



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

Rob Sand
Auditor of State

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NEWS RELEASE

Contact: Ernest Ruben
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FOR RELEASE

March 29, 2022

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

FINANCIAL HIGHLIGHTS:

The County revenues totaled \$11,065,672 for the year ended June 30, 2021, a 6.3% increase over the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$9,344,364, a 1.5% decrease from the prior year.

AUDIT FINDINGS:

Sand reported fifteen findings related to the receipt and expenditure of taxpayer funds. They are found on pages 76 through 88 of this report. The findings address issues such as lack of segregation of duties, material amounts of receivables, payables, and revenues not properly recorded in the County's financial statements, variances between book and bank balances in the County Treasurer's bank reconciliations, bank reconciliations not prepared by the County Conservation department, lack of preparation of a delinquent property tax reconciliation and donations to non-profit organizations. Sand provided the County with recommendations to address each of these findings.

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

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

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DECATUR COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2021

Decatur County



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Rob Sand
Auditor of State

March 22, 2022

Officials of Decatur County
Leon, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Decatur County, Iowa, 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 Decatur County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

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

Rob Sand
Auditor of State

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Decatur County

Officials

(Before January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dan Christensen	Board of Supervisors	Jan 2021
Jim Fulton	Board of Supervisors	Jan 2021
Robert G. Bell	Board of Supervisors	Jan 2023
Stephanie Daughton	County Auditor	Jan 2021
Janet Pierson	County Treasurer	Jan 2023
Gale Norman	County Recorder	Jan 2023
Ben Boswell	County Sheriff	Jan 2021
Lisa Hynden-Jeanes	County Attorney	Jan 2023
Justin Cornett	County Assessor	Jan 2022

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert G. Bell	Board of Supervisors	Jan 2023
Dan Christensen	Board of Supervisors	Jan 2025
Ward Graham	Board of Supervisors	Jan 2025
Stephanie Daughton	County Auditor	Jan 2025
Janet Pierson	County Treasurer	Jan 2023
Gale Norman	County Recorder	Jan 2023
Ben Boswell	County Sheriff	Jan 2025
Lisa Hynden-Jeanes	County Attorney	Jan 2023
Justin Cornett	County Assessor	Jan 2022

Decatur County



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Independent Auditor's Report

To the Officials of Decatur County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Decatur County, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Decatur County as of June 30, 2021 and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 17 to the financial statements, Decatur County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 52 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Decatur 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, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2022 on our consideration of Decatur 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 Decatur County's internal control over financial reporting and compliance.


Marlys K. Gaston, CPA
Chief Deputy Auditor of State

March 22, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Decatur 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, 2021. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities, during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated by \$1,902,924 to retroactively report in accordance with the GASBS.
- Revenues of the County's governmental activities increased 6.3%, or approximately \$654,000, from fiscal year 2020 to fiscal year 2021. Capital grants, contributions and restricted interest increased approximately \$553,000 and operating grants, contributions and restricted interest increased approximately \$246,000. Property tax decreased approximately \$150,000.
- Program expenses of the County's governmental activities were 1.4%, or approximately \$137,000, less in fiscal year 2021 than in fiscal year 2020. Administration expenses decreased approximately \$161,000 while public safety and legal services expenses increased approximately \$84,000.
- The County's net position increased 6.8%, or approximately \$1,721,000, over the June 30, 2020 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 Decatur 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 Decatur 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 Decatur County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

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

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

Supplementary Information provides detailed information about the nonmajor governmental and the individual Custodial Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads and 3) the Debt Service 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 are a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) 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 emergency management services, auto license and use tax 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,	
	2021	2020
Current and other assets	\$ 11,424	9,811
Capital assets	25,232	24,813
Total assets	36,656	34,624
Deferred outflows of resources	711	647
Long-term liabilities	5,223	4,927
Other liabilities	958	186
Total liabilities	6,181	5,113
Deferred inflows of resources	4,072	4,765
Net position:		
Net investment in capital assets	23,024	22,344
Restricted	4,154	3,559
Unrestricted	(64)	(510)
Total net position	\$ 27,114	25,393

Net position of Decatur County's governmental activities increased 6.8% (approximately \$27.1 million compared to approximately \$25.4 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.

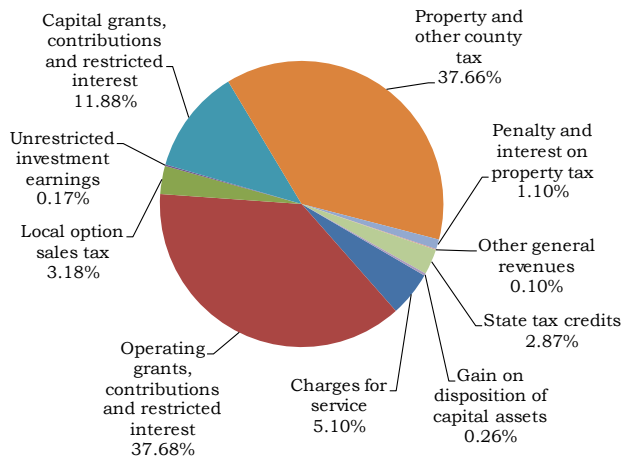
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$595,000, or 16.7%, over the prior year. This increase is primarily due to an increase in the amounts held at year end in the Special Revenue, Secondary Roads Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of approximately \$510,000 at June 30, 2020 to a deficit of approximately \$64,000 at the end of this year, an increase of 87.5%. The deficit is primarily due to the net pension liability and total OPEB liabilities.

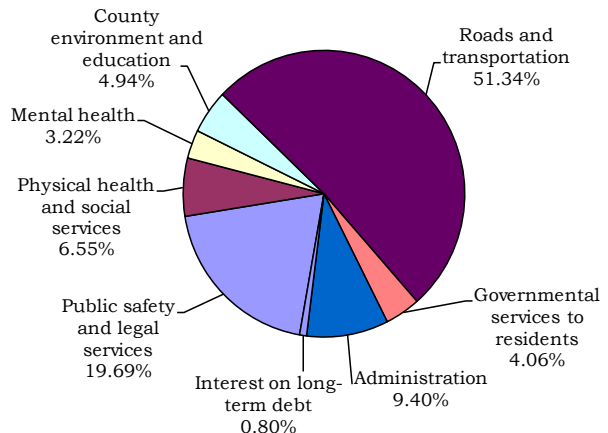
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2021	2020
Revenues:		
Program revenues:		
Charges for service	\$ 564	587
Operating grants, contributions and restricted interest	4,169	3,923
Capital grants, contributions and restricted interest	1,314	761
General revenues:		
Property and other county tax	4,167	4,317
Penalty and interest on property tax	122	66
State tax credits	318	337
Local option sales tax	352	296
Unrestricted investment earnings	19	16
Gain on disposition of capital assets	29	93
Other general revenues	11	15
Total revenues	11,065	10,411
Program expenses:		
Public safety and legal services	1,840	1,756
Physical health and social services	612	630
Mental health	301	308
County environment and education	462	496
Roads and transportation	4,797	4,812
Governmental services to residents	379	357
Administration	878	1,039
Interest on long-term debt	75	83
Total expenses	9,344	9,481
Change in net position	1,721	930
Net position beginning of year	25,393	24,463
Net position end of year	\$ 27,114	25,393

Revenues by Source



Expenses by Function



Decatur County's governmental activities net position increased approximately \$1,721,000 during the year. Revenues for governmental activities increased approximately \$654,000, or 6.3%, over the prior year, including capital grants, contributions, and restricted interest revenues which increased over the prior year approximately \$553,000, or 72.7%.

The County decreased property tax rates for fiscal year 2021 an average of 1.7%. With the decrease in rates, the County's property tax revenue decreased approximately \$150,000 in fiscal year 2021. Based on increases in the total assessed valuation and decreases in the property tax rates, property tax revenue is budgeted to decrease by approximately \$401,000 next year.

