payments on the bonds required 24.5% of net revenues. During the year ended June 30, 2020, the County paid principal of \$440,000 and interest of \$96,100 on the bonds. The total principal and interest remaining to be paid on the bonds is \$4,813,500. For the current year, principal and interest paid with LOST revenues and total local option sales and services tax revenue were \$536,100 and \$2,191,670, respectively.

The resolution providing for the issuance of the bonds includes the following provisions:

- (a) The bonds will be redeemed from the future collections of local option sales and services tax and, as needed in order to supplement the local option sales and services tax receipts, an annual property tax levy.
- (b) The local option sales and services tax receipts shall be deposited in a Local Option Sales and Services Tax Fund (Revenue Fund), which shall be used and disbursed to pay the principal and interest on the bonds.
- (c) Sufficient transfers shall be made from the Revenue Fund to a separate bond sinking account within the Debt Service Fund for the purpose of making the bond principal and interest payments when due. The Revenue Fund shall set aside sufficient revenues to pay the principal and interest coming due in the next succeeding fiscal year. If the revenues are insufficient to pay the principal and interest coming due in the next succeeding fiscal year, property tax will be levied for the next fiscal year.

General Obligation Emergency Communications Equipment Bonds

On October 30, 2019, the County issued \$2,350,000 of general obligation emergency communications equipment bonds, Series 2019. The bonds were issued to provide funds for the purpose of paying the costs to acquire and install emergency communications equipment and systems.

A summary of the general obligation emergency communications equipment bonds indebtedness is as follows:

Year Ending June 30,	General Obligation Emergency Communications Equipment Bonds, Series 2019			
	Issued Oct 30, 2019			
	Interest Rate	Principal	Interest	Total
2021	3.00%	\$ 255,000	134,423	389,423
2022	3.00	320,000	77,100	397,100
2023	3.00	330,000	67,500	397,500
2024	4.00	340,000	57,600	397,600
2025	4.00	355,000	44,000	399,000
2026-2027	3.00-5.00	750,000	41,350	791,350
Total		2,350,000	421,973	2,771,973
Unamortized premium		225,313		
Bonds payable		\$ 2,575,313		

General Obligation Courthouse Restoration Bonds

On February 19, 2020, the County issued \$6,000,000 of general obligation courthouse restoration bonds, Series 2020. The bonds were issued to provide funds for the purpose of paying the costs of the restoration of the courthouse clock-tower structure.

A summary of the general obligation courthouse restoration bonds indebtedness is as follows:

Year Ending June 30,	General Obligation Courthouse Repair Bonds, Series 2020 Issued Feb 19, 2020			
	Interest	Principal	Interest	Total
	Rate			
2021	5.00%	\$ 125,000	372,423	497,423
2022	5.00	210,000	283,950	493,950
2023	5.00	225,000	273,450	498,450
2024	5.00	235,000	262,200	497,200
2025	5.00	245,000	250,450	495,450
2026-2030	5.00	1,425,000	1,056,000	2,481,000
2031-2035	5.00	1,775,000	704,200	2,479,200
2036-2040	5.00	1,760,000	225,000	1,985,000
Total		6,000,000	3,427,673	9,427,673
Unamortized premium		1,306,782		
Bonds payable		\$ 7,306,782		

Drainage Warrants

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

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

(7) 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 PO 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 at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's and 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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.51% of covered payroll, for a total rate of 19.02%. Protection occupation members contributed 6.61% of covered payroll and the County contributed 9.91% of covered payroll, for a total rate of 16.52%.

The County's contributions to IPERS for the year ended June 30, 2020 totaled \$932,839.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020 the County reported a liability of \$5,773,395 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the County’s proportion was 0.099702%, which was a decrease of 0.003318% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$1,279,197. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,246	243,782
Changes of assumptions	810,530	161,962
Net difference between projected and actual earnings on IPERS' investments	-	903,831
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	105,472	90,898
County contributions subsequent to the measurement date	932,839	-
Total	<u>\$ 1,885,087</u>	<u>1,400,473</u>

\$932,839 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	\$ 110,867
2022	(236,534)
2023	(159,144)
2024	(147,512)
2025	(15,902)
Total	<u>\$ (448,225)</u>

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

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

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	\$ 11,810,394	5,773,395	710,983

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

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Active employees	<u>186</u>
Total	<u>190</u>

Total OPEB Liability – The County's total OPEB liability of \$919,329 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	3.00% per annum.
Rates of salary increase (effective June 30, 2020)	2.50% per annum, including inflation.
Discount rate (effective June 30, 2020)	3.50% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	8.00% initial rate decreasing .5% annually to an ultimate rate of 5.00%

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP2014 annuitant distinct mortality table adjusted to 2006 with MP 2019 generational projection of future mortality improvement.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 716,013
Changes for the year:	
Service cost	85,394
Interest	31,823
Differences between expected and actual experiences	57,038
Changes in assumptions	72,476
Benefit payments	<u>(43,415)</u>
Net changes	<u>203,316</u>
Total OPEB liability end of year	<u>\$ 919,329</u>

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

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability	\$ 995,511	919,329	849,373

Sensitivity of the County’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.0%) or 1% higher (9.0%) than the current healthcare cost trend rates.

