OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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

Rob Sand
Auditor of State

NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE February 16, 2022

Auditor of State Rob Sand today released an audit report on the ADLM Counties Environmental Public Health Agency.

FINANCIAL HIGHLIGHTS:

The Agency had total receipts of $465,209 for the year ended June 30, 2021, a 17.1% increase over the prior year. Disbursements for the year ended June 30, 2021 totaled $377,416, a 10.3% decrease from the prior year. The significant increase in receipts was primarily due to State grants received in the current year for plugging abandoned wells and an increase in sewer permits issued during year. The significant decrease in disbursements was primarily due to a decrease in building repairs during the fiscal year and a decrease in contributions to ADLM Facilities Management Systems.

AUDIT FINDINGS:

Sand reported two findings related to the receipt and disbursement of taxpayer funds. They are found on pages 26 through 28 of this report. The findings address a lack of segregation of duties and controls related to financial reporting. Sand provided the Agency with recommendations to address each of the findings.

One finding discussed above is repeated from the prior year. The Agency has a fiduciary responsibility to provide oversight of the Agency's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at https://www.auditor.iowa.gov/reports/file/67851/embed.

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ADLM COUNTIES ENVIRONMENTAL PUBLIC HEALTH AGENCY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENT
AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2021

ADLM Counties Environmental Public Health Agency

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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

Rob Sand
Auditor of State

January 24, 2022

Officials of the ADLM Counties Environmental Public Health Agency
Moravia, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for ADLM Counties Environmental Public Health Agency for the year ended June 30, 2021. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Sincerely,

Rob Sand
Auditor of State

Table of Contents

ADLM Counties Environmental Public Health Agency

Agency Members

Name	Title	Representing
Alan Yahnke	Chair	Davis County
Larry Davis	Vice Chair	Lucas County
Denny Amoss	Secretary	Monroe County
Mark McGill	Member	Appanoose County

Officials

Dianna Daly-Husted	Director
Stacie Price	Environmental Health Officer
Cameron Willis	Environmental Health Officer
Misty Rosenberg	Administrative Assistant

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Independent Auditor's Report

To the Members of the ADLM Counties Environmental Public Health Agency:

Report on the Financial Statement

We have audited the accompanying financial statement of the ADLM Counties Environmental Public Health Agency as of and for the year ended June 30, 2021, and the related Notes to Financial Statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statement 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 Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the ADLM Counties Environmental Public Health Agency as of June 30, 2021, and the changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, the financial statement was prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

The other information, Schedule of the Agency's Proportionate Share of the Net Pension Liability and the Schedule of Agency Contributions on pages 18 through 23 has not been subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2022 on our consideration of the ADLM Counties Environmental Public Health Agency's internal control over financial reporting and 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 Agency'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 the ADLM Counties Environmental Public Health Agency's internal control over financial reporting and compliance.

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

January 24, 2022

ADLM Counties Environmental Public Health Agency

Basic Financial Statement

ADLM Counties Environmental Public Health Agency

ADLM Counties Environmental Public Health Agency

Statement of Cash Receipts, Disbursements and Changes in Cash Balance

Year ended June 30, 2021

Operating receipts:		
Contributions from member counties	$	180,000
Rent income		9,984
Federal grants		836
State grants		75,723
Management fees		2,184
Inspection and licenses		98,189
Inspection and permits		86,764
Training		8,761
Refunds and reimbursements		1,810
Miscellaneous		958
Total operating receipts		465,209
Operating disbursements:		
Salaries and benefits		255,081
Well testing and abandonments		43,458
Travel and training		17,051
Office supplies, equipment and furniture		26,760
Building maintenance, utilities and insurance		14,123
Legal services		6,757
Telephone		5,008
Miscellaneous		310
Total operating disbursements		368,548
Excess of operating receipts over operating disbursements		96,661
Non-operating disbursements:		
Community facility revenue bond payments		(8,868)
Change in cash balance		87,793
Cash balance beginning of year		186,789
Cash balance end of year	$	274,582
Cash Basis Fund Balance		
Unrestricted	$	274,582

See notes to financial statements.