The cost of all governmental activities this year was approximately \$9.3 million compared to approximately \$9.5 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$3.3 million because some of the costs were paid by those directly benefiting from the programs (approximately \$564,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5,484,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2021 from approximately \$5,271,000 to approximately \$6,047,000, principally due to receiving more contributions of roads paid for by the Iowa Department of Transportation and receiving additional operating grants related to COVID in physical health and social services function.

INDIVIDUAL MAJOR FUND ANALYSIS

As Decatur County completed the year, its governmental funds reported a combined fund balance of approximately \$6.0 million, an increase of approximately \$1,091,000 above last year's total of approximately \$4.9 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 \$92,700, or 2.2%, over the prior year. Expenditures decreased approximately \$98,100, or 2.5%, from the prior year. The ending fund balance increased approximately \$514,100 over the prior year to \$2,425,518.
- Special Revenue, Mental Health Fund revenues increased approximately \$5,700, or 1.8%. Expenditures decreased approximately \$11,900, or 4.0% from the prior year. The ending fund balance increased approximately \$34,600 over the prior year to \$290,285.
- Special Revenue, Rural Services Fund expenditures increased approximately \$43,600, or 15.4%, over the prior year and revenues also increased approximately \$85,500, or 9.1%. The increase in expenditures is primarily due to purchasing more equipment for the Sheriff's Department. The ending fund balance increased approximately \$46,400 over the prior year to \$636,960.
- Special Revenue, Secondary Roads Fund expenditures decreased approximately \$180,800 from the prior year while revenues increased approximately \$79,100. The Secondary Roads Fund balance at year end increased approximately \$368,000, or 20.8%, to approximately \$2,138,000. The increase in fund balance was primarily due to increased road use tax revenues and purchasing less equipment for the Engineer's Department.

BUDGETARY HIGHLIGHTS

Over the course of the year, Decatur County amended its budget two times. The first amendment was made in December 2020 and resulted in an increase in budgeted disbursements of \$136,756. The primary reason for this amendment was to reflect the increased cost of roads and transportation and government services to residents. The second amendment was made in April 2021 and resulted in an increase in budgeted disbursements of \$297,441. The primary reason for this amendment was to reflect increases in costs for roads and transportation and county environment.

The County's receipts were \$1,761,945 more than budgeted, a variance of 19.8%. The most significant variance resulted from the County receiving more intergovernmental receipts than anticipated, including American Rescue Plan Act funds of \$764,328.

Total disbursements were \$930,581, or 9.6%, less than the final amended budget. County environment and education function disbursements were approximately \$177,000 less than the final budget due to Little River Lake not having as many projects as anticipated. Capital projects and roads and transportation functions were respectively, \$178,275 and \$104,527, less than the final budget also due to less projects than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, Decatur County had approximately \$25.2 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 \$419,000 over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2021	2020
Land	\$ 3,071	3,071
Construction in progress	162	63
Buildings and improvements	4,261	4,373
Equipment and vehicles	2,050	1,864
Intangibles	520	520
Infrastructure	15,169	14,922
Total	\$ 25,232	24,813

The County had depreciation expense of \$1,417,431 in fiscal year 2021 and total accumulated depreciation of \$14,933,558 at June 30, 2021. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2021, Decatur County had approximately \$2,208,000 of outstanding debt, which included approximately \$58,000 of bank loan debt, \$2,110,000 of revenue bond debt and \$40,000 of capital lease debt compared to total outstanding debt of approximately \$2,469,000 at June 30, 2020.

Outstanding Debt of Governmental Activities at Year-End		
(Expresses in Thousands)		
	June 30,	
	2021	2020
Bank loan	\$ 58	63
General obligation note	-	60
Revenue bonds	2,110	2,290
Capital lease purchase agreement	40	56
Total	\$ 2,208	2,469

Additional information about the County's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Decatur County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2022 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 3.8% versus 6.9% a year ago. This compares with the State's unemployment rate of 4.0% and the national rate of 5.9%.

Property valuations are key to what services the County can provide. The Board of Supervisors has always been mindful of the need to provide cost efficient services with the resources available. Budgeted expenditures for fiscal year 2022 are \$10,347,771, an increase of \$688,181 from the fiscal year 2021 amended budget.

If these estimates are realized, Decatur County's operating fund balances are expected to decrease from a re-estimated amount of \$3,243,040 to \$2,301,431 by the close of fiscal year 2022.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Decatur 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 Decatur County Auditor's Office, 207 N Main Street, Leon, Iowa 50144.

Basic Financial Statements

Decatur County
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash and pooled investments	\$ 6,073,504
Receivables:	
Property tax:	
Delinquent	126,506
Succeeding year	3,927,000
Interest and penalty on property tax	423,150
Accounts	11,084
Accrued interest	23,618
Due from other governments	458,593
Inventories	380,578
Capital assets not being depreciated	3,752,391
Capital assets, net of accumulated depreciation/amortization	21,480,080
Total assets	36,656,504
Deferred Outflows of Resources	
Pension related deferred outflows	711,428
Liabilities	
Accounts payable	87,832
Accrued interest payable	5,461
Salaries and benefits payable	48,274
Due to other governments	52,045
Unearned revenue	764,328
Long-term liabilities:	
Portion due or payable within one year:	
Bank loan	5,395
Jail Authority revenue bonds	185,000
Capital lease purchase agreement	16,024
Compensated absences	184,864
Total OPEB liability	12,504
Portion due or payable after one year:	
Bank loan	52,904
Jail Authority revenue bonds	1,925,000
Capital lease purchase agreement	23,818
Compensated absences	73,574
Net pension liability	2,435,111
Total OPEB liability	309,418
Total liabilities	6,181,552
Deferred Inflows of Resources	
Unavailable property tax revenue	3,927,000
Pension related deferred inflows	145,494
Total deferred inflows of resources	4,072,494
Net Position	
Net investment in capital assets	23,024,330
Restricted for:	
Supplemental levy purposes	693,508
Mental health purposes	290,528
Rural services purposes	645,395
Secondary roads purposes	2,023,861
Debt service	26,936
Conservation purposes	445,447
Other purposes	28,514
Unrestricted	(64,633)
Total net position	\$ 27,113,886

See notes to financial statements.

Decatur County

Statement of Activities

Year ended June 30, 2021

	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	\$ 1,840,157	148,599	78,716	-	(1,612,842)
Physical health and social services	612,129	55,248	359,459	-	(197,422)
Mental health	300,477	4,740	2,715	-	(293,022)
County environment and education	461,847	93,796	50,235	125,000	(192,816)
Roads and transportation	4,797,432	73,025	3,635,652	1,189,452	100,697
Governmental services to residents	379,173	165,488	14,800	-	(198,885)
Administration	877,825	23,038	27,535	-	(827,252)
Interest on long-term debt	75,324	-	-	-	(75,324)
Total	\$ 9,344,364	563,934	4,169,112	1,314,452	(3,296,866)
General Revenues:					
Property and other county tax levied for:					
General purposes					3,870,276
Debt service					297,003
Penalty and interest on property tax					121,987
State tax credits					317,904
Local option sales tax					352,432
Unrestricted investment earnings					18,683
Gain on disposal of capital assets					28,800
Miscellaneous					11,089
Total general revenues					5,018,174
Change in net position					1,721,308
Net position beginning of year					25,392,578
Net position end of year					\$ 27,113,886

See notes to financial statements.

Decatur County
Balance Sheet
Governmental Funds

June 30, 2021

	Special		
	General	Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 3,223,647	291,323	615,756
Receivables:			
Property tax:			
Delinquent	96,026	5,114	17,685
Succeeding year	2,957,000	157,000	576,000
Interest and penalty on property tax	423,150	-	-
Accounts	2,158	350	2,495
Accrued interest	23,618	-	-
Due from other funds	-	-	-
Due from other governments	53,986	-	26,527
Inventories	-	-	-
Total assets	\$ 6,779,585	453,787	1,238,463
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 28,216	341	3,677
Salaries and benefits payable	21,998	956	2,707
Due to other governments	51,469	91	60
Due to other funds	1,452	-	1,374
Unearned revenues	764,328	-	-
Total liabilities	867,463	1,388	7,818
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	2,957,000	157,000	576,000
Other	529,604	5,114	17,685
Total deferred inflows of resources	3,486,604	162,114	593,685
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Restricted for:			
Supplemental levy purposes	686,423	-	-
Mental health purposes	-	290,285	-
Rural services purposes	-	-	636,960
Secondary roads purposes	-	-	-
Debt service	-	-	-
Conservation purposes	-	-	-
Other purposes	-	-	-
Assigned for conservation purposes	93,013	-	-
Unassigned	1,646,082	-	-
Total fund balances	2,425,518	290,285	636,960
Total liabilities, deferred inflows of resources and fund balances	\$ 6,779,585	453,787	1,238,463

See notes to financial statements.