	<u>1% Decrease (7.00%)</u>	<u>Healthcare Cost Trend Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Total OPEB liability	\$ 818,896	919,329	1,039,189

OPEB Expense Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of \$117,821. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,749	37,809
Changes in assumptions	67,027	59,917
Total	\$ 119,776	97,726

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

Year ending June 30,	Amount
2021	\$ (604)
2022	(604)
2023	(604)
2024	(604)
2025	(604)
Thereafter	(19,030)
	\$ (22,050)

(9) Risk Management

The 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 779 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.

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2020 were \$298,341.

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, 2020, no liability has been recorded in the County's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$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.

(10) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's group health insurance plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Group Services. All benefits in excess of Plan deductibles are paid through the Iowa State Association of Counties (ISAC), which in turn provides for its own reinsurance stop/loss limits and submits its own required state filings.

The payments of plan contributions to the Internal Service, Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are made to Group Services into a Safe-T fund. Claims are processed from the Safe-T fund to ensure timely payment. The County's contribution to the fund for the year ended June 30, 2020 was \$2,518,142.

Amounts payable from the Internal Service, Employee Group Health Fund at June 30, 2020 for incurred but not reported (IBNR) and reported but not paid claims has been estimated but has not been actuarially determined since the County is exempt from obtaining an actuarial opinion under Chapter 509A.15(4) of the Code of Iowa. The combined County liability for unpaid claims is as follows:

Unpaid claims beginning of year	\$ 8,865
Incurred claims (including claims incurred but not reported at June 30, 2020)	261,918
Payments on claims during the year	<u>242,173</u>
Unpaid claims end of year	<u>\$ 28,610</u>

(11) Industrial Development Revenue Bonds

The County has issued a total of \$670,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$248,887 is outstanding at June 30, 2020. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

(12) Development Agreements

In September 2012, the County entered into a development agreement with CJ Bio America, Inc. (the Developer). The Developer agreed to construct a facility within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$4,444,000 for reimbursement of costs to construct a rail spur to the facility and site preparation of the facility plus interest at 3.23% per annum. During the year ended June 30, 2020, the County made principal and interest payments of \$410,020 and \$91,066, respectively, to the Developer. At June 30, 2020 the balance owed on the agreement is \$3,019,366.

In July 2013, the County entered into a development agreement with New Co-Operative, Inc. (the Developer). The Developer agreed to construct certain minimum improvements at within the Webster County Regional Urban Renewal Area. The County agreed to make six annual tax increment financing rebate payments to the Developer for the Roelyn facility, not to exceed a cumulative total of \$120,000. During the year ended June 30, 2020, the County made payments of \$8,692 to the Developer. At June 30, 2020, the balance owed on the agreement is \$80,009.

In March 2019, the County entered into a development agreement with Cargill Incorporated (the Developer). The Developer constructed a bio-refinery campus located in the Iowa Crossroads of Global Innovation ag-industrial center (ICGI). As part of the construction the Developer is paying certain costs related to the sanitary sewer system and waterworks system infrastructure which will serve the Developer and other property situated within the ICGI. The County agreed to make five annual tax increment financing rebate payments to the Developer of \$271,534 each, not to exceed a cumulative total of \$1,357,670. During the year ended June 30, 2020, the County paid \$271,534. At June 30, 2020 the balance owed on the agreement is \$814,602.

These agreements are not general obligations of the County. However, the agreements are subject to the constitutional debt limitation of the County, except for \$2,713,977 which has not been appropriated by the Board of Supervisors at June 30, 2020.

(13) Tax Abatements

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

County Tax Abatements

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

For the year ended June 30, 2020, \$365,376 of property tax was diverted from the County under the urban renewal and economic development projects.