(1) Summary of Significant Accounting Policies

The counties of Appanoose, Davis, Lucas and Monroe entered into a 28E agreement in 2004 to establish a joint Agency composed of one representative from each county. Each member county has one vote.

Pursuant to Chapter 28E of the Code of Iowa, the Agency established and governs the ADLM Counties Environmental Public Health Agency. The primary purpose of the Agency is to enforce all rules and regulations (state and local) pertaining to public health for and on behalf of its member counties.

A. Reporting Entity

For financial reporting purposes, ADLM Counties Environmental Public Health Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency 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 Agency are such that exclusion would cause the Agency's financial statement 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 Agency 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 Agency. ADLM Counties Environmental Public Health Agency has no component units which meet the GASB criteria.

B. Basis of Presentation

The accounts of ADLM Counties Environmental Public Health Agency are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

The Agency maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Agency is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statement does not present the financial position and results of operations of the Agency in accordance with accounting principles generally accepted in the United States of America.

(2) Cash

The Agency's deposits in banks at June 30, 2021 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 Agency 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 Agency; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

(3) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the Agency, except for those covered by another retirement system. Employees of the Agency 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.

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 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Agency contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Agency's contributions to IPERS for the year ended June 30, 2021 totaled $17,186.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the Agency had a liability of $156,513 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the Agency's proportion was 0.002228%, which was a decrease of 0.000028% under its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Agency's pension expense, deferred outflows of resources and deferred inflows of resources totaled $24,013, $34,364 and $3,710, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

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, 2020 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 2020 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	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100.0%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Agency will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Agency's proportionate share of the net pension liability	$ 260,972	156,513	68,926

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.

(4) Risk Management

The Agency is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 785 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The Agency's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The Agency's contributions to the Pool for the year ended June 30, 2021 were $3,811.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $500,000 per claim. Claims exceeding $500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Agency'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 Agency'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 Agency'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. As of June 30, 2021, 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 claims 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 Agency also carried commercial insurance purchased from other insurers for coverage associated with workers compensation in the amount of $1,000,000. The Agency 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 two fiscal years.

(5) Community Facility Revenue Bonds

On September 27, 2007, the Agency entered into three community facility revenue bonds with the U.S Department of Agriculture, totaling $170,000, to finance a portion of the costs to construct an office building, including the refunding of the community facility revenue bond anticipation note. Principal and interest on the three bonds require equal monthly payments totaling $739, with interest at 4.25% per annum, commencing on October 27, 2007, and continuing through 2048. The three bonds have an outstanding balance of $139,327 at June 30, 2021, and are due as follows:

	Community Facility Revenue Bonds Issued September 27, 2007			
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2022	4.25%	$ 2,936	5,932	8,868
2023	4.25	3,063	5,805	8,868
2024	4.25	3,192	5,676	8,868
2025	4.25	3,334	5,534	8,868
2026	4.25	3,466	5,402	8,868
2027-2031	4.25	19,668	24,672	44,340
2032-2036	4.25	24,219	20,121	44,340
2037-2041	4.25	29,821	14,519	44,340
2042-2046	4.25	36,720	7,620	44,340
2047-2048	4.25	12,908	789	13,697
Total		$ 139,327	96,070	235,397

(6) Compensated Absences

Agency employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Agency until used or paid. The Agency's approximate liability for earned vacation at June 30, 2021 was $3,100. This liability has been computed based on rates of pay in effect at June 30, 2021.

(7) Related Party Transactions

ADLM Counties Environmental Public Health Agency shares Agency members, employees, and office space with ADLM Counties Facilities Management Agency. During the year ended June 30, 2021, $2,184 was received from ADLM Facilities Management Systems Agency for management fees.

(8) Operating Leases

The Agency entered into leases for copiers during the year ended June 30, 2021. The following is a schedule of future minimum lease payments required under the operating lease agreements:

Year ending June 30,	Copiers
2022	$ 5,288
2023	5,288
2024	5,288
2025	5,288
Total	$ 21,152

Lease expense for the year ended June 30, 2021 totaled $5,724.

(9) COVID-19

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

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

(10) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement require reporting of certain potentially significant lease liabilities that are not currently reported.