<u>Revenue</u>		
<u>Secondary</u>		
<u>Roads</u>	<u>Nonmajor</u>	<u>Total</u>
1,447,437	495,341	6,073,504
-	7,681	126,506
-	237,000	3,927,000
-	-	423,150
6,081	-	11,084
-	-	23,618
2,826	-	2,826
378,080	-	458,593
380,578	-	380,578
<u>2,215,002</u>	<u>740,022</u>	<u>11,426,859</u>
53,473	2,125	87,832
22,613	-	48,274
425	-	52,045
-	-	2,826
-	-	764,328
<u>76,511</u>	<u>2,125</u>	<u>955,305</u>
-	237,000	3,927,000
-	7,681	560,084
-	244,681	4,487,084
380,578	-	380,578
-	-	686,423
-	-	290,285
-	-	636,960
1,757,913	-	1,757,913
-	19,255	19,255
-	445,447	445,447
-	28,514	28,514
-	-	93,013
-	-	1,646,082
<u>2,138,491</u>	<u>493,216</u>	<u>5,984,470</u>
<u>2,215,002</u>	<u>740,022</u>	<u>11,426,859</u>

Decatur County

Decatur County

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

June 30, 2021

Total governmental fund balances (page 19) \$ 5,984,470

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$40,166,029 and the accumulated depreciation is \$14,933,558. 25,232,471

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 560,084

Pension 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	\$ 711,428	
Deferred inflows of resources	<u>(145,494)</u>	565,934

Interest payable are not due and payable in the current year and, therefore, are not reported in the governmental funds. (5,461)

Long-term liabilities, including bank loan payable, general obligation notes payable, Jail Authority revenue bonds payable, capital lease purchase agreements payable, compensated absences payable, net pension liability and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. (5,223,612)

Net position of governmental activities (page 16) \$ 27,113,886

See notes to financial statements.

Decatur County

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

Year ended June 30, 2021

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 3,030,273	292,702	601,154
Local option sales tax	-	-	352,432
Interest and penalty on property tax	64,370	-	-
Intergovernmental	782,560	25,541	52,032
Licenses and permits	-	-	-
Charges for service	321,547	-	-
Use of money and property	18,683	-	-
Miscellaneous	94,050	4,740	15,433
Total revenues	<u>4,311,483</u>	<u>322,983</u>	<u>1,021,051</u>
Expenditures:			
Operating:			
Public safety and legal services	1,529,791	-	214,942
Physical health and social services	615,714	-	-
Mental health	-	288,379	-
County environment and education	447,987	-	106,892
Roads and transportation	-	-	-
Governmental services to residents	366,531	-	4,127
Administration	829,931	-	-
Debt service	7,388	-	-
Capital projects	-	-	-
Total expenditures	<u>3,797,342</u>	<u>288,379</u>	<u>325,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>514,141</u>	<u>34,604</u>	<u>695,090</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	(648,712)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(648,712)</u>
Change in fund balances	514,141	34,604	46,378
Fund balances beginning of year	<u>1,911,377</u>	<u>255,681</u>	<u>590,582</u>
Fund balances end of year	<u>\$ 2,425,518</u>	<u>290,285</u>	<u>636,960</u>

See notes to financial statements.

<u>Revenue</u>		
<u>Secondary</u>		
<u>Roads</u>	<u>Nonmajor</u>	<u>Total</u>
-	297,003	4,221,132
-	-	352,432
-	-	64,370
3,637,455	32,463	4,530,051
625	-	625
-	8,032	329,579
-	-	18,683
70,597	130,542	315,362
<u>3,708,677</u>	<u>468,040</u>	<u>9,832,234</u>
-	16,003	1,760,736
-	-	615,714
-	-	288,379
-	4,930	559,809
3,983,605	-	3,983,605
-	5,954	376,612
-	-	829,931
-	313,140	320,528
5,775	-	5,775
<u>3,989,380</u>	<u>340,027</u>	<u>8,741,089</u>
<u>(280,703)</u>	<u>128,013</u>	<u>1,091,145</u>
648,712	-	648,712
-	-	(648,712)
<u>648,712</u>	<u>-</u>	<u>-</u>
368,009	128,013	1,091,145
1,770,482	365,203	4,893,325
<u>2,138,491</u>	<u>493,216</u>	<u>5,984,470</u>

Decatur County

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

Year ended June 30, 2021

Change in fund balances - Total governmental funds (page 23) \$ 1,091,145

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

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

Expenditures for capital assets	\$ 618,840	
Capital assets contributed by the Iowa Department of Transportation	1,189,452	
Depreciation expense	<u>(1,417,431)</u>	390,861

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

28,800

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	(53,853)	
Other	<u>69,039</u>	15,186

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.

260,754

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position.

330,663

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	1,090	
Interest on long-term debt	474	
OPEB expense	(10,219)	
Pension expense	<u>(387,446)</u>	<u>(396,101)</u>

Change in net position of governmental activities (page 17) \$ 1,721,308

See notes to financial statements.

Decatur County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2021

Assets

Cash and pooled investments:

County Treasurer	\$ 1,847,488
Other County officials	28,672

Receivables:

Property tax:

Delinquent	240,912
Succeeding year	7,550,000

Special assessments	94,125
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Due from other governments	64,745
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Total assets	9,825,942
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Liabilities

Accounts payable	4,560
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Salaries and benefits payable	2,034
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Due to other governments	349,752
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Trusts payable	20,114
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Compensated absences	333
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Total liabilities	376,793
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Deferred Inflows of Resources

Unavailable property tax revenue	7,550,000
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Net position

Restricted for individuals, organizations and other governments	\$ 1,899,149
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See notes to financial statements.

Decatur County

Decatur County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 7,411,118
911 surcharge	192,904
State tax credits	643,146
Drivers license fees	24,982
Office fees and collections	289,767
Auto licenses, use tax and postage	2,570,498
Assessments	27,635
Trusts	150,858
Miscellaneous	<u>68,233</u>
Total additions	<u>11,379,141</u>
Deductions:	
Agency remittances:	
To other funds	214,523
To other governments	11,017,535
Trusts paid out	<u>150,858</u>
Total deductions	<u>11,382,916</u>
Change in net position	(3,775)
Net position beginning of year, as restated	<u>1,902,924</u>
Net position end of year	<u>\$ 1,899,149</u>

See notes to financial statements.

Decatur County

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies

Decatur 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, Decatur 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.

Blended Component Unit – The following component unit is legally separate from the County but is so intertwined with the County it is in substance, the same as the County. It is reported as part of the County and blended into the appropriate fund.

The Decatur County Jail Authority was established to acquire, destruct, demolish, improve, enlarge, equip, furnish, repair, maintain and operate one or more public buildings and to acquire and prepare any necessary site, including demolition of any structures, for the joint use of the incorporating units. Although the Authority is legally separate from the County, it is controlled, managed and supervised by a jointly appointed Board approved by the County and the City of Leon. As discussed in Note 7 to the financial statements, the County's lease payment to pay the Jail Authority Revenue Bonds is reported in the Debt Service Fund. Financial information of the Authority can be obtained from the Decatur 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: Decatur County Assessor's Conference Board, Decatur County Joint 911 Service Board and Decatur County Emergency Management Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Custodial Funds of the County.

(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 unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

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

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

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

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 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.

Additionally, the County reports the following funds:

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 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.

