

This guide is provided in accordance with Chapter 11.6(7) of the Code of Iowa. Use of this guide in your practice requires a proper implementation of professional standards. This guide is not a substitute for an understanding of the applicable professional standards. While this guide has been reviewed internally by CPAs within the Auditor of State's Office and is subject to outside peer review every three years, the guide has not undergone an external Quality Control Material Review or Examination.

SAMPLE COUNTY

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

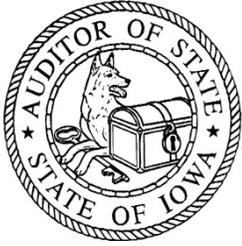
JUNE 30, 2022

==== Office of ====

**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa





OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

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

Practitioners:

This sample report is presented by the Office of Auditor of State as required by Chapter 11.6 of the Code of Iowa. In developing this report, we have made every effort to ensure the highest professional standards have been followed while attempting to provide meaningful and useful information to the citizens, our ultimate client.

Audits of governmental subdivisions should be performed 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, if applicable, Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

This sample report has been prepared in conformity with U.S. generally accepted accounting principles and conforms to guidelines provided in Governmental Accounting and Financial Reporting Standards published by the Governmental Accounting Standards Board.

The format shows the basic financial statements, required and supplementary information and the Schedule of Findings and Questioned Costs which are necessary to meet the requirements of this Office. The detail presented in the financial statements and supplementary information is the minimum breakdown that will be acceptable subject, of course, to materiality considerations. If the auditor and the local government feel more detail is necessary to provide a fair presentation, this of course will be welcome. A sample such as this cannot present all situations which you may encounter, so the auditor's professional judgment must be used in determining the additional information to be shown as well as the footnotes to be presented.

Counties with \$750,000 or more of federal expenditures are required to receive a Single Audit in accordance with the Uniform Guidance. Any questions concerning single audit requirements should be directed to the County's cognizant or oversight agency.

In accordance with Uniform Guidance, the reporting package and Data Collection Form shall be submitted to the central clearinghouse the earlier of 30 days after issuance of the audit report or 9 months after the reporting period. The Office of Management and Budget has designated the United States Department of Commerce, Bureau of the Census as the Single Audit Clearinghouse. The Data Collection Form and reporting package must be submitted using the Clearinghouse's Internet Data Entry System at <https://harvester.census.gov/facweb/>. The system requires the reporting package be uploaded in a single PDF file. Both the auditee and auditor contacts receive automated e-mails from the Federal Audit Clearinghouse as verification of the submission.

Under Rule 15c 2-12 of the Securities and Exchange Commission governing ongoing disclosure by municipalities to the bond markets, virtually any municipality which issues more than \$1 million of securities per issue is subject to an ongoing filing responsibility. All continuing disclosure submissions must be provided to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. In addition, submissions must be in an electronic format (text-searchable PDF), i.e., not scanned.

The findings on compliance, items 2022-A through 2022-L (if applicable), detail those items which are to be included regardless of whether there are any instances of noncompliance or not. Any instances of noncompliance in other areas should also be reported.

We have also included a page for listing the staff performing the audit. Although we have found this page to be helpful, you are not required to use it.

As required by Chapter 11.14 of the Code of Iowa, the news media are to be notified of the issuance of the audit report by the CPA firm, unless the firm has made other arrangements with the County for the notification. We have developed a standard news release to be used for this purpose. The news release (paper copy or electronic format) should be completed by the CPA firm or the County and submitted to this Office with a **text-searchable** electronic copy of the audit report sent by the CPA firm. Report filing requirements are detailed on the attached listing. We will make the audit report and news release available to the news media in this Office.

In accordance with Chapter 11.6(7) of the Code of Iowa, this Office is to be notified immediately regarding any suspected embezzlement, theft or other significant financial irregularities.

Finally, I would like to express my appreciation to all CPA firms who are providing audit or other services to local governments. Together, we are able to provide a significant benefit to all taxpayers in the state.

A handwritten signature in black ink, appearing to read "Rob Sand". The signature is stylized and cursive.

Rob Sand
Auditor of State

Office of Auditor of State
Report Filing Requirements

Report – The County or CPA firm is required to submit an electronic, **text-searchable**, PDF copy of the audit report, including the management letter(s) if issued separately, with this Office upon release to the County within nine months following the end of the fiscal year subject to audit. Text-searchable files are required for the following reasons:

- The files created are much smaller in size than scanned-image files. Accordingly, text-searchable files require less storage space.
- Text-searchable files are required by the Census bureau when submitting Data Collection Forms and Single Audit reporting packages (i.e., consistent with Federal requirements).
- Text-searchable files provide transparency to the public.

Per Diem Audit Billing and News Release – A copy of the CPA firm's per diem audit billing, including total cost and hours, and a copy of the news release or media notification should also be submitted. These items can be submitted as either paper copies or electronic copies.

Filing Fee – The filing fee should be submitted based on the following designated budget strata:

Budgeted Expenditures in Millions of Dollars	Filing Fee Amount
Under 1	\$100
At least 1 but less than 3	175
At least 3 but less than 5	250
At least 5 but less than 10	425
At least 10 but less than 25	625
25 and over	850

Submission – Electronic submission (text-searchable PDF) of the audit report, per diem audit billing and news release should be e-mailed to SubmitReports@AOS.iowa.gov.

If you are unable to e-mail the PDF files, you may mail a CD containing the files to this Office. You may direct any questions about submitting electronic files to the above e-mail address.

Paper copies (if not submitted electronically) of the per diem audit billing and news release, as well as the filing fee, should be sent to the following address:

Office of Auditor of State
State Capitol Building
Room 111
1007 East Grand Avenue
Des Moines, IA 50319-0001

Early Childhood Iowa Area Board – For Counties which act as a fiscal agent for an Early Childhood Iowa Area Board and have additional audit procedures performed for the Area Board as a part of the County's audit, an electronic, text-searchable, PDF copy of the audit report, including the management letter(s) if issued separately, should be emailed to Shanell.Wagler@iowa.gov or Amanda.Winslow@iowa.gov with the Iowa Department of Management.

Additional Notes (continued)

- A. Implemented GASB (GASBS) No. 87, Leases. The following changes have been made to the Sample Report:
- Revised the Independent Auditor’s Report to include an emphasis of a matter paragraph to address adoption of new accounting guidance related to GASBS No. 87.
 - Revised language to Note 1 adding intangible asset descriptions for Capital Assets and Leases.
 - Revised Long-Term Liabilities note for leases.
 - Added a note disclosure (Note 18) for the restatement of the beginning Governmental Activities Net Position.
- B. Removed note disclosure regarding Jointly Governed Organization. Jointly governed organizations formed per Chapter 28E which had gross receipts in excess of \$100,000 should make arrangements for a separate audit. Counties can decide to include jointly governed organizations in the current audit due to the late notice to obtain a separate audit.
- C. Updated the Schedule of Expenditures of Federal Awards for the American Rescue Plan Act (ARPA).
- D. Added language for each type of finding whether material weakness or significant deficiency in the 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.
- E. Added language to represent each type of finding whether material weakness or significant deficiency in the Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance.
- F. Changed comment numbers to be fiscal year and number for comments in Part II and Part III and fiscal year and letter for comments in Part IV.

Additional Notes

1. If the County has deposits in credit unions at June 30, 2022, Note 2 should be modified to indicate whether the deposits were covered by federal depository insurance, collateralized with securities or letters of credit held by the County or the County’s agent in the County’s name or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.
2. If the County operates a sanitary landfill, disclosure of the closure and postclosure care costs should be included in the Notes to Financial Statements. In addition, findings pertaining to compliance with solid waste fees used or retained and financial assurance should be included in Part IV of the Schedule of Findings and Questioned Costs. See Sample Accrual County Landfill Association or Sample Cash Landfill Commission for examples of the required disclosures and findings.
3. Following is an example footnote for an early retirement or other benefit plan or policy which meets the definition of a “termination benefit” as defined by GASB Statement No. 47.

Sample Note – Termination Benefits

In September 2021 the County approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year. Eligible employees must have completed at least fifteen years of full-time service to the County and must have reached the age of fifty-five on or before June 30, 2022. The application for early retirement was subject to approval by the Board of Supervisors. Early retirement benefits equal 60% of the employee’s salary in effect during the employee’s last year of employment, with a maximum retirement benefit of \$30,000.

Additional Notes (continued)

The policy requires early retirement benefits be paid in three equal annual installments beginning July 1, 2022.

At June 30, 2022, the County has obligations to eleven participants with a total liability of \$171,285. Actual early retirement expenditures for the year ended June 30, 2022 totaled \$85,642.

4. The Early Childhood Iowa Initiative is established by Chapter 256I of the Code of Iowa. Chapter 256I.5 requires the Department of Management and the Early Childhood Iowa State Board to establish reporting and other requirements to address the financial activities of Area Boards and audit requirements of fiscal agents for Area Boards.

If a County and Area Board choose to have procedures performed as part of its fiscal agent's audit, the procedures to be performed are included in a separate section of the Sample County audit program guide titled "Early Childhood Iowa Area Board".

The Sample County report illustrates an example of the reporting requirements if the County acts as the fiscal agent for an Area Board and the audit procedures are performed as part of the County's audit. The required disclosure of the financial data of the Area Board is included in Note 16 to the financial statements.

The auditor is also required to include a statutory comment on the Early Childhood Iowa Area Board, regardless of whether there are any instances of noncompliance or not. This statutory comment is included as item 2022-L in the Schedule of Findings and Questioned Costs of the Sample County report. The following is an example statutory comment if no instances of noncompliance are noted:

Early Childhood Iowa Area Board – Sample County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Custodial Funds because of the County's fiduciary relationship with the organization.

No instances of noncompliance were noted as a result of the audit procedures performed.

The Sample County report also includes an internal control deficiency for the Early Childhood Iowa Area Board, which is reported as item 2022-004 in the Schedule of Findings and Questioned Costs.

5. Section 403.19 and 403.22 of the Code of Iowa require moneys in the Special Revenue, Tax Increment Financing (TIF) Fund shall not be used for any purpose except for the payment of loans, advances, indebtedness or bonds which qualify for payment from the TIF Fund.

An audit of counties should include an examination of the County's compliance with the Tax Increment Debt Certificates Forms 1 through 3. As such, the auditor is required to include a statutory comment on the Tax Increment Financing Fund, regardless of whether there are any instances of noncompliance or not. An example to report noncompliance is included as item 2022-M in the Schedule of Findings and Questioned Costs of the Sample County report. The following is an example statutory comment if no instances on noncompliance are noted:

Tax Increment Financing – Payments from the Special Revenue, Tax Increment Financing (TIF) Fund properly included only payments for TIF loans and rebates. Also, Sample County properly completed the Tax Increment Debt Forms 1, 2 or 3, as appropriate, to certify TIF obligations (debt), to decertify TIF debt or to request a reduced distribution of TIF.

Additional Notes (continued)

6. Section 331.403(3)(a) of the Code of Iowa requires counties with urban renewal areas to approve and file an Annual Urban Renewal Report on or before December 1.