Other Information

ADLM Counties Environmental Public Health Agency

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

Iowa Public Employees' Retirement System
For the Last Seven Years*

Other Information

	2021	2020	2019	2018
Agency's proportion of the net pension liability	0.002228%	0.002256%	0.002196%	0.002309%
Agency's proportionate share of the net pension liability	$ 156,513	130,640	138,946	153,784
Agency's covered payroll	$ 176,821	171,694	165,028	172,328
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	88.51%	76.09%	84.20%	89.24%
IPERS' net position as a percentage of the total 'pension liability	82.90%	85.45%	83.62%	82.21%

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

See accompanying independent auditor's report.

2017	2016	2015
0.002341%	0.002282%	0.002415%
147,305	112,726	95,773
167,974	156,316	263,639
87.70%	72.11%	36.33%
81.82%	85.19%	87.61%

ADLM Counties Environmental Public Health Agency

Schedule of Agency Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years

Other Information

	2021	2020	2019	2018
Statutorily required contribution	$ 17,186	16,692	16,208	14,737
Contributions in relation to the statutorily required contribution	(17,186)	(16,692)	(16,208)	(14,737)
Contribution deficiency (excess)	$ -	-	-	-
Agency's covered payroll	$ 182,054	176,821	171,694	165,028
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
15,389	15,000	13,959	23,543	16,692	23,313
(15,389)	(15,000)	(13,959)	(23,543)	(16,692)	(23,313)
-	-	-	-	-	-
172,328	167,974	156,316	263,639	192,526	288,885
8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

ADLM Counties Environmental Public Health Agency

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.
- 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.

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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

To the Members of the ADLM Counties Environmental Public Health Agency:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statement of the ADLM Counties Environmental Public Health Agency as of and for the year ended June 30, 2021, and the related Notes to Financial Statement, and have issued our report thereon dated January 24, 2022. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the ADLM Counties Environmental Public Health Agency's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the ADLM Counties Environmental Public Health Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the ADLM Counties Environmental Public Health Agency's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ADLM Counties Environmental Public Health Agency's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the 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 non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Agency. 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.

The ADLM Counties Environmental Public Health Agency's Responses to the Findings

The ADLM Counties Environmental Public Health Agency's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The ADLM Counties Environmental Public Health Agency's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Agency'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 Agency'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 the ADLM Counties Environmental Public Health Agency 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

January 24, 2022

Findings Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCIES:

(A) 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 Agency's financial statements.

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

(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.

(2) The responsibility for the change fund is not assigned to a person who does not handle other receipts.

(3) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash.

(4) Accounts receivable, collections and record keeping are performed by the same person.

(5) No review is performed over voided receipts.

Cause – The Agency 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 Agency'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 Agency should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff or Board member to provide additional control through review of financial transactions, reconciliations and reports to help ensure cash and receipts are properly recorded and deposited intact. The independent review should be documented by the signature or initials of the reviewer and the date of the review.

Response – We will review our control activities to include the procedures identified above.

Conclusion – Response accepted.

(B) 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, detect, and correct misstatements 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 Agency's financial statements.

Condition – The cash balance at June 30, 2021 was overstated by $22,090 as a result of a transfer between accounts recorded as an uncleared deposit. Adjustments were subsequently made by the Agency to properly report the amounts in the Agency's financial statements.

Cause – Agency procedures have not been established to help ensure the accounting records are accurate by requiring a review by an independent person.

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

Recommendation – The Agency should implement procedures to ensure all transactions are properly recorded in the Agency's financial statements. An independent person should perform a review of accounting transactions. Evidence of this review should be documented by the signature or initials of the reviewer and the date of the review.

Response – We will submit a Profit and Loss Report to the Commission for review and a calculation to reconcile/review each bank reconciliation.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

(1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

(2) Travel Expense – No disbursements of Agency money for travel expenses of spouses of Agency officials or employees were noted.

(3) Restricted Donor Activity – No transactions were noted between the Agency, Agency officials, Agency employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

(4) Agency Minutes – No transactions were found that we believe should have been approved in the Agency minutes but were not.

(5) Deposits and Investments – No instances of non-compliance with the deposits and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Agency's investment policy were noted.

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Suzanne R. Dahlstrom, CPA, Manager
Taylor A. Hepp, Staff Auditor
Jorge M. Morales, Assistant Auditor