Tax Abatements of Other Entities

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Fort Dodge	Urban renewal and economic development projects	\$ 74,894
City of Gowrie	Urban renewal and economic development projects	12,030

(14) County Financial Information Included in County Social Services

County Social Services (CSS), a jointly governed organization formed pursuant to the provisions of Chapter 28E and Chapter 331.390 of the Code of Iowa, included 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 counties. The financial activity of the County's Special Revenue, Mental Health Fund is included in CSS for the year ended June 30, 2020, as follows:

Revenues:		
Property and other county tax		\$ 1,206,108
Intergovernmental revenues:		
State tax credits	\$ 104,015	
Payments from fiscal agent	<u>232,408</u>	336,423
Charges for services		<u>120</u>
Total revenues		<u>1,542,651</u>
Expenditures:		
Services to persons with mental illness		110,831
General administration:		
Direct administration	38,721	
Distribution to regional fiscal agent	<u>1,287,764</u>	1,326,485
County provided case management		<u>38,736</u>
Total expenditures		<u>1,476,052</u>
Excess of expenditures over revenues		66,599
Fund balance beginning of year		<u>230,072</u>
Fund balance end of year		<u>\$ 296,671</u>

(15) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of Webster County, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Webster County. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Webster County.

(16) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

Webster County

Required Supplementary Information

Webster County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances –
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2020

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 17,518,375	-	17,518,375
Interest and penalty on property tax	53,361	-	53,361
Intergovernmental	12,763,916	93,128	12,670,788
Licenses and permits	64,401	-	64,401
Charges for service	1,089,760	-	1,089,760
Use of money and property	481,565	16	481,549
Miscellaneous	1,333,277	911,107	422,170
Total receipts	33,304,655	1,004,251	32,300,404
Disbursements:			
Public safety and legal services	5,695,106	-	5,695,106
Physical health and social services	4,251,143	-	4,251,143
Mental health	1,487,482	-	1,487,482
County environment and education	1,989,244	21,906	1,967,338
Roads and transportation	9,567,679	-	9,567,679
Governmental services to residents	864,603	-	864,603
Administration	2,964,825	-	2,964,825
Non-program	408,725	373,126	35,599
Debt service	2,811,628	831,461	1,980,167
Capital projects	4,681,271	-	4,681,271
Total disbursements	34,721,706	1,226,493	33,495,213
Excess (deficiency) of receipts over (under) disbursements	(1,417,051)	(222,242)	(1,194,809)
Other financing sources, net	10,510,374	239,529	10,270,845
Deficiency of receipts and other financing sources over (under) disbursements and other financing uses	9,093,323	17,287	9,076,036
Balance beginning of year	14,719,928	559,263	14,160,665
Balance end of year	\$ 23,813,251	576,550	23,236,701

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
17,286,138	17,286,138	232,237
9,248	9,248	44,113
13,166,908	13,176,908	(506,120)
79,500	79,500	(15,099)
1,107,250	1,107,250	(17,490)
382,424	382,424	99,125
348,741	473,741	(51,571)
<u>32,380,209</u>	<u>32,515,209</u>	<u>(214,805)</u>
5,854,528	5,902,528	207,422
4,604,476	4,614,476	363,333
1,885,333	1,885,333	397,851
2,163,330	2,163,330	195,992
9,232,300	9,232,300	(335,379)
1,107,877	1,107,877	243,274
3,078,242	3,097,392	132,567
70,000	8,995,000	8,959,401
1,783,555	1,783,555	(196,612)
3,385,000	3,385,000	(1,296,271)
<u>33,164,641</u>	<u>42,166,791</u>	<u>8,671,578</u>
(784,432)	(9,651,582)	8,456,773
-	8,200,000	2,070,845
(784,432)	(1,451,582)	10,527,618
<u>17,606,336</u>	<u>17,606,336</u>	<u>(3,445,671)</u>
<u>16,821,904</u>	<u>16,154,754</u>	<u>7,081,947</u>

Webster County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2020

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 33,304,655	339,001	33,643,656
Expenditures	34,721,706	106,617	34,828,323
Net	(1,417,051)	232,384	(1,184,667)
Other financing sources, net	10,510,374	(388,750)	10,121,624
Beginning fund balances	14,719,928	1,905,823	16,625,751
Ending fund balances	<u>\$ 23,813,251</u>	<u>1,749,457</u>	<u>25,562,708</u>

See accompanying independent auditor's report.

Webster County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2020

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$9,002,150. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the roads and transportation, debt service and capital projects functions.

Webster County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Six Years*
(In Thousands)

Required Supplementary Information

	2020	2019	2018	2017
County's proportion of the net pension liability (asset)	0.099702%	0.103020%	0.105401%	0.106089%
County's proportionate share of the net pension liability (asset)	\$ 5,773	6,519	7,021	6,677
County's covered payroll	\$ 9,841	9,712	9,328	9,033
County's proportionate share of the net pension liability as a percentage of its covered payroll	58.66%	67.12%	75.27%	73.92%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

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

See accompanying independent auditor's report.