This section also requires an audit of counties to include an examination of the County's compliance with the annual urban renewal reporting requirements. As such, the auditor is required to include a statutory comment on the Annual Urban Renewal Report, regardless of whether there are any instances of noncompliance or not. An example to report noncompliance is included as item 2022-N in the Schedule of Findings and Questioned Costs of the Sample County report. The following is an example statutory comment if no instances of noncompliance are noted:

7. Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 as required by Chapter 331.403(3)(a) of the Code of Iowa and no exceptions were noted. Also attached are a sample Corrective Action Plan for Audit Findings (See **Sample A**) and a sample Summary Schedule of Prior Audit Findings (See **Sample B**). These are provided for illustrative purposes only and are not intended to match the findings shown in the sample entity nor are they required to be filed with this Office.
 8. Opioid Settlement – We expect counties will begin receiving distributions from the national opioid settlement during the subsequent fiscal year (fiscal year 2023). The Department of Management is in the process of finalizing chart of account revisions related to this settlement including the addition of a new Special Revenue Fund, Local Government Opioid Abatement Fund. The Auditor of State Office expects to include additional information and guidance as we learn more about the requirements for audit. You can find more information at the following website: [National Opioid Settlement](https://nationalopioidsettlement.com). (<https://nationalopioidsettlement.com>)
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Additional Notes (Continued)

Sample A

Sample County
Corrective Action Plan
Year ended June 30, 2022

Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title, Phone Number	Anticipated Date of Completion
2022-001	Segregation of Duties	We have reviewed procedures and plan to make the necessary changes to improve internal control.	Tom Claim, Administrator, (515) YYY-XXXX	November 2, 2022
2022-002	Financial Reporting	We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.	Joe Smith, Program Director, (515) YYY-XXXX	November 2, 2022
2022-003	Unsupported Expenditures	We will revise our procedures so documentation (e.g., invoices and timecards) is maintained to support federal expenditures. We returned the \$25,589 of questioned costs to the Iowa Economic Development Authority on November 3, 2022.	Tom Claim, Administrator, (515) YYY-XXXX	Documentation to support expenditures will be maintained effective immediately. The questioned costs were returned to the Iowa Economic Development Authority on November 3, 2022.
2022-004	Segregation of Duties over Federal Revenues	We have reviewed procedures and plan to make the necessary changes to improve internal control. Specifically, the custody, record-keeping and reconciling functions currently performed by the Deputy Treasurer will be separated and spread among the Treasurer, Deputy Treasurer and Clerk.	Julie Ledger, Treasurer, (515) YYY-XXXX	November 2, 2022
2022-005	Financial Reporting	We have implemented an independent review process which requires review by the Program Director, effective immediately. In addition, beginning with the December 2022 quarterly report, we will submit federal financial reports within the required time frame.	Joe Smith, Program Director, (515) YYY-XXXX	Review procedures have been implemented. Timely report filing will begin with the quarter ending December 2022

In accordance with Uniform Guidance Section 200.511(a), the Corrective Action Plan must include findings relating to the financial statements which are required to be reported in accordance with Government Auditing Standards.

Additional Notes (Continued)**Sample B**

Sample County
 Summary Schedule of Prior Audit Findings
 Year ended June 30, 2022

Comment Reference	Comment Title	Status	If not corrected, provide reason for finding's recurrence and planned corrective action or other explanation
2019-001 2020-001 2021-001	Minority Business Enterprise/ Women Business Enterprise (MBE/WBE)	No longer valid.	Over two years have passed since the reporting of this audit finding. The Grantor Agency has not followed up on this finding, nor has a management decision been issued on its part.
2020-002 2021-002	Segregation of Duties over Federal Revenues	Not corrected.	Limited staff resulting from staff turnover. Plan to segregate duties for custody, recordkeeping and reconciling among staff when positions are filled.
2020-003 2021-004	Capital Assets	Corrective action taken.	
2021-003	Financial Reporting	Partially corrected.	Time was necessary to develop and implement review procedures. Timely report filing will begin with the quarter ending December 2022.

In accordance with Uniform Guidance Section 200.511(a), the Summary Schedule of Prior Audit Findings must also include findings relating to the financial statements which are required to be reported in accordance with Government Auditing Standards.



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STATE OF IOWA

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Des Moines, Iowa 50319-0006
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Rob Sand
Auditor of State

NEWS RELEASE

Contact: _____

FOR RELEASE

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$_____ for the year ended June 30, 2022, a(n) ___% increase (decrease) over (from) the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$_____, a(n) ___% increase (decrease) over (from) the prior year. The significant increase (decrease) in the revenues and expenses is due primarily to _____.

AUDIT FINDINGS:

Sand reported fifteen findings related to the receipt and expenditure of taxpayer funds and two findings related to the Early Childhood Iowa Area Board (Early Childhood Board) for which the County acts as fiscal agent. They are found on pages 94 through 104 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, lack of federal procurement policies, disbursements exceeding budgeted amounts, expenditures which may not meet the public purpose criteria since the public benefit was not clearly documented and noncompliance with the restricted donor provisions of Chapter 68B of the Code of Iowa. Sand provided the County and the Early Childhood Board with recommendations to address each of these findings.

Ten of the findings discussed above which relate to the County and one finding related to the Early Childhood Board are repeated from the prior year. The County Board of Supervisors and management of the Early Childhood Board have a fiduciary responsibility to provide oversight of the County's and the Early Childhood Board's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

(NOTE to CPAs: Include significant findings, including material weaknesses, significant noncompliance and all Federal findings. Auditor judgement should be used to determine which significant deficiencies reported under Government Auditing Standards, if any, should be included.)

A copy of the audit report is available for review on the Auditor of State's web site at [Audit Reports - Auditor of State](#).

SAMPLE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

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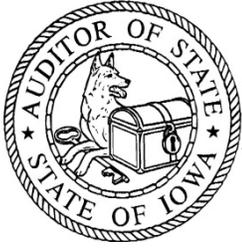
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Sample County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bob Roberts	Board of Supervisors	Jan 2023
Jill Bailey	Board of Supervisors	Jan 2025
David Cassidy	Board of Supervisors	Jan 2025
Tom Claim	County Auditor	Jan 2025
Julie Ledger	County Treasurer	Jan 2023
Susan Stamp	County Recorder	Jan 2023
Kevin Lawman	County Sheriff	Jan 2025
Dennis Lawyer	County Attorney	Jan 2023
Mark Valuer	County Assessor	Jan 2028



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

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

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Independent Auditor's Report

To the Officials of Sample County:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Sample County, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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 Sample County as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Sample County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 18 to the financial statements, Sample County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sample County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sample County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sample County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), 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 15 and 60 through 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 Sample 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, 2021 (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.

Such 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. The 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 6 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 October 21, 2022 on our consideration of Sample 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 Sample County's internal control over financial reporting and compliance.

Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

October 21, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sample 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, 2022. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, however had no effect on the beginning net position for governmental activities.
- Revenues of the County's governmental activities increased 41.6%, or approximately \$1,973,000, from fiscal year 2021 to fiscal year 2022. The County received \$1,000,000 of federal grants for the American Rescue Plan Act (ARPA). Property tax revenues increased approximately \$57,000, operating grants, contributions and restricted interest increased approximately \$124,000 and capital grants, contributions and restricted interest increased approximately \$915,000.
- Program expenses of the County's governmental activities were 17.4%, or approximately \$876,000, more in fiscal year 2022 than in fiscal year 2021. County environment and education and administration expenses increased approximately \$909,000 and \$116,000, respectively, while non-program expenses decreased approximately \$99,000.
- The County's net position increased 2.6%, or approximately \$815,000, over the June 30, 2021 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 Sample 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 Sample 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 Sample County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

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

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

Supplementary Information provides detailed information about the nonmajor governmental and the individual Custodial Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2022	2021
Current and other assets	\$ 5,729	5,295
Capital assets and net pension liability (asset)	33,374	30,327
Total assets	39,103	35,622
Deferred outflows of resources	469	359
Long-term liabilities	2,274	1,965
Other liabilities	1,456	980
Total liabilities	3,730	2,945
Deferred inflows of resources	4,208	2,217
Net position:		
Net investment in capital assets	30,998	30,123
Restricted	648	1,232
Unrestricted	(12)	(536)
Total net position	\$ 31,634	30,819

Sample County’s combined net position of governmental activities increased 1.3% (approximately \$31.6 million compared to approximately \$31.2 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 2.9%, or approximately \$875,000, over the prior year.

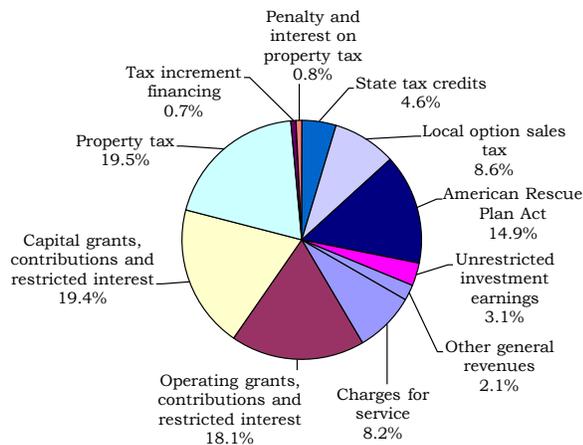
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category decreased approximately \$584,000, or 47.4%, from the prior year. This decrease is primarily due to a decrease in the amounts held at year end in the Special Revenue, Mental Health and Secondary Roads Funds.

Unrestricted net position — the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements — increased from a deficit of approximately \$113,000 at June 30, 2021 to a deficit of approximately \$12,000 at the end of this year, an increase of 89.4%. This increase is due to a decrease in the net pension liability (asset).

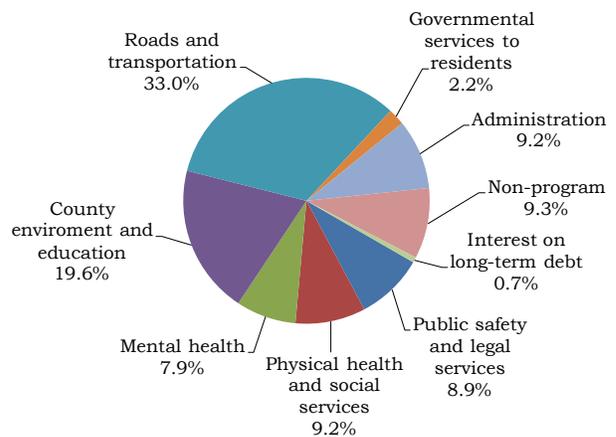
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2021	2022 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 550	407
Operating grants, contributions and restricted interest	1,213	1,089
Capital grants, contributions and restricted interest	1,305	390
General revenues:		
Property tax	1,313	1,256
Tax increment financing	49	55
Penalty and interest on property tax	54	49
State tax credits	307	330
Local option sales tax	579	579
American Rescue Plan Act	1,000	-
Unrestricted investment earnings	211	251
Other general revenues	138	340
Total revenues	6,719	4,746
Program expenses:		
Public safety and legal services	524	542
Physical health and social services	544	557
Mental health	466	425
County environment and education	1,160	251
Roads and transportation	1,948	2,034
Governmental services to residents	128	133
Administration	542	426
Non-program	548	647
Interest on long-term debt	44	13
Total expenses	5,904	5,028
Change in net position	815	(282)
Net position beginning of year, as restated	30,819	31,101
Net position end of year	\$ 31,634	30,819

Revenues by Source



Expenses by Program



Sample County's governmental activities net position increased approximately \$815,000 during the year. Revenues for governmental activities increased approximately \$1,973,000 over the prior year. The significant increase was primarily the result of federal grants for the American Rescue Plan Act (ARPA).