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 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.

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2020.

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.

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

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, 2021, 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 initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 65,000
Intangibles	25,000
Land, buildings and improvements	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 and improvements	25 - 50
Land improvements	10 - 50
Equipment	3 - 20
Vehicles	5 - 15
Infrastructure	10 - 65
Intangibles	5 - 20

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future year(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of the unamortized portion of the net difference between projected and actual earnings on pension plan assets, unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2021. 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 financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the Decatur 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 that applies to a future year(s) and 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 receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, and unrecognized items not yet charged to pension expense.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

(E) Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County'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 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.

During the year ending June 30, 1998, the County Conservation Department set up an agreement with a local non-profit Foundation to receive gifts to the Conservation Department. At June 30, 2021, the balances of the Endowment and Learning Center Funds held at the Foundation were \$82,010 and \$192,585, respectively.

The Foundation invests in variety of investment vehicles, including mutual funds/exchange traded funds, domestic and international equities, U.S. government securities, corporate and municipal bonds, money market funds, certificates of deposit, and bank checking and savings accounts. The Foundation's investments include types of investments which are not included in the list of allowable investments of public funds specified in Chapter 12B.10(5) of the Code of Iowa.

Information regarding the fair value hierarchy used to value the investments held by the Foundation for the County is not available. Information pertaining to credit risk, custodial risk, concentration of credit risk and interest rate risk is also not available.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 1,452
	Special Revenue:	
	Rural Services	<u>1,374</u>
Total		<u>\$ 2,826</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, 2021 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	<u>\$ 648,712</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, 2021 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,070,548	-	-	3,070,548
Intangibles, road network	519,719	-	-	519,719
Construction in progress, road network	-	1,189,452	1,189,452	-
Construction in progress	63,438	98,686	-	162,124
Total capital assets not being depreciated	3,653,705	1,288,138	1,189,452	3,752,391
Capital assets being depreciated:				
Buildings	5,099,821	7,500	-	5,107,321
Improvements other than buildings	575,843	11,189	-	587,032
Equipment and vehicles	6,322,519	540,571	219,658	6,643,432
Infrastructure, road network	22,886,401	1,189,452	-	24,075,853
Total capital assets being depreciated	34,884,584	1,748,712	219,658	36,413,638
Less accumulated depreciation for:				
Buildings	1,079,440	107,333	-	1,186,773
Improvements other than buildings	222,861	23,794	-	246,655
Equipment and vehicles	4,458,760	344,090	209,352	4,593,498
Infrastructure, road network	7,964,418	942,214	-	8,906,632
Total accumulated depreciation	13,725,479	1,417,431	209,352	14,933,558
Total capital assets being depreciated, net	21,159,105	331,281	10,306	21,480,080
Governmental activities capital assets, net	\$ 24,812,810	1,619,419	1,199,758	25,232,471

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 136,374
Physical health and social services	10,163
Mental health	9,960
County environment and education	34,108
Roads and transportation	1,184,785
Governmental services to residents	1,121
Administration	40,920
Total depreciation expense - governmental activities	<u>\$ 1,417,431</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2021 is as follows:

Fund	Description	Amount
General	Services	\$ 51,469
Special Revenue:		
Mental Health	Services	91
Rural Services	Services	60
Secondary Roads	Services	425
Total for governmental funds		<u>\$ 52,045</u>
Custodial:		
County Offices	Collections	\$ 19,941
Ag. Extension Education		2,054
Schools		95,936
Community Colleges		6,134
Corporations		27,183
Townships		3,689
Hospital		22,683
Auto License and Use Tax		140,565
All other		31,567
Total for custodial funds		<u>\$ 349,752</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	Bank Loan	General Obligation Notes	Jail Authority Revenue Bonds	Capital Lease Purchase Agreements	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 63,029	60,000	2,290,000	55,866	259,528	1,887,046	311,703	4,927,172
Increases	-	-	-	-	204,367	548,065	56,269	808,701
Decreases	4,730	60,000	180,000	16,024	205,457	-	46,050	512,261
Balance end of year	<u>\$ 58,299</u>	<u>-</u>	<u>2,110,000</u>	<u>39,842</u>	<u>258,438</u>	<u>2,435,111</u>	<u>321,922</u>	<u>5,223,612</u>
Due within one year	\$ 5,395	-	185,000	16,024	184,864	-	12,504	403,787

Bank Loan – Direct Borrowings

A summary of the County's June 30, 2021 bank loan indebtedness is as follows:

Bank Loans									
Year Ending June 30,	Interest Rate	October 2011 and June 2012		Interest Rate	March 11, 2016		Total		
		Principal	Interest		Principal	Interest	Principal	Interest	Total
2022	4.85%	\$ 3,343	2,264	4.02%	\$ 2,052	400	\$ 5,395	2,664	8,059
2023	4.85	3,512	2,096	4.02	2,137	314	5,649	2,410	8,059
2024	4.85	3,683	1,925	4.02	2,226	226	5,909	2,151	8,060
2025	4.85	3,873	1,734	4.02	2,318	133	6,191	1,867	8,058
2026	4.85	4,068	1,539	4.02	2,005	38	6,073	1,577	7,650
2027-2031	4.85	23,621	4,418	4.02	-	-	23,621	4,418	28,039
2032	4.85	5,461	148	4.02	-	-	5,461	148	5,609
Total		\$ 47,561	14,124		\$ 10,738	1,111	\$ 58,299	15,235	73,534

On October 1, 2011, the County borrowed \$60,000 from American State Bank to purchase a building for the Public Health Department. On June 11, 2012, the County borrowed an additional \$70,000 from American State Bank to remodel the Public Health building. The bank rolled the outstanding balance of the original loan of \$58,879 with the additional \$70,000 borrowed for a new loan of \$128,879. The loan requires monthly payments of \$844 from July 1, 2012 through June 1, 2032. On May 29, 2013, the remaining principal balance was amortized to lower the monthly payment to \$467 per month due to a payment of \$50,000 made in May 2013. The interest rate of 4.85% per annum and the maturity date of June 1, 2032 remain the same. During the year ended June 30, 2021, the County paid principal of \$2,921 and interest of \$2,219 on the loan.

On March 11, 2016, the County borrowed \$20,000 from American State Bank for roof repairs and building maintenance to the Public Health building. The loan bears an interest rate of 4.02% per annum and matures during the year ending June 30, 2026. During the year ended June 30, 2021 the County paid \$1,809 of principal and \$439 of interest on this loan.

Jail Authority Revenue Bonds

On November 12, 2014, the Decatur County Jail Authority issued \$3,300,000 of Jail Facilities Revenue Bonds, Series 2014. The proceeds from the bonds have provided for financing the acquisition, construction, furnishing and equipping of jail facilities. The bonds are payable solely from future rental payments made by the County under a capital lease purchase agreement with the Jail Authority. The total principal and interest remaining to be paid on the bonds is \$2,481,417 and the bonds are payable through 2031. The bonds bear interest at rates ranging from 3.00% to 3.20% per annum. During the year ended June 30, 2021, the Authority paid principal of \$180,000 and interest of \$69,528 on the bonds.

The County entered into a capital lease purchase agreement dated November 1, 2014 with the Decatur County Jail Authority (Authority) for the purpose of leasing the jail facility with payment terms which correspond in timing and amount with the revenue bond debt service obligations. The County has an annual debt service levy for which collections have been pledged to the Authority for the purpose of paying the Authority's bond principal and interest amounts when due. The lease term continues until all bonds are retired or a purchase option is exercised by the County, which requires a payment from the County to the Authority sufficient to retire all remaining outstanding bond principal and interest. At the end of the lease term, the Authority surrenders ownership rights in the property to the County. Since the Jail Authority is reported as a part of the County, the liability is reported as revenue bonds rather than a capital lease purchase agreement.