2016	2015
0.102962%	0.098849%
5,087	3,920
8,896	8,651
57.18%	45.31%
85.19%	87.61%

Webster County

Schedule of County Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Required Supplementary Information

	2020	2019	2018	2017
Statutorily required contribution	\$ 933	940	881	849
Contributions in relation to the statutorily required contribution	(933)	(940)	(881)	(849)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 9,826	9,841	9,712	9,328
Contributions as a percentage of covered payroll	9.50%	9.55%	9.07%	9.10%

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
824	814	792	741	683	573
(824)	(814)	(792)	(741)	(683)	(573)
-	-	-	-	-	-
9,033	8,896	8,651	8,265	8,094	7,694
9.12%	9.15%	9.16%	8.97%	8.44%	7.45%

Webster County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

Webster County

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

For the Last Three Years
Required Supplementary Information

	2020	2019	2018
Service cost	\$ 85,394	53,450	52,147
Interest cost	31,823	25,466	24,222
Difference between expected and actual experiences	57,038	-	(48,411)
Changes in assumptions	72,476	-	(76,717)
Benefit payments	(43,415)	(41,557)	(44,337)
Net change in total OPEB liability	203,316	37,359	(93,096)
Total OPEB liability beginning of year	716,013	678,654	771,750
Total OPEB liability end of year	\$ 919,329	716,013	678,654
Covered-employee payroll	\$ 9,668,859	9,138,309	8,915,423
Total OPEB liability as a percentage of covered-employee payroll	9.51%	7.84%	7.61%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.25%

Webster County

Supplementary Information

Webster County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

	County Recorder's Records Management	Resource Enhancement and Protection	Special Urban Renewal Tax Increment Financing
Assets			
Cash, cash equivalents and pooled investments	\$ 35,929	43,557	165,736
Receivables:			
Succeeding year tax increment financing	-	-	1,879,000
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	-	-	-
Total assets	\$ 35,929	43,557	2,044,736
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year tax increment financing	-	-	1,879,000
Other	-	-	-
Total deferred inflows of resources	-	-	1,879,000
Fund balances:			
Restricted for:			
Debt service	-	-	165,736
Drainage warrants	-	-	-
Other purposes	35,929	43,557	-
Total fund balances	35,929	43,557	165,736
Total liabilities, deferred inflows of resources and fund balances	\$ 35,929	43,557	2,044,736

See accompanying independent auditor's report.

Revenue				
Local Option Sales and Services Tax	Drainage Districts	Friends of Webster County Conservation	Webster County Trails	Total
1,623,809	495,235	81,316	214,206	2,659,788
-	-	-	-	1,879,000
-	134,344	-	-	134,344
-	135,823	-	-	135,823
77,435	20,007	-	-	97,442
1,701,244	785,409	81,316	214,206	4,906,397
-	17,049	-	8,886	25,935
-	-	-	-	1,879,000
-	290,174	-	-	290,174
-	290,174	-	-	2,169,174
-	-	-	-	165,736
-	478,186	-	-	478,186
1,701,244	-	81,316	205,320	2,067,366
1,701,244	478,186	81,316	205,320	2,711,288
1,701,244	785,409	81,316	214,206	4,906,397

Webster County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2020

	Special		
	County Recorder's Records Management	Resource Enhancement and Protection	Urban Renewal Tax Increment Financing
Revenues:			
Tax increment financing	\$ -	-	1,369,676
Local option sales and services tax	-	-	-
Intergovernmental	-	16,412	94,493
Charges for service	6,089	-	-
Use of money and property	443	659	10,624
Miscellaneous	-	-	7,335
Total revenues	<u>6,532</u>	<u>17,071</u>	<u>1,482,128</u>
Expenditures:			
Operating:			
County environment and education	-	16,030	-
Non-program	-	-	-
Debt service	-	-	781,312
Capital projects	-	-	-
Total expenditures	<u>-</u>	<u>16,030</u>	<u>781,312</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,532</u>	<u>1,041</u>	<u>700,816</u>
Other financing sources (uses):			
Transfer in	-	-	-
Transfers out	-	-	(634,383)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(634,383)</u>
Change in fund balances	6,532	1,041	66,433
Fund balances beginning of year	<u>29,397</u>	<u>42,516</u>	<u>99,303</u>
Fund balances end of year	<u>\$ 35,929</u>	<u>43,557</u>	<u>165,736</u>

See accompanying independent auditor's report.