The County increased property tax rates for fiscal year 2022 an average of 5%. This increase, the first in three years, raised the County's property tax revenue approximately \$57,000 in fiscal year 2022. Based on increases in the total assessed valuation, property tax revenue is budgeted to increase an additional \$75,000 next year.

The County's capital grants, contributions and restricted interest increased 234.6% over the fiscal year 2021 due to an increase of \$1,000,000 in infrastructure assets contributed by the Iowa Department of Transportation. Also, other general revenues decreased approximately \$196,000, or 6.9%, from the fiscal year 2021 amount due to a decrease in insurance reimbursements.

The cost of all governmental activities this year was approximately \$5.9 million compared to approximately \$5.0 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$2.8 million because some of the cost was paid by those who directly benefited from the programs (approximately \$550,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$2,518,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2022 from approximately \$1,886,000 to approximately \$3,068,000. As discussed above, the County received contributions of roads and bridges paid for by the Iowa Department of Transportation.

INDIVIDUAL MAJOR FUND ANALYSIS

As Sample County completed the year, its governmental funds reported a combined fund balance of approximately \$2.9 million, a decrease of more than \$140,000 from last year's total of approximately \$3.0 million. 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 \$1,000,000 over the prior year due to the receipt of federal grants for ARPA. Expenditures increased approximately \$1,000,000 over the prior year as the County used the ARPA funds for broadband infrastructure, installation of an air filtration system at the County courthouse and trails projects. The ending fund balance declined approximately \$145,000, or 10.6%, from the prior year to approximately \$1,228,000.
- The Special Revenue, Mental Health Fund balance at year end decreased approximately \$138,000 from the prior year end. For the year, expenditures totaled approximately \$466,000, an increase of 24.7% over the prior year, primarily due to the elimination of this fund at June 30, 2022. The County was required by Senate File 619 to transfer the remaining fund balance to the Sample Mental health Region prior to June 30, 2022.
- There were no significant changes in revenues, expenditures and fund balance of the Special Revenue, Rural Services Fund.
- Special Revenue, Secondary Roads Fund expenditures increased approximately \$400,000 over the prior year, due principally to an increase in roadway maintenance as the County continues to aggressively upgrade the condition of the County roadway system. This increase in expenditures resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$580,000, or 11.6%.
- There were no significant changes in revenues, expenditures and fund balance of the Debt Service Fund.
- During the year ended June 30, 2022, the County issued \$1 million of general obligation bonds to help finance renovation of the County courthouse. The proceeds from the bond issue were placed in the Capital Projects Fund to account for this project. Bond proceeds of \$640,894 remained in the Capital Projects Fund at the end of the year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Sample County amended its budget two times. The first amendment was made in March 2022 and resulted in an increase in budgeted receipts and disbursements related to the ARPA funds received. The second amendment was made in June 2022. This amendment was made to provide for additional disbursements in certain County departments.

The County’s receipts were \$929,489 more than budgeted, a variance of 18.8%. The most significant variance resulted from the County receiving more in intergovernmental receipts from ARPA than anticipated.

Total disbursements were \$128,420 less than the amended budget. Actual disbursements for the physical health and social services, mental health and roads and transportation functions were \$121,195, \$80,984 and \$80,916, respectively, less than budgeted. This was primarily due to decreases in public health department disbursements related to staff turnover, a reduction in the number of mental health clients and a delay in purchasing a road grader.

Even with the budget amendments, the County exceeded the budgeted amounts in the non-program and capital projects functions for the year ended June 30, 2022. The County forwarded certain grant proceeds to the City of Anywhere without budgeting for this activity.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, Sample County had approximately \$31.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$1,491,000, or 4.9%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2022 (As Restated) *	2021
Land	\$ 611	600
Construction in progress	379	-
Buildings and improvements	565	563
Equipment and vehicles	881	466
Right-to-use leased equipment	431	49
Intangibles	23	25
Infrastructure	28,928	28,200
Total	<u>\$ 31,818</u>	<u>29,903</u>
This year's major additions included (in thousands):		
Capital assets contributed by the Iowa Department of Transportation	\$	1,000
County road reconstruction project		379
Replacement of two motor graders and other Secondary		
Roads equipment		522
Courthouse renovations		359
County Sheriff and Conservation vehicles		147
Total	<u>\$</u>	<u>2,407</u>

* Beginning capital assets were restated to implement GASB Statement No. 87, Leases.

The County had depreciation/amortization expense of \$996,618 in fiscal year 2022 and total accumulated depreciation/amortization of \$4,266,926 at June 30, 2022.

The County’s fiscal year 2022 capital budget included approximately \$1,080,000 for capital projects, principally for renovation of the County courthouse, continued upgrading of secondary roads and bridges and trail projects funded by ARPA. The County has no plans to issue additional debt to finance these projects. Rather, the County will use bond proceeds from this year and resources on hand in the County’s fund balance. More detailed information about the County’s capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2022, Sample County had approximately \$1,601,000 of general obligation bonds and other debt outstanding, compared to approximately \$627,000 at June 30, 2021, as shown below:

Outstanding Debt of Governmental Activities at Year-end (Expressed in Thousands)		
	June 30,	
	2022	2021 (As Restated)
General obligation bonds	\$ 1,000	155
Lease agreements	461	49
Drainage warrants and improvement certificates	140	-
Total	<u>\$ 1,601</u>	<u>204</u>

Debt increased as a result of issuing general obligation bonds for the courthouse renovation.

The County continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the County’s debt since 2011. 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. Sample County’s outstanding general obligation debt and tax increment financing obligations are significantly below its constitutional debt limit of approximately \$26 million. Additional information about the County’s long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Sample County’s elected and appointed officials and citizens considered many factors when setting the fiscal year 2023 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at ___% versus ___% a year ago. This compares with the State’s unemployment rate of ___% and the national rate of ___%.

These indicators were taken into account when adopting the budget for fiscal year 2023. Amounts available for appropriation (i.e., beginning balance plus revenues) in the operating budget are approximately \$7.8 million, an increase of 6.8% over the final fiscal year 2022 budget. Property tax (benefiting from a rate increase and increases in assessed valuations) and grant receipts (boosted by increased State funding in several of our current programs) are expected to lead this increase. Sample County will use these increases in receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to rise approximately \$325,000 as work continues on the courthouse renovations and roadway construction projects. Increased health care costs and increases in roadway construction and maintenance represent the largest increases. The County has added no major new programs or initiatives to the fiscal year 2023 budget.

If these estimates are realized, the County’s budgetary operating balance is expected to modestly increase by the close of fiscal year 2023.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Sample 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 Sample County Auditor's Office, 101 Main Street, City of Anywhere, Iowa 50XXX-XXXX.

Sample County

Basic Financial Statements

Sample County
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 4,055,487
Receivables:	
Property tax:	
Delinquent	95,938
Succeeding year	941,000
Succeeding year tax increment financing	60,000
Interest and penalty on property tax	3,765
Accounts	60,293
Accrued interest	18,107
Drainage assessments	126,369
Due from other governments	132,822
Lease receivable	96,248
Inventories	35,800
Prepaid insurance	103,011
Capital assets not being depreciated	990,516
Capital assets, net of accumulated depreciation/amortization	30,827,791
Net pension asset	1,556,055
Total assets	39,103,202
Deferred Outflows of Resources	
Pension related deferred outflows	372,773
OPEB related deferred outflows	96,583
Total deferred outflows of resources	469,356
Liabilities	
Accounts payable	743,738
Accrued interest payable	5,397
Salaries and benefits payable	61,896
Advances from grantors	24,380
Due to other governments	20,830
Unearned revenues	600,000
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreements	109,930
General obligation bonds	130,000
Compensated absences	40,772
Total OPEB liability	35,920
Portion due or payable after one year:	
Lease agreements	351,203
General obligation bonds	870,000
Drainage warrants/drainage improvement certificates	140,213
Total OPEB liability	595,680
Total liabilities	3,729,959
Deferred Inflows of Resources	
Lease related	96,248
Unavailable property tax revenue	941,000
Unavailable tax increment financing revenue	60,000
Pension related deferred inflows	3,111,268
Total deferred inflows of resources	4,208,516
Net Position	
Net investment in capital assets	30,998,068
Restricted for:	
Supplement levy purposes	146,607
Rural services purposes	61,100
Secondary roads purposes	245,260
Debt service	108,003
Other purposes	86,841
Unrestricted	(11,796)
Total net position	\$ 31,634,083

See notes to financial statements.

Sample County
Statement of Activities
Year ended June 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 523,693	154,498	-	100,000	(269,195)
Physical health and social services	544,030	113,350	104,306	-	(326,374)
Mental health	465,818	-	12,490	-	(453,328)
County environment and education	1,159,791	13,077	542	205,000	(941,172)
Roads and transportation	1,948,232	88,283	1,090,228	1,000,000	230,279
Governmental services to residents	127,593	60,073	-	-	(67,520)
Administration	541,325	7,363	5,314	-	(528,648)
Non-program	548,293	113,148	-	-	(435,145)
Interest on long-term debt	44,487	-	-	-	(44,487)
Total	<u>\$ 5,903,262</u>	<u>549,792</u>	<u>1,212,880</u>	<u>1,305,000</u>	<u>(2,835,590)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					1,158,085
Debt service					154,358
Tax increment financing					49,000
Penalty and interest on property tax					54,337
State tax credits and replacements					306,803
Local option sales tax					579,180
American Rescue Plan Act					1,000,000
Unrestricted investment earnings					211,173
Miscellaneous					138,040
Total general revenues					<u>3,650,976</u>
Change in net position					815,386
Net position beginning of year, as restated					<u>30,818,697</u>
Net position end of year					<u>\$ 31,634,083</u>

See notes to financial statements.