Details of the Jail Authority revenue bonds outstanding at June 30, 2021 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2022	3.00%	\$ 185,000	64,128	249,128
2023	3.00	190,000	58,578	248,578
2024	3.00	195,000	52,878	247,878
2025	3.00	200,000	47,028	247,028
2026	3.00	205,000	41,028	246,028
2027-2031	3.00-3.20	1,135,000	107,777	1,242,777
Total		\$ 2,110,000	371,417	2,481,417

Capital Lease Purchase Agreements

During the year ended June 30, 2018, the County entered into a capital lease purchase agreement for a mower tractor for \$49,158. The agreement bears no interest per annum and is payable in annual installments of \$8,232, with the final payment due on March 30, 2023.

During the year ended June 30, 2019, the County entered into a capital lease purchase agreement for a utility tractor for \$38,963. The agreement bears no interest per annum and is payable in annual installments of \$7,793, with the final payment due on August 8, 2023.

The following is a schedule of the future minimum lease payments and the present value of net minimum lease payments under the agreements in effect at June 30, 2021:

Year Ending June 30,	Mower Tractor	Utility Tractor	Total
2022	\$ 7,793	8,232	16,025
2023	7,792	8,232	16,024
2024	7,793	-	7,793
Total minimum lease payments	23,378	16,464	39,842
Less amount representing interest	-	-	-
Present value of net minimum lease payments	\$ 23,378	16,464	39,842

Payments under the capital lease purchase agreements totaled \$16,024 for the year ended June 30, 2021.

(8) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 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 and protection occupation member's monthly IPERS benefit includes:

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

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

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

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

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

In fiscal year 2021, 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 9.26% of covered payroll, for a total rate of 18.52%. Protection occupation members contributed 6.41% of covered payroll and the County contributed 9.61% of covered payroll, for a total rate of 16.02%.

The County’s contributions to IPERS for the year ended June 30, 2021 were \$330,663.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the County reported a liability of \$2,435,111 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 County’s proportion of the net pension liability was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the County’s proportion was 0.034665%, which was an increase of 0.002077% over its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$387,446. At June 30, 2021, 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	\$ 11,808	61,536
Changes of assumptions	160,567	35,586
Net difference between projected and actual earnings on IPERS' investments	195,214	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	13,176	48,372
County contributions subsequent to the measurement date	330,663	-
Total	<u>\$ 711,428</u>	<u>145,494</u>

\$330,663 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. 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	\$ (1,566)
2023	54,049
2024	68,563
2025	114,487
2026	<u>(262)</u>
Total	<u>\$ 235,271</u>

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:

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	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability:	\$ 4,624,572	2,435,111	599,803

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, 2021.

(9) Other Postemployment Benefits (OPEB)

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

OPEB Benefits – Individuals who are employed by Decatur 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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>69</u>
Total	<u>71</u>

Total OPEB Liability – The County’s total OPEB liability of \$321,922 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2021 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, 2021)	2.60% per annum.
Rates of salary increase	3.25% per annum, including
(effective June 30, 2021)	inflation.
Discount rate	2.19% compounded annually,
(effective June 30, 2021)	including inflation.
Healthcare cost trend rate	7.50% initial rate decreasing by .5%
(effective June 30, 2021)	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 General and Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019. 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	\$ 311,703
Changes for the year:	
Service cost	36,967
Interest	9,065
Differences between expected and actual experiences	(30,218)
Changes in assumptions	10,237
Benefit payments	<u>(15,832)</u>
Net changes	<u>10,219</u>
Total OPEB liability end of year	<u>\$ 321,922</u>

Changes of assumptions reflect a change in the discount rate from 2.66% in fiscal year 2020 to 2.19% in fiscal year 2021.

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	\$ 344,959	321,922	300,585

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 (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rates.

	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total OPEB liability	\$ 287,525	321,922	363,137

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized OPEB expense of \$26,051. Under the alternative measurement method, all deferred outflows and inflows of resources related to OPEB are fully recognized immediately.

(10) Operating Leases

The County entered into leases for a phone system during the year ended June 30, 2016 and copiers during the year ended June 30, 2019. The following is a schedule of future minimum lease payments required under the operating lease agreements:

Year ending June 30,	Copiers
2022	\$ 23,675
2023	23,675
2024	23,675
	\$ 71,025

Lease expense for these leases for the year ended June 30, 2021 totaled \$26,422.

(11) Risk Management

The County is a member of the Heartland Insurance Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Insurance Risk Pool (Pool) is a local government risk-sharing pool whose membership includes ten counties throughout the State of Iowa. The Pool was formed in July 1987 to provide workers' compensation and property/casualty insurance for its members. The risk pool was created for the purposes of providing and maintaining self-insurance benefits on a group basis substantially at cost.

Each member county is responsible for the payment of member contributions to the Pool on an annual basis. Member contributions to the Pool are recorded as expenditures from the operating funds at the time of payment to the Pool. In the event of payment of any loss by the Pool, the Pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery. The Pool is responsible for paying the reinsurance premiums on the insurance policies when due, to pay claims in accordance with the various coverages and to make other payments as required by applicable law, to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the Pool, and to pay all reasonable and necessary expenses for administering the Pool and fund.

Initial risk of loss for the self-insured coverages is retained by the Pool. The Pool obtained a reinsurance policy for the year ended June 30, 2021, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers compensation, and in excess of \$400,000 per occurrence, up to a maximum of \$5,000,000 per occurrence, including the retention of the pool, for general liability, police professional, errors and omissions and automobile liability. The Pool records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustments expenses. At June 30, 2021, 2020 and 2019, the Pool reported a surplus of assets over liabilities.

Each member retains the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the Pool by means of an assessment that would be charged to the member County in addition to the premium contributions. At June 30, 2021, settled claims have not exceeded the Pool or reinsurance coverage since commencement of the Pool.

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2021 were \$312,801.

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

(12) Higher Education Notes

In December 2013, the County issued \$9,158,000 of refunding notes for Graceland University under the provisions of Chapter 419 of the Code of Iowa. The balance outstanding on the refunding notes at June 30, 2021 is \$8,220,349. The notes and related interest are payable solely from and are secured by a pledge of revenues to be received from Graceland University and the note principal and interest do not constitute liabilities of the County.

(13) Decatur County Financial Information Included in the County Rural Offices of Social Services Mental Health Region

County Rural Offices of Social Services (CROSS) 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: Clarke County, Decatur County, Lucas County, Monroe County, Ringgold County and Wayne County. The financial activity of Decatur County's Special Revenue, Mental Health Fund is included in the County Rural Offices of Social Services (CROSS) Mental Health Region for the year ended June 30, 2021, as follows:

Revenues:		
Property and other county tax		\$ 292,702
Intergovernmental:		
State tax credits	\$ 22,826	
MH-DD reimbursement from other governments	<u>2,715</u>	25,541
Miscellaneous		<u>4,740</u>
Total revenues		<u>322,983</u>
Expenditures:		
Services to persons with:		
Mental illness		65,134
General administration:		
Direct administration	11,833	
Distribution to regional fiscal agent	<u>211,412</u>	<u>223,245</u>
Total expenditures		<u>288,379</u>
Excess of revenues over expenditures		34,604
Fund balance beginning of year		<u>255,681</u>
Fund balance end of year		<u>\$ 290,285</u>

(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.

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2021 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Lamoni	Urban renewal and economic development projects	\$ 6,172
	Chapter 404 tax abatement program	11,981

(15) COVID-19

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

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

(16) 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 will require reporting of certain potentially significant lease liabilities that are not currently reported.

(17) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity.

The restatements to retroactively report the change in net position, are as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>1,902,924</u>
Net position July 1, 2020, as restated	<u>\$ 1,902,924</u>

(18) Subsequent Event

Effective July 1, 2021, Decatur County took over as the fiscal agent for the Wayne-Ringgold-Decatur Solid Waste Management Commission. Ringgold County was the fiscal agent for the year ending June 30, 2021. The Commission's activity will be reported as a custodial fund.