Revenue				
Local Option Sales and Services Tax	Drainage Districts	Friends of Webster County Conservation	Webster County Trails	Total
-	-	-	-	1,369,676
1,056,871	-	-	-	1,056,871
-	93,128	-	-	204,033
-	-	-	-	6,089
-	-	16	-	11,742
-	898,368	12,740	-	918,443
1,056,871	991,496	12,756	-	3,566,854
-	-	21,906	-	37,936
-	373,126	-	-	373,126
-	831,461	-	-	1,612,773
-	-	-	94,680	94,680
-	1,204,587	21,906	94,680	2,118,515
1,056,871	(213,091)	(9,150)	(94,680)	1,448,339
-	-	-	100,000	100,000
(1,349,712)	-	-	-	(1,984,095)
-	239,529	-	-	239,529
(1,349,712)	239,529	-	100,000	(1,644,566)
(292,841)	26,438	(9,150)	5,320	(196,227)
1,994,085	451,748	90,466	200,000	2,907,515
1,701,244	478,186	81,316	205,320	2,711,288

Webster County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	4,926	872,656	460,701
Other County officials	145,128	-	-	-
Receivables:				
Property tax:				
Delinquent	-	3,061	6,405	287,681
Succeeding year	-	289,000	491,000	26,599,000
Accounts	15,028	-	-	-
Special assessments	-	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
Total assets	\$ 160,156	296,987	1,370,061	27,347,382
Liabilities				
Liabilities:				
Accounts payable	\$ -	-	41,673	-
Salaries and benefits payable	-	-	2,314	-
Due to other governments	47,287	296,987	1,309,506	27,347,382
Trusts payable	112,869	-	-	-
Stamped warrants payable	-	-	-	-
Compensated absences	-	-	16,568	-
Total liabilities	\$ 160,156	296,987	1,370,061	27,347,382

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Special Districts	Other	Total
33,066	416,597	8,784	1,117,088	41,151	1,116,616	4,071,585
-	-	-	-	-	-	145,128
20,174	260,462	3,645	-	1,080	54	582,562
2,151,000	18,792,000	551,000	-	61,000	5,000	48,939,000
-	-	-	-	-	87,005	102,033
-	-	-	-	638,344	-	638,344
-	-	-	-	-	4,173	4,173
-	-	-	87,672	-	97,269	184,941
-	-	-	-	-	35,003	35,003
2,204,240	19,469,059	563,429	1,204,760	741,575	1,345,120	54,702,769
-	-	-	-	-	33,775	75,448
-	-	-	-	-	457	2,771
2,204,240	19,469,059	563,429	1,204,760	741,575	890,460	54,074,685
-	-	-	-	-	413,460	526,329
-	-	-	-	-	4,868	4,868
-	-	-	-	-	2,100	18,668
2,204,240	19,469,059	563,429	1,204,760	741,575	1,345,120	54,702,769

Webster County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2020

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Balances beginning of year	\$ 124,957	284,723	2,011,502	25,585,946
Additions:				
Property and other county tax	-	290,529	492,384	26,709,635
911 surcharge	-	-	-	-
State tax credits	-	24,192	51,193	2,304,870
Office fees and collections	778,536	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	683,178	-	-	-
Miscellaneous	-	-	-	-
Total additions	1,461,714	314,721	543,577	29,014,505
Deductions:				
Agency remittances:				
To other funds	370,319	-	-	-
To other governments	394,382	302,457	1,185,019	27,253,069
Trusts paid out	661,814	-	-	-
Total deductions	1,426,515	302,457	1,185,019	27,253,069
Balances end of year	\$ 160,156	296,987	1,370,060	27,347,382

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Special Districts	Other	Total
1,915,454	18,138,477	542,943	880,400	723,609	1,036,625	51,244,636
2,155,987	18,572,636	561,949	-	118,300	3,940	48,905,360
-	-	-	-	-	302,086	302,086
161,359	2,098,526	29,221	-	3,280	427	4,673,068
-	-	-	-	-	-	778,536
-	-	-	12,849,256	-	2,019	12,851,275
-	-	-	-	18,402	11,048	29,450
-	-	-	-	-	566,205	1,249,383
-	-	-	-	-	1,344,548	1,344,548
2,317,346	20,671,162	591,170	12,849,256	139,982	2,230,273	70,133,706
-	-	-	366,077	-	291,571	1,027,967
2,028,560	19,340,580	570,684	12,158,819	122,016	1,043,975	64,399,561
-	-	-	-	-	591,100	1,252,914
2,028,560	19,340,580	570,684	12,524,896	122,016	1,926,646	66,680,442
2,204,240	19,469,059	563,429	1,204,760	741,575	1,340,252	54,697,900