Sample County
Balance Sheet
Governmental Funds

June 30, 2022

	Special Revenue			
	General	Rural Services	Secondary Roads	Debt Service
Assets				
Cash, cash equivalents and pooled investments	\$ 1,807,184	49,955	921,813	109,350
Receivables:				
Property tax:				
Delinquent	48,973	42,915	-	4,050
Succeeding year	645,000	168,000	-	128,000
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	3,765	-	-	-
Accounts	9,940	-	12,981	-
Accrued interest	18,107	-	-	-
Drainage assessments	-	-	-	-
Due from other funds	-	-	29,261	-
Due from other governments	31,909	16,501	84,412	-
Lease receivable	96,248	-	-	-
Inventories	-	-	35,800	-
Prepaid insurance	81,011	-	22,000	-
Total assets	\$ 2,742,137	277,371	1,106,267	241,400
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 21,627	6,998	282,412	-
Salaries and benefits payable	38,251	348	23,297	-
Advances from grantors	-	-	24,380	-
Due to other funds	29,411	-	-	-
Due to other governments	20,592	-	238	-
Unearned revenues	600,000	-	-	-
Total liabilities	709,881	7,346	330,327	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	645,000	168,000	-	128,000
Succeeding year tax increment financing	-	-	-	-
Other	62,856	39,089	-	3,645
Lease related	96,248	-	-	-
Total deferred inflows of resources	804,104	207,089	-	131,645
Fund balances:				
Nonspendable:				
Inventories	-	-	35,800	-
Prepaid insurance	81,011	-	22,000	-
Restricted for:				
Supplemental levy purposes	111,627	32,980	-	-
Rural services purposes	-	29,956	-	-
Secondary roads purposes	-	-	718,140	-
Drainage warrants/drainage improvement certificates	-	-	-	-
Conservation land acquisition	3,430	-	-	-
Debt service	-	-	-	109,755
Capital projects	-	-	-	-
Other purposes	7,158	-	-	-
Committed for capital projects	-	-	-	-
Assigned for Sheriff's vehicles	50,000	-	-	-
Unassigned	974,926	-	-	-
Total fund balances	1,228,152	62,936	775,940	109,755
Total liabilities, deferred inflows of resources and fund balances	\$ 2,742,137	277,371	1,106,267	241,400

See notes to financial statements.

Capital Projects	Nonmajor	Total
1,050,750	26,885	3,965,937
-	-	95,938
-	-	941,000
-	60,000	60,000
-	-	3,765
23,110	-	46,031
-	-	18,107
-	126,369	126,369
-	150	29,411
-	-	132,822
-	-	96,248
-	-	35,800
-	-	103,011
1,073,860	213,404	5,654,439

377,966	2,035	691,038
-	-	61,896
-	-	24,380
-	-	29,411
-	-	20,830
-	-	600,000
377,966	2,035	1,427,555

-	-	941,000
-	60,000	60,000
-	119,528	225,118
-	-	96,248
-	179,528	1,322,366

-	-	35,800
-	-	103,011
-	-	144,607
-	-	29,956
-	-	718,140
-	20,685	20,685
-	-	3,430
-	-	109,755
640,894	-	640,894
-	11,156	18,314
55,000	-	55,000
-	-	50,000
-	-	974,926
695,894	31,841	2,904,518
1,073,860	213,404	5,654,439

Sample County

Sample County
 Reconciliation of the Balance Sheet -
 Governmental Funds to the Statement of Net Position

June 30, 2022

Total governmental fund balances (page 21) \$ 2,904,518

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$36,085,233 and the accumulated depreciation/amortization is \$4,266,926. 31,818,307

Other long-term assets are not available to pay current year expenditures, as follows:

Deferred inflows of resources	\$ 225,118	
Net pension asset	<u>1,556,055</u>	1,781,173

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 51,112

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	\$ 469,356	
Deferred inflows of resources	<u>(3,111,268)</u>	(2,641,912)

Long-term liabilities, including lease agreements payable, bonds payable, compensated absences payable, drainage warrants/drainage improvement certificates payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (2,279,115)

Net position of governmental activities (page 18) \$ 31,634,083

See notes to financial statements.

Sample County

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

Year ended June 30, 2022

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 590,203	285,468	278,681	-
Tax increment financing	-	-	-	-
Local option sales tax	289,590	-	289,590	-
Interest and penalty on property tax	54,093	-	-	-
Intergovernmental	1,764,204	41,883	107,338	1,131,943
Licenses and permits	4,280	-	-	700
Charges for service	113,692	-	-	32,160
Use of money and property	182,499	-	-	2,550
Fines, forfeitures and defaults	9,878	-	-	-
Miscellaneous	86,591	-	-	10,849
Total revenues	3,095,030	327,351	675,609	1,178,202
Expenditures:				
Operating:				
Public safety and legal services	525,514	-	-	-
Physical health and social services	547,808	-	-	-
Mental health	-	465,818	-	-
County environment and education	670,769	-	85,747	-
Roads and transportation	-	-	-	2,243,010
Governmental services to residents	115,656	-	-	-
Administration	573,047	-	-	-
Non-program	386,410	-	-	-
Debt service	-	-	-	105,800
Capital projects	372,535	-	-	469,566
Total expenditures	3,191,739	465,818	85,747	2,818,376
Excess (deficiency) of revenues over (under) expenditures	(96,709)	(138,467)	589,862	(1,640,174)
Other financing sources (uses):				
Sale of capital assets	1,630	-	-	-
Transfers in	-	-	-	636,299
Transfers out	(50,139)	-	(586,160)	-
Lease agreements	-	-	-	423,800
General obligation bonds issued	-	-	-	-
Drainage warrants/drainage improvement certificates issued	-	-	-	-
Total other financing sources (uses)	(48,509)	-	(586,160)	1,060,099
Change in fund balances	(145,218)	(138,467)	3,702	(580,075)
Fund balances beginning of year	1,373,370	138,467	59,234	1,356,015
Fund balances end of year	\$ 1,228,152	-	62,936	775,940

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
154,311	-	-	1,308,663
-	-	49,000	49,000
-	-	-	579,180
-	-	-	54,093
17,689	-	-	3,063,057
-	-	-	4,980
-	-	13,500	159,352
5,458	19,417	91	210,015
-	-	-	9,878
-	55,943	83,508	236,891
177,458	75,360	146,099	5,675,109
-	-	-	525,514
-	-	-	547,808
-	-	-	465,818
-	-	49,000	805,516
-	-	-	2,243,010
-	-	11,050	126,706
-	-	-	573,047
-	-	210,883	597,293
170,043	-	-	275,843
-	379,466	-	1,221,567
170,043	379,466	270,933	7,382,122
7,415	(304,106)	(124,834)	(1,707,013)
-	-	-	1,630
-	-	-	636,299
-	-	-	(636,299)
-	-	-	423,800
-	1,000,000	-	1,000,000
-	-	140,213	140,213
-	1,000,000	140,213	1,565,643
7,415	695,894	15,379	(141,370)
102,340	-	16,462	3,045,888
109,755	695,894	31,841	2,904,518

Sample County

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

Year ended June 30, 2022

**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	\$ 1,489,521	
Capital assets contributed by the Iowa Department of Transportation	1,000,000	
Right-to-use leased capital assets	423,800	
Depreciation/amortization expense	<u>(996,618)</u>	1,916,703

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (1,630)

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	3,780	
Other	<u>2,645</u>	6,425

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 issuances exceeded repayments, as follows:

Issued	(1,564,013)	
Repaid	<u>166,696</u>	(1,397,317)

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. 288,150

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	(10,312)	
Pension expense	264,033	
OPEB expense	(136,917)	
Interest on long-term debt	<u>(4,143)</u>	112,661

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 31,764

Change in net position of governmental activities (page 19) \$ 815,386

See notes to financial statements.

Sample County
Statement of Net Position
Proprietary Fund

June 30, 2022

	<u>Internal Service-Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 89,550
Accounts receivable	<u>14,262</u>
Total assets	103,812
Liabilities	
Accounts payable	<u>52,700</u>
Net Position	
Restricted for employee health	<u>\$ 51,112</u>

See notes to financial statements.

Sample County

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

Year ended June 30, 2022

		<u>Internal Service-Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 184,313
Reimbursements from employees and others		71,715
Insurance reimbursements		<u>14,262</u>
Total operating revenues		270,290
Operating expenses:		
Medical claims	\$ 189,500	
Insurance premiums	42,152	
Administrative fees	5,700	
Miscellaneous	<u>2,332</u>	<u>239,684</u>
Operating income		30,606
Non-operating revenues:		
Interest income		<u>1,158</u>
Net income		31,764
Net position beginning of year		<u>19,348</u>
Net position end of year		<u>\$ 51,112</u>

See notes to financial statements.

Sample County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2022

		Internal Service-Employee Group Health
Cash flows from operating activities:		
Cash received from operating fund reimbursements	\$	184,313
Cash received from employees and others		71,715
Cash paid to suppliers for services		(230,284)
Net cash provided by operating activities		25,744
Cash flows from investing activities:		
Interest on investments		1,158
Net increase in cash and cash equivalents		26,902
Cash and cash equivalents beginning of year		62,648
Cash and cash equivalents end of year	\$	89,550
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$	30,606
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Accounts receivable		(14,262)
Accounts payable		9,400
Net cash provided by operating activities	\$	25,744

See notes to financial statements.

Sample County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2022

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 274,468
Other County officials	6,503

Property tax receivable:

Delinquent	406,661
Succeeding year	5,770,000

Due from other governments	<u>19,761</u>
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Total assets6,477,393**Liabilities**

Accounts payable	1,189
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Salaries and benefits payable	2,336
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Due to other governments	129,406
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Trusts payable	38,462
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Compensated absences	<u>894</u>
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Total liabilities172,287**Deferred Inflows of Resources**

Unavailable property tax revenue	<u>5,770,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 535,106</u>
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See notes to financial statements.

Sample County
 Statement of Changes in Fiduciary Net Position
 Custodial Funds

Year Ended June 30, 2022

Additions:	
Property and other county tax	\$ 5,805,562
911 surcharge	105,430
State tax credits	901,757
Drivers license fees	28,362
Office fees and collections	84,785
Auto licenses, use tax and postage	915,889
Assessments	13,487
Trusts	293,326
Miscellaneous	<u>221,226</u>
Total additions	<u>8,369,824</u>
Deductions:	
Agency remittances:	
To other funds	69,770
To other governments	7,954,390
Trusts paid out	<u>311,432</u>
Total deductions	<u>8,335,592</u>
Change in net position	34,232
Net position beginning of year	<u>500,874</u>
Net position end of year	<u><u>\$ 535,106</u></u>

See notes to financial statements.

Sample County

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

Sample 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, Sample 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 Sample 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.

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

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: County Assessor's Conference Board, County Emergency Management Commission, County Public Safety Commission and 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 Custodial Funds of the County.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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 becomes 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, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2021.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, 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 (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) 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. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	25,000
Right-to-use leased assets	5,000
Equipment and vehicles	5,000

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment and infrastructure are depreciated/amortized using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Right-to-use leased assets	2 - 20
Equipment	2 - 20
Vehicles	3 - 10

Leases – **County as Lessee:** Sample County is the lessee for a noncancellable lease of equipment. The County has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payment expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Sample County determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Sample County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

County as Lessor: Sample County is a lessor for a noncancellable lease of farmland. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Sample County determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Sample County uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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.

Unearned Revenue – 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. Unearned revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the County has not made a qualifying expenditure. Unearned revenue consists of unspent American Rescue Plan Act proceeds.