Decatur County

Required Supplementary Information

Decatur 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, 2021

	Actual	Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 4,621,063	-	4,621,063
Interest and penalty on property tax	67,278	-	67,278
Intergovernmental	5,305,741	-	5,305,741
Licenses and permits	625	-	625
Charges for service	329,677	-	329,677
Use of money and property	7,009	-	7,009
Miscellaneous	314,458	-	314,458
Total receipts	10,645,851	-	10,645,851
Disbursements:			
Public safety and legal services	1,762,287	-	1,762,287
Physical health and social services	615,421	-	615,421
Mental health	287,753	-	287,753
County environment and education	583,846	-	583,846
Roads and transportation	3,978,304	-	3,978,304
Governmental services to residents	375,152	-	375,152
Administration	799,943	-	799,943
Debt service	571,555	251,027	320,528
Capital projects	5,775	-	5,775
Total disbursements	8,980,036	251,027	8,729,009
Excess (deficiency) of receipts over (under) disbursements	1,665,815	(251,027)	1,916,842
Other financing sources, net	256,394	251,027	5,367
Change in balances	1,922,209	-	1,922,209
Balance beginning of year	4,151,295	158	4,151,137
Balance end of year	\$ 6,073,504	158	6,073,346

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
4,392,927	4,442,927	178,136
30,000	30,000	37,278
3,773,831	4,003,699	1,302,042
400	400	225
276,215	285,655	44,022
16,000	16,000	(8,991)
72,300	105,225	209,233
<u>8,561,673</u>	<u>8,883,906</u>	<u>1,761,945</u>
1,822,354	1,930,704	168,417
769,622	716,076	100,655
312,344	312,344	24,591
637,404	761,004	177,158
3,860,225	4,082,831	104,527
384,226	405,111	29,959
939,686	946,188	146,245
321,282	321,282	754
178,250	184,050	178,275
<u>9,225,393</u>	<u>9,659,590</u>	<u>930,581</u>
(663,720)	(775,684)	2,692,526
-	-	5,367
(663,720)	(775,684)	2,697,893
<u>3,267,249</u>	<u>3,888,966</u>	<u>262,171</u>
<u>2,603,529</u>	<u>3,113,282</u>	<u>2,960,064</u>

Decatur County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2021

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	Basis	Adjustments	Accrual
			Basis
Revenues	\$ 10,645,851	(813,617)	9,832,234
Expenditures	8,980,036	(238,947)	8,741,089
Net	1,665,815	(574,670)	1,091,145
Other financing sources, net	256,394	(256,394)	-
Beginning fund balances	4,151,295	742,030	4,893,325
Ending fund balances	<u>\$ 6,073,504</u>	<u>(89,034)</u>	<u>5,984,470</u>

See accompanying independent auditor's report.

Decatur County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the blended component unit 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 and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$434,197. 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, 2021, disbursements did not exceed the amounts budgeted.

Decatur County

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

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

Required Supplementary Information

	2021	2020	2019	2018
County's proportion of the net pension liability	0.034665%	0.032588%	0.033500%	0.035025%
County's proportionate share of the net pension liability	\$ 2,435	1,887	2,120	2,333
County's covered payroll	\$ 3,569	3,415	3,318	3,193
County's proportionate share of the net pension liability as a percentage of its covered payroll	68.23%	55.26%	63.89%	73.07%
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
0.036648%	0.041231%	0.040327%
2,306	2,037	1,599
3,133	3,385	3,291
73.60%	60.18%	48.59%
81.82%	85.19%	87.61%

Decatur County

Schedule of County Contributions

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

Required Supplementary Information

	2021	2020	2019	2018
Statutorily required contribution	\$ 331	340	327	302
Contributions in relation to the statutorily required contribution	(331)	(340)	(327)	(302)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 3,499	3,569	3,415	3,318
Contributions as a percentage of covered payroll	9.46%	9.53%	9.58%	9.10%
See accompanying independent auditor's report.				

2017	2016	2015	2014	2013	2012
291	285	308	300	274	252
(291)	(285)	(308)	(300)	(274)	(252)
-	-	-	-	-	-
3,193	3,133	3,385	3,291	3,078	3,006
9.11%	9.10%	9.10%	9.12%	8.90%	8.38%

Decatur County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2021

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.

Decatur County

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

For the Last Four Years
Required Supplementary Information

	2021	2020	2019	2018
Service cost	\$ 36,967	33,849	33,047	51,505
Interest cost	9,065	13,660	13,930	13,187
Difference between expected and actual experiences	(30,218)	11,128	(16,616)	(35,805)
Changes in assumptions	10,237	(102,258)	8,347	(1,108)
Benefit payments	(15,832)	-	(20,380)	(15,115)
Net change in total OPEB liability	10,219	(43,621)	18,328	12,664
Total OPEB liability beginning of year	311,703	355,324	336,996	324,332
Total OPEB liability end of year	<u>\$ 321,922</u>	<u>311,703</u>	<u>355,324</u>	<u>336,996</u>
Covered-employee payroll	\$ 3,339,082	3,375,130	3,289,461	3,073,594
Total OPEB liability as a percentage of covered-employee payroll	9.6%	9.2%	10.8%	11.0%

See accompanying independent auditor's report.

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2021	2.19%
Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%

Decatur County

Supplementary Information

Decatur County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2021

	County Recorder's Records Management	Special Resource Enhancement and Protection
Assets		
Cash and pooled investments	\$ 9,357	171,792
Receivables:		
Delinquent property tax	-	-
Succeeding year property tax	-	-
Total assets	\$ 9,357	171,792
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ -	940
Deferred inflows of resources:		
Unavailable revenues:		
Succeeding year property tax	-	-
Other	-	-
Total deferred inflows of resources	-	-
Fund balances:		
Restricted for:		
Debt service	-	-
Conservation purposes	-	170,852
Other purposes	9,357	-
Total fund balances	9,357	170,852
Total liabilities, deferred inflows of resources and fund balances	\$ 9,357	171,792

See accompanying independent auditor's report.

Revenue						
Emergency Medical Services	Special Law Enforcement Proceeds	County Attorney Forfeiture	Friends of Conservation	Debt Service	Total	
2,161	6,751	10,245	274,595	20,440	495,341	
-	-	-	-	7,681	7,681	
-	-	-	-	237,000	237,000	
2,161	6,751	10,245	274,595	265,121	740,022	
-	-	-	-	1,185	2,125	
-	-	-	-	237,000	237,000	
-	-	-	-	7,681	7,681	
-	-	-	-	244,681	244,681	
-	-	-	-	19,255	19,255	
-	-	-	274,595	-	445,447	
2,161	6,751	10,245	-	-	28,514	
2,161	6,751	10,245	274,595	19,255	493,216	
2,161	6,751	10,245	274,595	265,121	740,022	

Decatur County

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

Year ended June 30, 2021

	County Recorder's Records Management	Resource Enhancement and Protection	Special Emergency Medical Services
Revenues:			
Property and other county tax	\$ -	-	-
Intergovernmental	-	9,289	-
Charges for service	5,792	-	-
Miscellaneous	-	100,000	-
Total revenues	5,792	109,289	-
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	940	-
Government services to residents	5,954	-	-
Debt service	-	-	-
Total expenditures	5,954	940	-
Change in fund balances	(162)	108,349	-
Fund balances beginning of year	9,519	62,503	2,161
Fund balances end of year	\$ 9,357	170,852	2,161

See accompanying independent auditor's report.