Webster County

Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

For the Last Ten Years

	2020	2019	2018	2017
Revenues:				
Property and other county tax	\$ 14,033,971	13,135,752	12,255,571	11,651,553
Tax increment financing	1,369,676	1,384,122	1,370,552	1,390,596
Local option sales and services tax	2,113,742	1,494,866	1,749,933	1,918,718
Interest and penalty on property tax	53,361	119,760	110,590	114,251
Intergovernmental	12,960,204	12,550,541	12,290,062	12,102,947
Licenses and permits	63,216	85,740	77,036	87,438
Charges for service	1,074,005	1,092,290	1,122,508	1,142,131
Use of money and property	473,315	537,066	405,766	300,931
Miscellaneous	1,502,166	849,279	1,296,784	1,841,685
Total	<u>\$ 33,643,656</u>	<u>31,249,416</u>	<u>30,678,802</u>	<u>30,550,250</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 5,582,239	5,430,317	5,152,249	5,099,100
Physical health and social services	4,060,593	4,276,750	4,430,820	3,730,307
Mental health	1,476,052	1,989,906	2,204,611	2,277,648
County environment and education	1,976,590	1,876,277	1,834,569	1,902,326
Roads and transportation	8,947,306	8,200,607	8,107,736	8,047,880
Governmental services to residents	844,880	950,137	975,435	918,915
Administration	2,853,469	3,051,288	3,008,404	2,800,582
Non-program	410,054	535,690	686,322	1,311,801
Debt service	2,940,378	2,498,665	2,664,960	2,157,024
Capital projects	5,736,762	3,673,402	5,931,899	5,746,569
Total	<u>\$ 34,828,323</u>	<u>32,483,039</u>	<u>34,997,005</u>	<u>33,992,152</u>

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
12,223,187	12,009,411	12,342,342	11,930,834	12,113,554	12,056,205
1,353,646	375,985	381,131	340,508	385,208	414,578
1,573,301	1,880,690	1,893,684	1,687,493	1,649,410	1,666,772
123,915	107,475	108,693	101,378	110,909	113,651
12,158,839	10,258,645	9,588,387	11,016,312	12,498,776	12,673,182
81,105	69,125	151,144	81,387	111,405	77,399
1,211,296	950,787	1,053,980	1,031,580	995,824	1,122,883
337,041	331,122	311,746	306,804	390,636	269,193
1,452,109	3,295,467	1,919,319	1,168,167	1,526,016	1,398,371
30,514,439	29,278,707	27,750,426	27,664,463	29,781,738	29,792,234
5,051,463	4,881,381	5,021,524	5,019,591	5,047,832	4,482,641
3,263,395	3,783,515	3,172,397	2,725,211	2,508,348	2,302,259
2,107,003	2,560,537	2,632,711	3,522,224	5,741,501	3,901,371
1,598,699	1,617,169	1,431,400	1,434,580	1,183,265	1,105,897
8,474,864	7,934,669	6,908,561	6,615,707	7,028,654	6,699,446
1,253,737	872,026	852,146	878,055	763,062	662,741
2,754,503	2,682,624	2,833,233	2,668,289	2,451,572	2,366,009
477,174	1,034,739	1,929,837	1,998,639	1,516,230	1,157,295
2,631,987	3,743,804	2,122,573	1,549,368	2,431,117	1,869,470
1,448,661	1,807,581	1,473,512	3,803,829	6,329,798	3,820,123
29,061,486	30,918,045	28,377,894	30,215,493	35,001,379	28,367,252

Webster County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2020

Grantor/Program	CFDA Number	Pass-through Entity Identifying Number	Program Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Public Health:			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5889AO50	\$ 193,832
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5880AO50	320,278
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5889AO84	11,072
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5880AO84	<u>24,521</u>
			<u>549,703</u>
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5888NU10	5,983
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5889NU10	16,761
Iowa Department of Human Services:			
Human Services Administrative Reimbursements: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>23,138</u>
			<u>45,882</u>
Iowa Department of Agriculture and Land:			
Stewardship:			
WIC Farmers' Market Nutrition Program (FMNP)	10.572		<u>535</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance	16.575	VW-19-51-16	2,866
Crime Victim Assistance	16.575	VP-20-141-VWC	<u>30,440</u>
			<u>33,306</u>
U.S. Department of Transportation:			
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	PAP 19-402-MOOP, Task 36-10-00	<u>1,436</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5880BT11	<u>189,370</u>
Grants to State to Support Oral Health Workforce Activities	93.236	5889DH34	3,582
Grants to State to Support Oral Health Workforce Activities	93.236	5880DH34	<u>39,942</u>
			<u>43,524</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5885BT494	<u>23,782</u>
Immunization Cooperative Agreements	93.268	5880I489	<u>10,195</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	5885BT494	<u>49,304</u>
State Actions to Improve Oral Health Outcomes and Partners Actions to Improve Oral Health Outcomes	93.366	5880MH24	<u>5,000</u>
Iowa Department of Public Health:			
Child Care and Development Block Grant	93.575	5880MH24	<u>3,150</u>
Children's Health Insurance Program	93.767	5889MH25	10,218
Children's Health Insurance Program	93.767	5880MH24	<u>26,800</u>
			<u>37,018</u> *