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 sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2022. 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 (asset), 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 (asset) 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 related to OPEB and OPEB expense, information has been determined based on the Sample 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 expense, the unamortized portion of the net difference between projected and actual earnings on pension plan assets and deferred amounts related to leases.

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, disbursements exceeded the amounts budgeted in the non-program and capital projects functions and disbursements in certain departments exceeded the amounts appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

The County’s deposits in banks at June 30, 2022 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.

At June 30, 2022, the County had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
Federal National Mortgage Association (FNMA)	<u>\$ 203,987</u>	October 2022

The County uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the FNMA securities of \$203,987 was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

In addition, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$505,000. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County’s investment in IPAIT is unrated.

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

Credit risk – The County’s FNMA investment at June 30, 2022 is rated Aaa by Moody’s Investors Service. The investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk – The County places no limit on the amount which may be invested in any one issuer. More than 5% of the County’s investments are in the Federal National Mortgage Association. The County’s investment in the Federal National Mortgage Association is 28.77% of the County’s total investments.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2022 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 29,261
County Recorder's Records Management	General	<u>150</u>
Total		<u>\$ 29,411</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 50,139
	Special Revenue:	
	Rural Services	<u>586,160</u>
Total		<u>\$ 636,299</u>

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

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2022 was as follows:

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 600,250	10,800	-	611,050
Construction in progress	-	1,707,466	(1,328,000)	379,466
Total capital assets not being depreciated/amortized	600,250	1,718,266	(1,328,000)	990,516
Capital assets being depreciated/amortized:				
Buildings	1,102,636	25,745	-	1,128,381
Improvements other than buildings	22,793	-	-	22,793
Equipment and vehicles	1,404,536	745,510	(57,719)	2,092,327
Right-to-use leased building	-	423,800	-	423,800
Right-to-use leased equipment	49,416	-	-	49,416
Intangibles	50,000	-	-	50,000
Infrastructure, road network	30,000,000	1,328,000	-	31,328,000
Total capital assets being depreciated/amortized	32,629,381	2,523,055	(57,719)	35,094,717
Less accumulated depreciation/amortization for:				
Buildings	553,315	22,568	-	575,883
Improvements other than buildings	9,400	456	-	9,856
Equipment and vehicles	938,682	328,773	(56,089)	1,211,366
Right-to-use leased assets	-	42,321	-	42,321
Intangibles	25,000	2,500	-	27,500
Infrastructure, road network	1,800,000	600,000	-	2,400,000
Total accumulated depreciation/amortization	3,326,397	996,618	(56,089)	4,266,926
Total capital assets being depreciated/amortized, net	29,302,984	1,526,437	(1,630)	30,827,791
Governmental activities capital assets, net	\$ 29,903,234	3,244,703	(1,329,630)	31,818,307

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 41,716
Physical health and social services	8,353
Mental health	1,480
County environment and education	6,711
Roads and transportation	881,070
Governmental services to residents	735
Administration	56,553
Total depreciation/amortization expense - governmental activities	\$ 996,618

(6) County Farm Lease Receivable

The County owns the Sample County Farm (Farm). Effective March 1, 2021, the County entered into a three-year lease with Sample Community College (College) whereby College operates the Farm. The County is to receive \$66,100 in land and building rent annually with an implicit rate of 3.0%.

Year Ending June 30,	Amount
2023	\$ 66,100
2024	<u>33,050</u>
Total	99,150
Less interest	<u>(2,902)</u>
Present value	<u>\$ 96,248</u>

(7) 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, 2022 is as follows:

Fund	Description	Amount
General	Services	\$ 20,592
Special Revenue:		
Mental Health	Services	23,432
Secondary Roads	Services	<u>238</u>
Total for governmental funds		<u>\$ 44,262</u>
Custodial:		
County Offices	Collections	\$ 1,371
Schools		357,590
Corporations		69,412
Auto License and Use Tax		71,593
All other		<u>29,370</u>
Total for custodial funds		<u>\$ 529,336</u>

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	Lease Agreements	General Obligation Bonds	Direct Borrowing Drainage Warrants	Direct Borrowing Drainage Improvement Certificates	Compensated Absences	Net Pension Liability (asset)	Total OPEB Liability	Total
Balance beginning of year, restated	\$ 49,416	155,000	-	-	30,460	1,256,694	473,700	1,965,270
Increases	423,800	1,000,000	118,948	21,265	47,812	-	233,500	1,845,325
Decreases	12,083	155,000	-	-	37,500	2,812,749	75,600	3,092,932
Balance end of year	<u>\$ 461,133</u>	<u>1,000,000</u>	<u>118,948</u>	<u>21,265</u>	<u>40,772</u>	<u>(1,556,055)</u>	<u>631,600</u>	<u>717,663</u>
Due within one year	<u>\$ 109,840</u>	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>40,772</u>	<u>-</u>	<u>35,920</u>	<u>316,532</u>

Lease Agreements

On May 25, 2021, the County entered into a lease agreement for printer system. An initial lease liability was recorded in the amount of \$50,000. The agreement requires annual payments of \$14,000 over 4 years with an initial payment made June 1, 2021 for \$861, with an implicit interest rate of 4.46% and final payment due June 1, 2025.

On June 1, 2022, the County entered into a lease agreement for public health office building rental with an initial lease liability of \$423,800. The agreement requires annual payments of \$120,904 over 4 years, with an implicit interest rate of 5.5% and final payment due June 1, 2026.

Future principal and interest lease payments as of June 30, 2022 are as follows:

Year Ending June 30,	Printer System			Office Building			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 12,335	1,665	14,000	\$ 97,595	23,309	120,904	\$ 109,930	24,974	134,904
2024	12,885	1,115	14,000	102,963	17,941	120,904	115,848	19,056	134,904
2025	12,113	540	12,653	108,626	12,278	120,904	120,739	12,818	133,557
2026	-	-	-	114,616	6,288	120,904	114,616	6,288	120,904
Totals	<u>\$ 37,333</u>	<u>3,320</u>	<u>40,653</u>	<u>\$ 423,800</u>	<u>59,816</u>	<u>483,616</u>	<u>\$ 461,133</u>	<u>63,136</u>	<u>524,269</u>

Bonds Payable

On June 10, 2011, the County issued \$4,750,000 of general obligation bonds, Series A, 2011A, with interest rates ranging from 5.00-9.00% per annum. The bonds were issued to provide funds to help defray the costs associated with jail improvements project. During the year ended June 30, 2022, the County retired the final payment of \$155,000 in principal and interest of \$13,950 on the bonds.

On December 5, 2021, the County issued \$1,000,000 of general obligation bonds, Series A, 2021A, with interest rates ranging from 2.00-3.00% per annum. The bonds were issued to provide funds to help defray the costs associated with the courthouse renovation project. During the year ended June 30, 2021, the County made no principal payments and paid interest of \$14,548 on the bonds. A summary of the County's June 30, 2022 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Courthouse Renovations Issued December 1, 2021			
	Interest Rates	Principal	Interest	Total
2023	2.00%	\$ 130,000	30,000	160,000
2024	2.30	130,000	26,100	156,100
2025	2.50	140,000	22,200	162,200
2026	2.75	140,000	18,000	158,000
2027	3.00	150,000	13,800	163,800
2028-2032	3.00	310,000	14,100	324,100
Total		\$ 1,000,000	124,200	1,124,200

Drainage Warrants/Drainage Improvement Certificates Payable – Direct Borrowing

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

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

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

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

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

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

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

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 2022, 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 9.01% of covered payroll, for a total rate of 18.02%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County's contributions to IPERS for the year ended June 30, 2022 totaled \$288,150.

Net Pension Liability (Asset), Pension Expense (Income), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County reported a net pension liability (asset) of \$1,556,055 for its proportionate share of the collective net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021 and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the County's proportion was 0.045073%, which was an increase of 0.011388% over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (income) of \$(264,033). At June 30, 2022, 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	\$ 25,263	20,660
Changes of assumptions	46,037	12,536
Net difference between projected and actual earnings on IPERS' investments	-	2,992,496
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	13,323	85,576
County contributions subsequent to the measurement date	288,150	-
Total	\$ 372,773	3,111,268

\$288,150 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 (asset) in the year ending June 30, 2023. 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
2022	\$ (1,061,625)
2023	(914,175)
2024	(731,062)
2025	(40,800)
2026	9,167
Total	\$ (2,738,495)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability (asset) in the June 30, 2021 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, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 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 geometric 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%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability (asset) 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 (asset).

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability (asset) 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 (asset)	\$ 2,349,086	(1,556,055)	(4,827,312)

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, 2022.

(10) 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 Sample 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>127</u>
Total	<u>130</u>

Total OPEB Liability – The County's total OPEB liability of \$631,600 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 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, 2022)	3.25% per annum.
Rates of salary increase (effective June 30, 2022)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2022)	2.19% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	8.00% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.19% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Public Plan 2010 tables. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 473,700
Changes for the year:	
Service cost	104,829
Interest	21,463
Differences between expected and actual experiences	104,207
Changes in assumptions	3,001
Benefit payments	<u>(75,600)</u>
Net changes	<u>157,900</u>
Total OPEB liability end of year	<u>\$ 631,600</u>

Changes of assumptions reflect a change in the discount rate from 2.66% in fiscal year 2021 to 2.19% in fiscal year 2022.

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 (1.19%) or 1% higher (3.19%) than the current discount rate.

	1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
Total OPEB liability	\$ 675,812	631,600	587,388

Sensitivity of the County’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
 – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates.

	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB liability	\$ 555,808	631,600	707,392

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized OPEB expense of \$136,917. At June 30, 2022, the County reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 93,879
Changes in assumptions	2,704
Total	<u>\$ 96,583</u>

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

Year ending June 30,	Amount
2023	\$ 10,625
2024	10,625
2025	10,625
2026	10,625
2027	10,625
Thereafter	43,458
	<u>\$ 96,583</u>

(11) 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 794 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, employment practices liability, public officials liability and police professional liability. 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, 2022 were \$55,989.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, 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, 2022, no liability has been recorded in the County's financial statements. As of June 30, 2022, 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.

(12) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$20,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2022 was \$184,313.

Amounts payable from the Employee Group Health Fund at June 30, 2022 total \$52,700, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$51,112 at June 30, 2022 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 43,300
Incurred claims (including claims incurred but not reported at June 30, 2022)	189,500
Payments:	
Payment on claims during the year	<u>180,100</u>
Unpaid claims end of year	<u>\$ 52,700</u>

(13) Development Agreement

The County has entered into a development agreement to assist with an urban renewal project. The agreement requires the County to rebate 100% of the incremental property tax paid by Sample County Rural Cooperative Inc., up to a maximum of \$60,000 per year, in exchange for the costs of certain improvements. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated to Sample County Rural Cooperative, Inc. for a period not to exceed 10 years or in a cumulative amount not to exceed a total of \$500,000. The payments will be made on December 1 and June 1 of each fiscal year, beginning on December 1, 2018.

The total rebated during the year ended June 30, 2022 was \$49,000 and the cumulative rebated amount is \$49,000.