Revenue					
Special Law Enforcement Proceeds	County Attorney Forfeiture	Friends of Conservation	Debt Service		Total
-	-	-	297,003		297,003
-	-	-	23,174		32,463
2,240	-	-	-		8,032
-	-	30,542	-		130,542
2,240	-	30,542	320,177		468,040
16,003	-	-	-		16,003
-	-	3,990	-		4,930
-	-	-	-		5,954
-	-	-	313,140		313,140
16,003	-	3,990	313,140		340,027
(13,763)	-	26,552	7,037		128,013
20,514	10,245	248,043	12,218		365,203
6,751	10,245	274,595	19,255		493,216

Decatur County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	2,054	632,681	95,936
Other County officials	28,672	-	-	-
Receivables:				
Property tax:				
Delinquent	-	2,985	7,250	139,603
Succeeding year	-	92,000	223,000	4,336,000
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	28,672	97,039	862,931	4,571,539
Liabilities				
Accounts payable	-	-	12	-
Salaries and benefits payable	-	-	1,463	-
Due to other governments	19,941	2,054	-	95,936
Trusts payable	8,731	-	-	-
Compensated absences	-	-	333	-
Total liabilities	28,672	2,054	1,808	95,936
Deferred Inflows of Resources				
Unavailable revenues	-	92,000	223,000	4,336,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	2,985	638,123	139,603

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Hospital	Auto License and Use Tax	Other	Total
6,134	27,183	3,689	22,683	140,565	916,563.00	1,847,488
-	-	-	-	-	-	28,672
8,845	45,032	4,388	32,784	-	25	240,912
273,000	1,460,000	160,000	1,005,000	-	1,000	7,550,000
-	-	-	-	-	94,125	94,125
-	-	-	-	-	64,745	64,745
287,979	1,532,215	168,077	1,060,467	140,565	1,076,458	9,825,942
-	-	-	-	-	4,548	4,560
-	-	-	-	-	571	2,034
6,134	27,183	3,689	22,683	140,565	31,567	349,752
-	-	-	-	-	11,383	20,114
-	-	-	-	-	-	333
6,134	27,183	3,689	22,683	140,565	48,069	376,793
273,000	1,460,000	160,000	1,005,000	-	1,000	7,550,000
8,845	45,032	4,388	32,784	-	1,027,389	1,899,149

Decatur County
Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	88,475	217,113	4,311,210
911 surcharge	-	-	-	-
State tax credits	-	6,968	17,105	343,477
Drivers license fees	-	-	-	-
Office fees and collections	289,763	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	75,043	-	-	-
Miscellaneous	-	-	55	-
Total additions	<u>364,806</u>	<u>95,443</u>	<u>234,273</u>	<u>4,654,687</u>
Deductions:				
Agency remittances:				
To other funds	133,680	-	-	-
To other governments	156,083	97,412	170,531	4,757,629
Trusts paid out	75,043	-	-	-
Total deductions	<u>364,806</u>	<u>97,412</u>	<u>170,531</u>	<u>4,757,629</u>
Changes in net position	-	(1,969)	63,742	(102,942)
Net position beginning of year, as restated	-	4,954	574,381	242,545
Net position end of year	<u>\$ -</u>	<u>2,985</u>	<u>638,123</u>	<u>139,603</u>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Hospital	Auto License and Use Tax	Other	Total
262,690	1,394,302	159,307	977,235	-	786	7,411,118
-	-	-	-	-	192,904	192,904
20,642	168,521	9,392	76,979	-	62	643,146
-	-	-	-	-	24,982	24,982
-	-	-	-	-	4	289,767
-	-	-	-	2,570,498	-	2,570,498
-	-	-	-	-	27,635	27,635
-	-	-	-	-	75,815	150,858
-	-	-	-	-	68,178	68,233
283,332	1,562,823	168,699	1,054,214	2,570,498	390,366	11,379,141
-	-	-	-	80,843	-	214,523
289,199	1,604,984	171,376	1,076,161	2,489,655	204,505	11,017,535
-	-	-	-	-	75,815	150,858
289,199	1,604,984	171,376	1,076,161	2,570,498	280,320	11,382,916
(5,867)	(42,161)	(2,677)	(21,947)	-	110,046	(3,775)
14,712	87,193	7,065	54,731	-	917,343	1,902,924
8,845	45,032	4,388	32,784	-	1,027,389	1,899,149

Decatur County

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

For the Last Ten Years

	2021	2020	2019	2018
Revenues:				
Property and other county tax	\$ 4,221,132	4,257,166	4,238,634	3,959,515
Local option sales tax	352,432	295,932	280,702	264,864
Interest and penalty on property tax	64,370	23,117	43,471	48,565
Intergovernmental	4,530,051	4,390,584	4,443,517	3,890,094
Licenses and permits	625	439	788	1,237
Charges for service	329,579	295,680	359,420	327,897
Use of money and property	18,683	17,812	23,851	16,553
Miscellaneous	315,362	171,459	310,465	246,131
Total	\$ 9,832,234	9,452,189	9,700,848	8,754,856
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,760,736	1,721,959	1,645,893	1,552,770
Physical health and social services	615,714	617,513	618,984	645,502
Mental health	288,379	300,266	867,585	340,786
County environment and education	559,809	510,052	573,454	529,676
Roads and transportation	3,983,605	4,153,293	4,403,677	3,181,035
Governmental services to residents	376,612	350,248	322,510	320,789
Administration	829,931	1,004,974	806,517	768,953
Debt service	320,528	323,142	324,998	326,595
Capital projects	5,775	16,893	14,007	54,079
Total	\$ 8,741,089	8,998,340	9,577,625	7,720,185

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
3,398,996	3,146,074	2,615,642	2,326,729	2,341,345	2,641,230
254,192	259,671	239,178	207,420	223,325	233,863
60,132	43,451	40,081	34,206	33,658	38,698
4,065,717	4,033,984	4,866,093	4,356,943	4,097,394	4,734,628
8,388	10,940	9,608	9,185	8,287	7,041
279,736	317,605	273,043	274,291	275,618	276,759
14,356	12,741	6,391	5,297	15,265	16,315
181,861	456,922	460,347	184,144	133,253	260,834
8,263,378	8,281,388	8,510,383	7,398,215	7,128,145	8,209,368
1,426,866	1,497,151	1,182,362	1,119,870	999,256	994,986
667,947	787,947	1,119,244	1,218,807	1,209,667	1,296,932
380,675	375,032	594,443	578,325	491,385	1,335,574
539,623	427,227	472,359	411,689	364,291	385,260
3,559,580	3,859,734	3,244,012	3,488,258	3,062,269	2,714,101
299,690	286,920	278,788	281,652	263,161	251,194
803,136	910,829	719,107	928,488	624,649	520,688
330,996	318,734	853,071	6,125	506,455	250
124,867	1,222,469	2,445,525	640,321	128,084	223,949
8,133,380	9,686,043	10,908,911	8,673,535	7,649,217	7,722,934



**OFFICE OF 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 Decatur County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Decatur County, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 22, 2022.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) through (D) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (E) through (L) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Decatur County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the 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 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 the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2021 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.

Decatur County's Responses to the Findings

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

Purpose of this Report

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

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



Marlys K. Gaston, CPA
Chief Deputy Auditor of State

March 22, 2022

Decatur County
 Schedule of Findings
 Year ended June 30, 2021

Findings Related to the Financial Statements:

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 County’s financial statements.

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

	Applicable Offices
(1) Receipts – opening mail, collecting, depositing, posting, daily reconciling and handling cash.	Treasurer, Sheriff Recorder, Conservation, Secondary Roads, Public Health
(2) The responsibility for the change fund is not assigned to only one person.	Treasurer, Recorder
(3) The person who signs checks is not independent of the person preparing the checks, approving disbursements, recording cash disbursements and handling cash.	Recorder
(4) Accounts receivable – collecting, posting and reconciling.	Public Health

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

Effect – Inadequate segregation of duties could adversely affect each County Office’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 – We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review their operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons and should be evidenced by initials or signatures of the reviewer and the date of the review.

Decatur County

Schedule of Findings

Year ended June 30, 2021

Responses –

Treasurer – I’m aware that this has been an ongoing issue and one that I feel is difficult to fully rectify. With four total in this office, we do our best to utilize each person in different areas of the office when it comes to counting money, approving (by initialing) daily balance books, signing office checks, etc. Two people are always involved (one in the beginning and one in the end) of each process. If one person counts the drawer in the morning, another staff member counts the drawer at the end of the day and so on. I feel as many of us that can double check each other has led us to not have errors or shortages. We will continue to work on this.

Recorder – We alternate opening the mail. We both have access to the change fund. The person who signs the checks is independent of the person who prepares the check.

Sheriff – We will segregate duties with independent persons as best we can.