Webster County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2020

Grantor/Program	CFDA Number	Pass-through Entity Identifying Number	Program Expenditures
Indirect (continued):			
Medicaid Cluster:			
Medical Assistance Program	93.778	5889MH25	39,179
Medical Assistance Program	93.778	5880MH24	117,183
Medical Assistance Program	93.778	5880MHI18	126,507
			<u>282,869</u> **
National Bioterrorism Hospital Preparedness Program	93.889	5880BT11	74,500
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	5880NB32	175
Maternal and Child Health Services Block Grant to the States	93.994	5880MH24	115,977
Maternal and Child Health Services Block Grant to the States	93.994	5889MH25	76,170
			<u>192,147</u>
Iowa Department of Human Services:			
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	ACFS 20-058	64,000
Child Support Enforcement	93.563	BOC-19-007	413,944
Human Services Administrative Reimbursements:			
Guardianship Assistance	93.090		3
Refugee and Entrant Assistance State/ Replacement Designee Administered Programs	93.566		12
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		5,398
Foster Care Title IV-E	93.658		7,888
Adoption Assistance	93.659		3,168
Social Services Block Grant	93.667		6,778
Children's Health Insurance Program	93.767		777 *
Medical Assistance Program	93.778		35,594 **
Federal Emergency Management Agency:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4421 DR IA	484,108
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4386 DR IA	295,762
			<u>779,870</u>
Total			<u>\$ 2,859,328</u>

* Total for CFDA 93.767 equals \$37,795

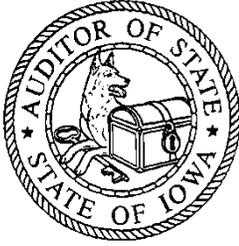
** Total for CFDA 93.778 equals \$318,463

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Webster County under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Webster County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Webster County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Webster County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Webster County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Webster County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Webster County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Webster County's internal control. Accordingly, we do not express an opinion on the effectiveness of Webster 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 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 which 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-20 and II-B-20 to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

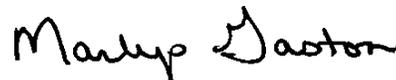
Webster County's Responses to the Findings

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

Purpose of this Report

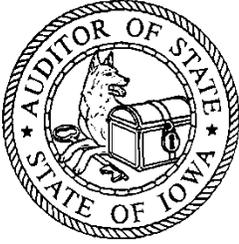
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance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

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



Marlys K. Gaston, CPA
Deputy Auditor of State

June 8, 2021



OFFICE OF AUDITOR OF STATE
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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Officials of Webster County:

Report on Compliance for Each Major Federal Program

We have audited Webster County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal programs for the year ended June 30, 2020. Webster County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Webster County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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 Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Webster County's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe 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 Webster County's compliance.

Opinion on Each Major Federal Program

In our opinion, Webster 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 programs for the year ended June 30, 2020.

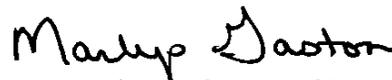
Report on Internal Control Over Compliance

The management of Webster 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 Webster County's internal control over compliance with the types of requirements that could have a direct and material effect on each of the major federal programs to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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 Webster 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 non-compliance 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 material non-compliance 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. We did not identify any deficiencies in internal control over compliance we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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.



Marlys K. Gaston, CPA
Deputy Auditor of State

June 8, 2021

Webster County
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

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

- a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) No material weaknesses in internal control over the major programs were noted.
- e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no instances of non-compliance which were required to be reported in accordance with Uniform Guidance, Section 200.516.
- g) The major programs were as follows:
 - CFDA Number 93.563 – Child Support Enforcement
 - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i) Webster County did not qualify as a low-risk auditee.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-20 Segregation of Duties