(14) Tax Abatements

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

County Tax Abatements

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

For the year ended June 30, 2022, \$4,500 of property tax was diverted from the County under the County's urban renewal development agreement.

Tax Abatements of Other Entities

Other entities within the County also provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Anywhere offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Anywhere	Urban renewal and economic development projects	\$ 25,000
	Chapter 404 tax abatement program	5,000
City of Somewhere	Urban renewal and economic development projects	15,000
City of Everywhere	Urban renewal and economic development projects	10,000

(15) Construction Commitment

The County has entered into contracts totaling \$972,600 for Courthouse renovation. As of June 30, 2022, costs of \$362,750 on the project have been incurred. The \$609,850 balance remaining on the project at June 30, 2022 will be paid as work on the project progresses.

(16) Early Childhood Iowa Area Board

The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Custodial Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2022 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early childhood	\$ 22,637	-	22,637
Quality improvement	-	15,898	15,898
Allocation for administration	2,770	4,934	7,704
School ready general use	-	83,369	83,369
Total state grants	25,407	104,201	129,608
Interest on investments	18	170	188
Total revenues	25,425	104,371	129,796
Expenditures:			
Program services:			
Early childhood	25,660	-	25,660
Quality improvement	-	17,044	17,044
School ready general use	-	111,379	111,379
Total program services	25,660	128,423	154,083
Administration	2,567	8,587	11,154
Total expenditures	28,227	137,010	165,237
Change in fund balance	(2,802)	(32,639)	(35,441)
Net position beginning of year	2,924	33,130	36,054
Net position end of year	\$ 122	491	613

Findings related to the operations of the Early Childhood Iowa Area Board are included as items 2022-004 and 2022-J in the Schedule of Findings and Questioned Costs.

(17) County Financial Information Included in the Sample Mental Health Region

Sample Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Member County A, Member County B, Member County C, Member County D, Member County E and Sample County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Sample Mental Health Region for the year ended June 30, 2022, as follows:

Revenues:		
Property and other county tax		\$ 285,468
Intergovernmental revenues:		
State tax credits	\$ 21,125	
Payments from regional fiscal agent	<u>20,758</u>	41,883
Charges for service		-
Use of money and property		-
Miscellaneous		<u>-</u>
Total revenues		<u>327,351</u>
Expenditures:		
Services to persons with:		
Mental illness	4,000	
Intellectual disabilities	5,826	
Other developmental disabilities	-	
Brain injury	<u>-</u>	9,826
General administration:		
Direct administration	120,960	
Purchased administration	-	
Distribution to regional fiscal agent	<u>335,032</u>	455,992
County provided case management		-
County provided services		<u>-</u>
Total expenditures		<u>465,818</u>
Excess of expenditures over revenues		(138,467)
Fund balance beginning of year		<u>138,467</u>
Fund balance end of year		<u>\$ -</u>

Note: The displayed captions identify the total range of information which could be reported. As usual, items without dollar values should be deleted. In addition, if the Mental Health Fund is not reported as a major fund on Exhibit C, the footnote disclosure should include the balance sheet for the Mental Health Fund.

(18) Accounting Change

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Capital Assets	Long-term Liabilities Lease Agreements
Balances June 30, 2021, as previously reported	\$ 29,853,818	-
Change to implement GASBS No. 87	49,416	49,416
Balances July 1, 2021, as restated	\$ 29,903,234	49,416

Required Supplementary Information

Sample 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, 2022

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 1,785,708	-	1,785,708
Interest and penalty on property tax	56,505	-	56,505
Intergovernmental	3,470,609	-	3,470,609
Licenses and permits	4,980	-	4,980
Charges for service	163,852	-	163,852
Use of money and property	187,140	-	187,140
Miscellaneous	277,600	79,952	197,648
Total receipts	5,946,394	79,952	5,866,442
Disbursements:			
Public safety and legal services	457,082	-	457,082
Physical health and social services	458,860	-	458,860
Mental health	417,991	-	417,991
County environment and education	672,270	-	672,270
Roads and transportation	1,399,299	-	1,399,299
Governmental services to residents	102,708	-	102,708
Administration	585,995	-	585,995
Non-program	560,020	208,948	351,072
Debt service	275,843	-	275,843
Capital projects	1,178,725	-	1,178,725
Total disbursements	6,108,793	208,948	5,899,845
Deficiency of receipts under disbursements	(162,399)	(128,996)	(33,403)
Other financing sources, net	1,607,358	140,213	1,467,145
Change in balances	1,444,959	11,217	1,433,742
Balance beginning of year	2,520,978	4,562	2,516,416
Balance end of year	\$ 3,965,937	15,779	3,950,158

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
1,836,173	1,836,173	(50,465)
54,255	54,255	2,250
1,856,547	2,586,200	884,409
5,000	5,000	(20)
123,900	162,800	1,052
105,050	150,300	36,840
65,936	142,225	55,423
4,046,861	4,936,953	929,489
422,500	471,014	13,932
578,055	580,055	121,195
495,000	498,975	80,984
177,500	679,399	7,129
1,319,344	1,480,215	80,916
112,907	113,962	11,254
448,500	627,965	41,970
150,000	220,800	(130,272)
276,800	276,800	957
945,000	1,078,900	(99,825)
4,925,606	6,028,085	128,240
(878,745)	(1,091,132)	1,057,729
1,000,000	1,465,515	1,630
121,255	374,383	1,059,359
2,700,659	2,886,300	(369,884)
2,821,914	3,260,683	689,475

Sample County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2022

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	<u>Basis</u>	<u>Adjustments</u>	<u>Basis</u>
Revenues	\$ 5,946,394	(271,285)	5,675,109
Expenditures	6,108,793	1,273,329	7,382,122
Net	(162,399)	(1,544,614)	(1,707,013)
Other financing sources, net	1,607,358	(41,715)	1,565,643
Beginning fund balances	2,520,978	524,910	3,045,888
Ending fund balances	<u>\$ 3,965,937</u>	<u>(1,061,419)</u>	<u>2,904,518</u>

See accompanying independent auditor's report.

Sample County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2022

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 Custodial Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,102,479. 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, 2022, disbursements exceeded the amounts budgeted in the non-program and capital projects functions and disbursements in certain departments exceeded the amounts appropriated.

Sample County

Schedule of County Proportionate Share of the Net Pension Liability (Asset)

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

Required Supplementary Information

	2022	2021	2020	2019
County's proportion of the net pension liability (asset)	0.045073%	0.033685%	0.031687%	0.036871%
County's proportionate share of the net pension liability (asset)	\$ (1,556)	1,639	1,257	1,462
County's covered payroll	\$ 3,008	2,965	2,818	2,876
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-51.73%	55.28%	44.61%	50.83%
IPERS' net position as a percentage of the total pension liability (asset)	100.81%	82.90%	85.45%	83.62%

* 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.

2018	2017	2016	2015
0.034732%	0.034361%	0.033994%	0.033875%
1,285	1,264	1,243	1,224
2,724	2,486	2,139	1,944
47.17%	50.84%	58.11%	62.96%
82.21%	81.82%	85.19%	87.61%

Sample County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 288	284	282	270
Contributions in relation to the statutorily required contribution	<u>(288)</u>	<u>(284)</u>	<u>(282)</u>	<u>(270)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 3,074	3,008	2,965	2,818
Contributions as a percentage of covered payroll	9.37%	9.44%	9.51%	9.58%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
262	249	228	197	179	166
(262)	(249)	(228)	(197)	(179)	(166)
-	-	-	-	-	-
2,876	2,724	2,486	2,139	1,944	1,836
9.11%	9.14%	9.17%	9.21%	9.21%	9.04%

Sample County

Sample County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2022

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.

Sample County

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

For the Last Five Years
Required Supplementary Information

	2022	2021	2020
Service cost	\$ 104,829	42,557	38,218
Interest cost	21,463	16,098	11,086
Difference between expected and actual experiences	104,207	21,206	43,208
Changes in assumptions	3,001	7,253	6,942
Benefit payments	(75,600)	(64,633)	(57,642)
Net change in total OPEB liability	157,900	22,481	41,812
Total OPEB liability beginning of year	473,700	451,219	409,407
Total OPEB liability end of year	\$ 631,600	473,700	451,219
Covered-employee payroll	\$ 3,146,382	3,139,894	3,098,725
Total OPEB liability as a percentage of covered-employee payroll	20.1%	15.1%	14.6%

See accompanying independent auditor's report.

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

The 2021 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2021:

- Changed mortality assumptions to the SOA Public Plan 2010 tables.

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, 2022	2.19%
Year ended June 30, 2021	2.66%
Year ended June 30, 2020	3.51%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	4.50%
Year ended June 30, 2017	4.25%

<u>2019</u>	<u>2018</u>
52,190	68,116
5,839	9,842
11,548	13,549
9,673	(3,251)
<u>(56,879)</u>	<u>(43,018)</u>
22,371	45,238
<u>387,036</u>	<u>341,798</u>
<u>409,407</u>	<u>387,036</u>
3,080,510	3,082,670
13.3%	12.6%

Sample County

Supplementary Information

Sample County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2022

	County Recorder's Records Management	Drainage Districts	Special Tax Increment Financing
Assets			
Cash, cash equivalents and pooled investments	\$ 7,450	15,779	-
Receivables:			
Succeeding year tax increment financing	-	-	60,000
Drainage assessments	-	126,369	-
Due from other funds	150	-	-
Total assets	\$ 7,600	142,148	60,000
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 100	1,935	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year tax increment financing	-	-	60,000
Other	-	119,528	-
Total deferred inflows of resources	-	119,528	60,000
Fund balances:			
Restricted for:			
Drainage warrants/drainage improvement certificates	-	20,685	-
Other purposes	7,500	-	-
Total fund balances	7,500	20,685	-
Total liabilities, deferred inflows of resources and fund balances	\$ 7,600	142,148	60,000

See accompanying independent auditor's report.

Revenue

Memorial Trust	Total
3,656	26,885
-	60,000
-	126,369
-	150
<u>3,656</u>	<u>213,404</u>

-	2,035
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-	60,000
-	<u>119,528</u>
-	<u>179,528</u>

-	20,685
<u>3,656</u>	<u>11,156</u>
<u>3,656</u>	<u>31,841</u>
<u>3,656</u>	<u>213,404</u>

Sample County

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

Year ended June 30, 2022

	County Recorder's Records Management	Drainage Districts	Special Tax Increment Financing
Revenues:			
Tax increment financing	\$ -	-	49,000
Charges for service	13,500	-	-
Use of money and property	50	-	-
Miscellaneous	-	80,793	-
Total revenues	<u>13,550</u>	<u>80,793</u>	<u>49,000</u>
Expenditures:			
Operating:			
County environment and education	-	-	49,000
Governmental services to residents	11,050	-	-
Non-program	-	210,883	-
Total expenditures	<u>11,050</u>	<u>210,883</u>	<u>49,000</u>
Excess (deficiency) of revenues over (under) expenditures	2,500	(130,090)	-
Other financing sources:			
Drainage warrants/drainage improvement certificates issued	-	140,213	-
Change in fund balances	2,500	10,123	-
Fund balances beginning of year	5,000	10,562	-
Fund balances end of year	<u>\$ 7,500</u>	<u>20,685</u>	<u>-</u>

See accompanying independent auditor's report.

Revenue

Memorial Trust	Total
-	49,000
-	13,500
41	91
2,715	83,508
<u>2,756</u>	<u>146,099</u>
-	49,000
-	11,050
-	<u>210,883</u>
-	<u>270,933</u>
2,756	(124,834)
-	<u>140,213</u>
2,756	15,379
900	16,462
<u>3,656</u>	<u>31,841</u>

Sample County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	546	101,276	43,380
Other County officials	6,503	-	-	-
Receivables:				
Property tax:				
Delinquent	-	3,695	6,569	314,210
Succeeding year	-	53,000	119,000	4,500,000
Due from other governments	-	-	-	-
Total assets	6,503	57,241	226,845	4,857,590
Liabilities				
Accounts payable	-	-	923	-
Salaries and benefits payable	-	-	586	-
Due to other governments	1,371	546	-	43,380
Trusts payable	5,132	-	-	-
Compensated absences	-	-	328	-
Total liabilities	6,503	546	1,837	43,380
Deferred Inflows of Resources				
Unavailable revenues	-	53,000	119,000	4,500,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	3,695	106,008	314,210

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
1,985	9,749	782	71,593	45,157	274,468
-	-	-	-	-	6,503
15,127	59,663	7,235	-	162	406,661
195,000	810,000	91,000	-	2,000	5,770,000
-	-	-	-	19,761	19,761
212,112	879,412	99,017	71,593	67,080	6,477,393
-	-	-	-	266	1,189
-	-	-	-	1,750	2,336
1,985	9,749	782	71,593	-	129,406
-	-	-	-	33,330	38,462
-	-	-	-	566	894
1,985	9,749	782	71,593	35,912	172,287
195,000	810,000	91,000	-	2,000	5,770,000
15,127	59,663	7,235	-	29,168	535,106

Sample County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	52,875	121,786	4,537,060
911 surcharge	-	-	-	-
State tax credits	-	8,585	14,436	688,188
Drivers license fees	-	-	-	-
Office fees and collections	84,785	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	66,773	-	-	-
Miscellaneous	-	-	258	-
Total additions	151,558	61,460	136,480	5,225,248
Deductions:				
Agency remittances:				
To other funds	41,060	-	-	-
To other governments	42,857	60,985	132,346	5,186,568
Trusts paid out	67,641	-	-	-
Total deductions	151,558	60,985	132,346	5,186,568
Changes in net position	-	475	4,134	38,680
Net position beginning of year	-	3,220	101,874	275,530
Net position end of year	\$ -	3,695	106,008	314,210

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
195,411	806,129	90,328	-	-	1,973	5,805,562
-	-	-	-	-	105,430	105,430
31,646	145,039	13,507	-	-	356	901,757
-	-	-	-	28,362	-	28,362
-	-	-	-	-	-	84,785
-	-	-	-	913,111	2,778	915,889
-	-	-	13,487	-	-	13,487
-	-	-	-	-	226,553	293,326
-	-	-	-	-	220,968	221,226
227,057	951,168	103,835	13,487	941,473	558,058	8,369,824
-	-	-	-	28,710	-	69,770
226,430	952,705	103,535	13,487	912,763	322,714	7,954,390
-	-	-	-	-	243,791	311,432
226,430	952,705	103,535	13,487	941,473	566,505	8,335,592
627	(1,537)	300	-	-	(8,447)	34,232
14,500	61,200	6,935	-	-	37,615	500,874
15,127	59,663	7,235	-	-	29,168	535,106

Sample County

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

For the Last Ten Years

	2022	2021	2020	2019
Revenues:				
Property and other county tax	\$ 1,308,663	1,404,457	1,438,533	1,292,133
Tax increment financing	49,000	-	-	-
Local option sales tax	579,180	446,670	423,977	461,667
Interest and penalty on property tax	54,093	52,310	51,390	52,010
Intergovernmental	3,063,057	1,973,318	1,875,500	1,798,900
Licenses and permits	4,980	4,822	4,811	4,750
Charges for service	159,352	162,412	170,310	169,315
Use of money and property	210,015	251,100	222,400	241,318
Fines, forfeitures and defaults	9,878	9,313	9,101	9,002
Miscellaneous	236,891	366,909	200,019	211,315
Total	<u>\$ 5,675,109</u>	<u>4,671,311</u>	<u>4,396,041</u>	<u>4,240,410</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 525,514	511,129	509,320	496,300
Physical health and social services	547,808	539,315	541,318	529,217
Mental health	465,818	421,835	417,300	408,311
County environment and education	805,516	276,903	276,315	281,000
Roads and transportation	2,243,010	1,910,108	1,746,500	1,712,510
Governmental services to residents	126,706	127,100	125,920	124,800
Administration	573,047	417,129	410,318	409,812
Non-program	597,293	646,822	612,400	609,341
Debt service	275,843	260,100	255,000	265,100
Capital projects	1,221,567	472,000	518,100	422,300
Total	<u>\$ 7,382,122</u>	<u>5,582,441</u>	<u>5,412,491</u>	<u>5,258,691</u>

See accompanying independent auditor's report.

2017	2016	2015	2014	2013
1,394,651	1,241,097	1,452,671	1,353,521	1,374,629
-	-	-	-	-
341,655	460,483	231,893	314,197	276,412
51,491	50,461	49,957	49,457	48,963
1,780,956	1,745,337	1,727,883	1,710,605	1,693,499
4,703	4,609	4,562	4,517	4,472
167,626	164,274	162,631	161,005	159,394
238,911	234,133	231,791	229,473	227,179
8,912	8,734	8,647	8,560	8,475
209,207	205,023	202,973	200,943	198,934
4,198,112	4,114,151	4,073,008	4,032,278	3,991,957
491,349	481,522	476,707	471,940	467,221
523,938	513,459	508,325	503,241	498,209
404,238	396,153	392,192	388,270	384,287
278,197	272,633	269,907	267,208	264,536
1,695,428	1,661,519	1,644,904	1,628,455	1,612,170
123,555	121,084	119,873	118,674	117,488
405,724	397,610	393,634	389,697	385,800
603,263	591,198	585,286	579,433	573,638
262,456	257,207	254,634	252,088	249,567
418,088	409,726	405,629	401,572	397,557
5,206,236	5,102,111	5,051,091	5,000,578	4,950,473

Schedule 6

Sample County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Program Expenditures
U.S. Department of Agriculture: Passed through Iowa Department of Public Health: WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5881A053	\$ -	\$ 1,161
Passed through Iowa Department of Human Services: Human Services Administrative Reimbursements: SNAP Cluster: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	00002129081	-	1,325
Total U.S. Department of Agriculture			-	2,486
U.S. Department of Housing and Urban Development: Passed through Iowa Economic Development Authority: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	22-OT-012	120,000	205,015
Total U.S. Department of Housing and Urban Development			120,000	205,015
U.S. Department of Transportation: Passed through Iowa Department of Transportation: Highway Planning and Construction Cluster: Highway Planning and Construction	20.205	BROS-CO100(200)--8J-100	-	169,000
Total U.S. Department of Transportation			-	169,000
U.S. Department of the Treasury: COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027	FY22	-	1,000,000
Total U.S. Department of the Treasury			-	1,000,000
U. S. Department of Health and Human Services: Passed through Iowa Department of Human Services: Human Services Administrative Reimbursements: Foster Care Title IV-E	93.658	00002129081	-	617
Adoption Assistance	93.659	00002129081	-	168
Social Services Block Grant	93.667	00002129081	-	1,919
Children's Health Insurance Program	93.767	00002129081	-	43
CCDF Cluster: Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	00002129081	-	125
Medicaid Cluster: Medical Assistance Program	93.778	00002129081	-	2,565
Total U. S. Department of Health and Human Services			-	5,437
U.S. Department of Homeland Security: Passed through Iowa Department of Homeland Security and Emergency Management: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4187 DRIA	-	84,206
Total U.S. Department of Homeland Security			-	84,206
Total			\$ 120,000	\$ 1,466,144

Note Presenting amounts provided to subrecipients in a separate column is only a suggestion. Refer to Sample Cash City for another presentation method.

Sample County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Sample County under programs of the federal government for the year ended June 30, 2022. 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 Sample County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Sample 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 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 – Sample 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.

Sample County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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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 Sample County:

We have audited, in accordance with auditing standards generally accepted in the United States of America 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 Sample County, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 21, 2022.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. **(Use for Note 1, Note 2, Note 3)**

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Part II of the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies. **(Note 4 only)**

(Use this paragraph rather than preceding paragraph for Note 1) Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

(Use this paragraph rather than preceding two paragraphs for Note 2, Note 3) Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. (add bold for Note 2 only)** We identified certain deficiencies in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2022-0XX through 2022-0XXz that we consider to be significant deficiencies. **(delete “significant deficiencies” add “material weaknesses.” for Note 3)**

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County’s financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2022-001 through 2022-002 to be material weaknesses. **(Use this for Note 4 only)**

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2022-003 and 2022-004 to be significant deficiencies. **(Use this for Note 4 only)**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sample County’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part 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, 2022 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.

Sample County’s Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Sample County’s responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Sample County’s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Sample 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.

Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

October 21, 2022

Note 1: No material weaknesses and no significant deficiencies.

Note 2: No material weaknesses but significant deficiencies exist.

Note 3: Material weaknesses exist but no significant deficiencies.

Note 4: Both material weaknesses and significant deficiencies exist.



**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 Sample County:

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

We have audited Sample County, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Sample County's major federal program for the year ended June 30, 2022. Sample County's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Sample County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022. Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sample County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sample County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Sample County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sample County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about Sample County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sample County's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sample County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Sample County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance we identified during the audit.

Other Matters (Use next 2 paragraphs if noncompliance exists)

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2022-005. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Sample County's response to the noncompliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Sample County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Omit the preceding paragraphs in the "Other Matters" if no instances of noncompliance exist.

Report on Internal Control Over Compliance

(Use this paragraph for Note 1 only) A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Replace preceding paragraph with this paragraph for Note 2) Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that was not identified. **We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. (delete bold words if Note 3 or Note 4) However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies. (Note 3 and Note 4– replace bolded words with “However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.”) (Note 4 add italics words)**

(Note 2, Note 3 and Note 4 add this paragraph) A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. **A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. (Note 4 - delete bold words)** We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-008 and 202X-00B, to be **significant deficiencies (Note 3 and Note 4 replace bolded words with “material weaknesses”)**.

(Note 4 add paragraph) 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 202X-00A and 202X-00B, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Sample County's response to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Sample County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. **(omit paragraph for Note 1)**

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.

Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

October 21, 2022

Note 1: No material weaknesses and no significant deficiencies exist.

Note 2: No material weaknesses but significant deficiencies exist.

Note 3: Material weakness but no significant deficiencies exist.

Note 4: Material weaknesses and significant deficiencies exist.