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

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

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. Consequently, a listing of cash and checks received is not prepared by an independent mail opener and traced to the general ledger and bank deposit. An independent mail opener testing mail receipts in this manner adds a strong control over the receipts cycle.	County Recorder, County Treasurer and County Sheriff
(2) Bank reconciliations are not prepared by someone who doesn't sign checks, handle or record cash.	County Recorder and County Treasurer
(3) Bank reconciliations are not reviewed periodically by an independent person for propriety.	County Recorder
(4) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash.	County Recorder and County Treasurer
(5) The person who signs checks is not independent of the person preparing the checks, approving disbursements, recording cash disbursements and handling cash.	County Recorder and County Sheriff
(6) Several individuals in the motor vehicle department have the ability to void receipts in ARTS (DOT system), including individuals who perform daily balancing. No independent review of voided receipts is performed.	County Treasurer

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

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

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

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. These reviews should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

County Treasurer – We are continuing to work with staff to segregate duties. Limited staff and time constraints do not allow the person opening mail to be separated from ringing in payments. Internal control is definitely something we are trying to achieve.

County Recorder – We are continuing to implement recommended procedures to comply with segregation of duties.

County Sheriff – This is a repeat comment from previous years and without additional staff added to our Administrative Assistant control, compliance is not possible.

Conclusions – Responses accepted.

II-B-20 Financial Reporting

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

Condition – Material amounts of receivables, payables and capital asset additions were not properly recorded in the County's financial statements. Adjustments were subsequently made to properly include these amounts in the financial statements.

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

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

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

Recommendation – The County should establish procedures to ensure all receivables, payables and capital additions are identified and properly reported in the County’s financial statements. This is a repeat comment.

Responses –

Auditor – We will continue to review payables and capital assets/construction in progress amounts will be changed in our system.

Treasurer – Receipts from the State are difficult to identify, monthly request to department heads has helped. We will continue to work with internal controls to assist with this program.

Conclusions – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

No material weaknesses in internal control over the major programs were noted.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-20 Certified Budget – Disbursements during the year ended June 30, 2020 exceeded the amounts budgeted in the roads and transportation, debt service and capital projects functions.

Recommendation – The budget should have been amended in sufficient amounts in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The County did not realize this was a problem until it was too late. The County will attempt to get a staff person trained to assist with this issue.

Conclusion – Response accepted.

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

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

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

Name, Title and Business Connection	Transaction Description	Amount
Krystal Lloyd, Auditor's Office Drainage Clerk, daughter of Dan Rasmussen, owner of Rasmussen Tiling	Tiling	\$ 8,368

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions with Rasmussen Tiling do not appear to represent conflicts of interest since the Auditor’s office employees’ remuneration of employment is not directly affected as a result of the contract and the duties of employment do not directly involve the procurement or preparation of any part of the contract.

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

IV-F-20 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

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

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

- IV-H-20 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-I-20 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Webster County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy
Tammy A. Hollingsworth, CIA, Manager
Prem Gobin, Senior Auditor
Adrian T. Duer, Staff Auditor
Charles P. Duff, Staff Auditor
Vivian J. Hustad, Staff Auditor
Adam J. Sverak, Staff Auditor
Mason R. Brown, Assistant Auditor
Brad M. Hofer, Assistant Auditor
Edward G. Mollohan, Assistant Auditor
John J. Jameson, Intern Auditor
Michael T. Swanson, Intern Auditor



Webster County Board of Supervisors

701 Central Ave., 2nd Floor
Fort Dodge, Iowa 50501

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Fax # (515) 574-3714

Webster County

Summary Schedule of Prior Audit Findings

Year ended June 30, 2020

Comment Reference	Comment Title	Status	If not corrected, provide reason for finding's recurrence and planned corrective action or other explanation
II-A-19 II-A-18 II-A-17 II-A-16 II-A-15	Segregation of Duties	Not corrected	The County has limited staff. However, the County will continue to review procedures and make changes where possible.
II-B-19 II-B-18 II-B-17 II-B-16 II-B-15	Financial Reporting	Not corrected	County staff did not identify all receivables and payables and did not prepare accurate accrual listings or capital asset additions and deletions listings. The County will develop procedures to ensure accruals and capital asset listings are accurate.

Keith Dencklau
District 1

Mark Campbell
District 2

Bob Thode
District 3

Niki Conrad
District 4

Nick Carlson
District 5



Webster County Board of Supervisors

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Webster County

Corrective Action Plan

Year ended June 30, 2020

Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title, Phone Number	Anticipated Date of Completion
II-A-20	Segregation of Duties	The County has limited staff. However, the County Offices will review their procedures and implement changes where possible.	Doreen Pliner County Auditor (515) 573-7175	June 30, 2022
II-B-20	Financial Reporting	Receivables, payables and capital assets will be properly included in the financial statements.	Doreen Pliner County Auditor (515) 573-7175	June 30, 2022

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District 3

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District 4

Nick Carlson
District 5