Sample County
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

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) Significant deficiencies and 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) A significant deficiency in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listing Number 21.027 COVID-19, Coronavirus State and Local Recovery Funds.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Sample County did not qualify as a low-risk auditee.

Sample County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2022-001 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 – One individual in the County Treasurer's office has custody of receipts and performs all record-keeping and reconciling functions for the office, including those related to all federal programs.

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

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

Recommendation – The County Treasurer should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response and Corrective Action Planned – We have reviewed procedures and plan to make the necessary changes to improve internal control. Specifically, the custody, record-keeping and reconciling functions currently performed by the Deputy Treasurer will be separated and spread among the County Treasurer, Deputy Treasurer and Clerk. We plan to implement these changes by November 2, 2022.

Conclusion – Response accepted.

2022-002 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 by the County to properly include these amounts in the financial statements.

Sample County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

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

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 asset additions are identified and properly reported in the County’s financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

2022-003 Information System

Criteria – Properly designed policies and procedures pertaining to control activities over the County’s computer systems and implementation of the policies and procedures help provide reasonable assurance financial information is safeguarded and reliable and helps ensure achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Condition – The County does not have written policies for:

- password privacy and confidentiality.
- requiring password changes because software does not require the user to change logins/passwords periodically.
- ensuring only software licensed to the County is installed on computers.
- usage of the internet.
- requiring the use of an anti-virus program on computers.
- requiring user profiles to help limit access to programs to those who have a legitimate need.
- personal use of computer equipment and software.

Also, the County does not have a written disaster recovery plan and does not require back-up tapes to be stored off site daily in a fireproof vault or safe.

Cause – Management has not required written policies for the above information-system controls or off-site storage for back-up tapes.

Sample County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Effect – Lack of written policies for the information system could result in a loss of data or compromised data, resulting in unreliable financial information. The failure to have a formal disaster recovery plan could result in the County's inability to function in the event of a disaster or continue County business without interruption. Storing back-up tapes off-site helps ensure financial and other information is readily available in the case of a disaster or emergency.

Recommendation – The County should develop written policies addressing the above items in order to improve the County's control over its information system. A written disaster recovery plan should also be developed, and back-up tapes should be stored off site daily in a fireproof vault or safe.

Response – The County will comply in the future with these recommendations. County officials have discussed and agree these policies are needed.

Conclusion – Response accepted.

2022-004 Early Childhood Iowa Area Board – Supporting Documentation and Approval

Criteria – An effective internal control system provides for internal controls related to ensuring expenditures are properly and adequately supported and reviewed. The Area Board contracted with 7 providers. The provider contracts require detailed monthly invoices be submitted to the Coordinator prior to payment. The Coordinator is to verify the accuracy and adequacy of the documentation and approve the disbursement.

Condition – For 5 of 10 provider claims tested, adequate supporting documentation was not available or did not agree with the amount paid. For 2 of 10 provider claims tested, the claims did not include evidence of approval by the Coordinator.

Cause – Area Board policies do not require, and procedures have not been established to require evidence of independent review and approval of invoices submitted to the Coordinator to ensure they are adequate and properly supported.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions.

Recommendation – All contract payments should be supported by detailed invoices or other supporting documentation, as required. The invoices and supporting documentation should be reviewed and approved by the Coordinator. The Coordinator review and approval should be documented by his/her initials or signature and the date approved.

Response – We will obtain the documentation required by the provider contracts and the documentation will be reviewed and approved by the Coordinator and the Area Board. We will comply with these recommendations for all future contract payments.

Conclusion – Response accepted.

Sample County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Sample County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCE OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

Assistance Listing Number 21.027: COVID-19, Coronavirus State and Local Fiscal Recovery Funds
Federal Award Year: 2022
Prior Year Finding Number: N/A
U.S. Department of Treasury

2022-005 Procurement Policy

Criteria – Title 2, U.S. Code of Federal Regulations, Part 200.320, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) requires the County to have procurement policies and procedures in place to ensure the procurement methods used for the acquisition of property or services are appropriate based on the dollar amount and conditions.

Condition – The County has not established procurement policies and procedures which detail the procurement methods to be used for acquisition or property or services.

Cause – The County has not established procurement policies and procedures.

Effect – The County is not in compliance with Federal regulations pertaining to procurements as required by the Uniform Guidance.

Recommendation – The County should establish written procurement policies and procedures to ensure compliance with the Uniform Guidance, Part 200.320.

Response and Corrective Action Planned – We will develop a written procurement policy which identifies the procurement methods as outlined in the Uniform Guidance Part 200.320.

Conclusion – Response accepted.

Sample County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Part IV: Other Findings Related to Required Statutory Reporting:

2022-A Certified Budget – Disbursements during the year ended June 30, 2022 exceeded the amounts budgeted in the non-program and capital projects functions and disbursements in certain departments exceeded the amounts appropriated.

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

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

Response – We will amend the budget when required and appropriations will be watched more closely by the departments.

Conclusion – Response accepted.

2022-B Questionable Expenditures – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General’s opinion dated April 25, 1979, public funds may only be spent for public benefit. Certain expenditures were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

Paid to	Purpose	Amount
Anywhere Flower Shop	Flower arrangements for gifts	\$ 332
Anywhere Quick Shop	Pop and food for County employees	239
Electronic, Inc.	Satellite radio for the County Assessor's office	345

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

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

Response – We will document this in the future.

Conclusion – Response accepted.

Sample County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2022-D Business Transactions – No business transactions between the County and County officials or employees were noted.

2022-E Restricted Donor Activity – Per Chapter 68B of the Code of Iowa, County officials are prohibited from receiving or soliciting gifts from a restricted donor. A restricted donor per Chapter 68B.2(24)(a) is a “party to any one or any combination of sales, purchases, leases or contracts to, from, or with the agency in which the donee holds office or is employed.” The County Sheriff used the County’s email to communicate with vendors for soliciting donations for his daughter’s softball team’s fundraiser. These donations directly benefited the County Sheriff financially reducing the fees paid for his daughter’s participation.

Additionally, Supervisor Cassidy was provided monthly lunches with a cost in excess of \$3 per lunch by the County’s healthcare insurance provider.

Recommendation – The County should consult legal counsel to determine the disposition of these matters. Also, the County should ensure the Iowa gift law is adequately communicated and understood by all staff. Additional oversight should be performed to monitor compliance.

Response – We will consult legal counsel and communicate the Iowa gift law through training to all staff.

Conclusion – Response accepted.

2022-F Bond Coverage – Except for the County Treasurer, surety bond coverage of County officials and employees is in accordance with statutory provisions. The County Treasurer was only bonded for \$25,000.

Recommendation – The Treasurer’s bond should be increased to at least \$50,000 as required by Chapter 64.10 of the Code of Iowa. Also, the amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.

Response – We will comply.

Conclusion – Response accepted.

2022-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. However, the Board went into closed session on May 3, 2022 to discuss matters relating to the County. The minutes record did not include the reason for the closed session by reference to a specific exemption under Chapter 21.5 of the Code of Iowa or documentation of the vote of each member on the question of holding the closed session as required by Chapter 21.5(2) of the Code of Iowa.

Recommendation – The Board of Supervisors should ensure all closed meetings comply with Chapter 21 of the Code of Iowa.

Sample County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Response – This was an oversight. We usually reference a specific exemption and record the vote, as required, and will do so in the future.

Conclusion – Response accepted.

2022-H Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

2022-I 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).

2022-J Early Childhood Iowa Area Board – The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County’s financial statements as part of the Other Custodial Funds because of the County’s fiduciary relationship with the organization.

Certain expenditures totaling \$536 for food and refreshments for meetings were noted which may not meet the purpose for which the grants were provided.

Recommendation – The Area Board should determine and document how these expenditures meet the intended purpose of the grants before authorizing any further payments.

Response – We will discontinue the practice of providing meals for the monthly Board meetings.

Conclusion – Response accepted.

2022-K Tax Increment Financing (TIF) – For the year ended June 30, 2022, the County Auditor did not prepare a reconciliation for each City to reconcile TIF receipts with total outstanding TIF debt.

Recommendation – In accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa, the County Auditor is “to provide for the division of taxes in each subsequent year without further certification... until the amount of the loans, advances, indebtedness, or bonds is paid to the special fund”. To assist in meeting this requirement, the County Auditor should prepare a reconciliation of each City’s TIF receipts and certified TIF debt.

Response – We will begin reconciling the TIF receipts to the amount of TIF debt certified for all cities within the County.

Conclusion – Response accepted.

Sample County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-L Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 as required by Chapter 331.403(3)(a) of the Code of Iowa. However, the following reporting exceptions were noted:

The County understated the amount reported as TIF debt outstanding on the Levy Authority Summary by \$58,350. The debt outstanding excluded the County's rebate agreement.

Recommendation – The County should ensure the TIF debt outstanding reported on the Levy Authority Summary includes all TIF obligations.

Response – This will be corrected on next year's report.

Conclusion – Response accepted.

2022-M Lease Agreement – During the year ended June 30, 2022, the County entered into a lease agreement for the purchase of two motor graders for the Secondary Roads Department. However, a public hearing was not held prior to the authorization of this lease agreement as required by Chapter 331.302(10)(e) of the Code of Iowa.

Recommendation – The County should consult legal counsel for the disposition of this matter. In the future, the County should hold a public hearing prior to the authorization of a lease agreement in accordance with Chapters 331.301(10)(e) of the Code of Iowa.

Response – We will consult legal counsel, and this will be complied with in the future.

Conclusion – Response accepted.

2022-N Donations – During the year ended June 30, 2022, the County donated \$10,000 to the ABC University.

The Constitution of the State of Iowa prohibits governmental bodies from making a gift to a private non-profit corporation. Article III, Section 31 of the Constitution of the State of Iowa states, "...no public money or property shall be appropriated for local or private purposes, unless such appropriation, compensation, or claim, be allowed by two thirds of the members elected to each branch of the General Assembly."

At least six official Iowa Attorney General Opinions since 1972 have consistently concluded that "a governmental body may not donate public funds to a private entity, even if the entity is established for charitable educational purposes and performs work which the government count perform directly. The Opinions further state, "Even if the function of a private non-profit corporation fits within the scope of activities generally recognized as serving a public purpose, a critical question exists regarding whether funds or property transferred to a private entity will indeed be used for those public purposes."

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Political subdivisions and municipalities, including cities, counties, schools and townships are municipal – governmental – entities. As governmental entities they are governed by elected bodies, are directly responsible to the public as a whole, and are subject to the limitations imposed on them by the state. Although a private organization may be formed to provide and support ‘public’ services which are the same or similar to the services provided by government, the private organizations are not subjected to the same degree of public accountability and oversight as governmental entities.”

Recommendation – We are not aware of any statutory authority for the County to donate public funds to private non-profit organizations. The County should immediately cease making future such donations.

Response – We will consult legal counsel, and this will be complied with in the future.

Conclusion – Response accepted.

Sample County

Staff

This audit was performed by:

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John Q. Review, CPA, Manager
Terry Tickmark, CPA, Senior Auditor
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