Secondary Roads – To help obtain maximum internal control the Office Manager and Engineer have set up a process for reviewing incoming receipts and items in the mail. Checks received are collected here and brought to the Treasurer’s office to have an employee in their office process. Monthly balancing is done to ensure all items are accounted for.

Conservation – This is not easily accomplished with the few employees of the conservation board. We will try to do a better job with receipts.

Public Health – We only have two people that know how to do this. The Office Manager makes deposits and the Director signs off on it.

Conclusions – Responses acknowledged. County officials should continue to review procedures of their office to obtain the maximum internal control possible under the circumstances.

(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, 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 revenues 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.

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

Decatur County

Schedule of Findings

Year ended June 30, 2021

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

Response – A batch of cleared checks was missed by a deputy whose regular job functions is to clear these checks in Eden on a timely basis. When the error was discovered, the deputy then cleared the batch in an attempt to correct, on the wrong fiscal year, further causing a bigger problem. A procedure needs put in place requiring the deputy performing these tasks to check these at month end to be sure no checks are left outstanding in Eden that should be cleared.

Conclusion – Response acknowledged. The County should establish procedures to ensure all receivables, payables, and revenues are identified and properly reported in the County’s financial statements.

(C) Bank Reconciliation – Maintenance of Financial Records

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances.

Condition – During the year ended June 30, 2021, significant unresolved variances existed between the bank balance and the general ledger (book balance). At June 30, 2021, the bank balance exceeded the book balance by \$10,847.

Cause – The variances between the bank balance and the general ledger were due, in part, to certain records not being maintained on a current basis and not being maintained in a manner to ensure all collections were properly recorded in the County’s financial system. County polices have not been established to reconcile recorded receipts in computer system with daily balancing sheets.

Effect – Unresolved variances between bank and book balances can result in undetected errors and opportunity for misappropriation. Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions.

Recommendation – The County Treasurer should investigate and resolve variances between the bank balance and the general ledger monthly. In addition, records should be maintained on a current basis and in a way to ensure all collections are recorded.

Decatur County

Schedule of Findings

Year ended June 30, 2021

Response – Struggles of balancing bank totals with the general ledger has been an ongoing issue. My office continues to work on this and hopes to be getting closer to having it resolved. Additional training will be looked into (cost of training) to see if further education on Eden financial system can assist with this. We do balance daily and against the monthly bank statements to ensure all monies are received and accounted for. The issue is in journal entries either being missed or not put in correctly, causing the bank reconciliation to differ from the general ledger total.

Conclusion – Response accepted.

(D) Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances.

Condition – Bank reconciliations were not prepared for the County Conservation office.

Cause – Procedures have not been designed and implemented to ensure all accounts are reconciled and the amounts recorded in the books and bank balances are complete and accurate to ensure proper accounting for all funds.

Effect – A lack of bank to book reconciliations can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – The offices should prepare bank reconciliations and have an independent person review the reconciliations for propriety. The reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response – Bank reconciliations will be prepared. The bank reconciliations will be reviewed by an independent person.

Conclusion – Responses accepted.

(E) Delinquent Property Tax Reconciliations

Criteria – An effective internal control system provides for internal controls related to reconciling current and delinquent property tax collections to tax billings and amounts becoming or remaining delinquent to ensure the accuracy of current and delinquent property tax collections and receivables.

Condition – Delinquent tax reconciliations were not prepared.

Cause – Policies have not been established and procedures have not been implemented to reconcile current and delinquent property taxes to ensure the accuracy of property tax collections and receivables.

Effect – This condition could result in unrecorded or misstated property tax revenues, improper or unauthorized adjustments and write-offs and/or misstated tax receivables.

Decatur County

Schedule of Findings

Year ended June 30, 2021

Recommendation – Delinquent property tax reconciliations should be prepared and reviewed. Variances, if any, should be investigated and resolved in a timely manner.

Response – I have reached out to our tax software program to find what reports, etc. are available with our new tax system to better provide this. I've also reached out to Treasurer colleagues to mirror their process to provide in the future.

Conclusion – Response accepted.

(F) Conservation Receipts

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity's governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies regarding initial transaction recording.

Condition – Receipts for conservation purposes were only generated for credit card purchases.

Cause – Policies and procedures have not been implemented to require prenumbered receipts for all collections.

Effect – A lack of issuing prenumbered receipts for all collections can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – Prenumbered receipts should be issued for all collections.

Response – Receipts will be given for canoe rentals. Everything else a receipt is being given. These are not prenumbered receipts.

Conclusion – Response acknowledged. Prenumbered receipts should be issued for all collections.

(G) Accounting Procedures Manuals

Criteria – Accounting policies and procedures manuals provide the following benefits:

- (1) Aid in training additional or replacement staff.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

Condition – The Treasurer's Office has not developed accounting policies and procedures manuals.

Cause – The development of accounting policies and procedures manuals has not been prioritized by the County Treasurer's Office.

Decatur County

Schedule of Findings

Year ended June 30, 2021

Effect – Lack of an accounting policies and procedures manual could result in the County Treasurer’s Office lack of ability to continue operating effectively and efficiently in the event there is accounting staff turnover.

Recommendation – Office procedures and accounting manuals should be prepared for the Treasurer’s Office.

Response – A policies and procedures manual would be beneficial. All staff in the office are cross trained on most all of the office functions. However, it would be beneficial to have something in place to not only help with new trainees, but in the event one or more people were to suddenly leave the office for whatever reason, this could be helpful in keeping the office functioning and able to serve the public as seamlessly as possible.

Conclusion – Response accepted.

(H) Computer System

Criteria – Properly designed policies and procedures pertaining to control activities over the County’s computer system and implementation of the policies and procedures help provide reasonable assurance financial information is safeguarded and reliable and helps ensure compliance with applicable laws and regulations.

Condition – The County does not have a written policy for maintaining security upon termination of employment.

Cause – Management has not required written policies for maintaining security upon termination of employment.

Effect – Lack of written policies for maintaining security upon termination of employment could result in unauthorized access, a loss of data or compromised data, resulting in unreliable financial information.

Recommendation – The County should develop a written policy addressing maintaining security upon termination of employment in order to improve the County’s control over its computer system.

Response – We will work to develop a written policy addressing this item.

Conclusion – Response accepted.

(I) Employee Evaluations

Criteria – An effective method to improve employee performance and address areas of improvement is through the annual performance evaluations in accordance with the County’s personnel policies. The evaluation would document the employee’s progress and work quality.

Condition – Annual employee performance evaluations are not performed.

Cause – Procedures have not been implemented to ensure timely employee performance evaluations.

Decatur County

Schedule of Findings

Year ended June 30, 2021

Effect – Specific strengths and weaknesses to improve employee performance are not communicated to employees in a manner in which they can take action to improve their job performance.

Recommendation – The County should perform annual employee performance evaluations as required by the County’s personnel policy.

Response – The County’s policy encourages department heads to evaluate the performance of each employee and provides a procedure for doing so. The board will make a more concerted effort with the department heads.

Conclusion – Response accepted.

(J) Timely Receipt Remittance

Criteria – An effective internal control system provides for internal controls related to ensuring the timely deposit of all incoming checks and cash.

Condition – Receipts are not always remitted to the County Treasurer within one week of receipt. To name a few, eleven Public Health receipts, two Conservation, and one 911 receipt tested were not remitted timely.

Cause – Policies and procedures have not been designed and implemented to ensure all incoming cash and checks are remitted timely.

Effect – This condition could result in unrecorded or misstated revenues and receivables.

Recommendation – Procedures should be established to ensure all receipts are remitted to the County Treasurer timely.

Response – When checks are brought into our office to be receipted in, they are receipted in the same day. My office has no control over how long other offices sit on checks before bringing them to us to deposit. I will visit with other offices to voice my concerns on timely deposits.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Decatur County
Schedule of Findings
Year ended June 30, 2021

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2021 did not exceed the amounts budgeted by function.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Justin Cornett, County Assessor, Independent contractor	Dirt hauling	\$ 200
Mike Jensen, Secondary Roads Employee, Brother owns AK Garage	Tires/repairs for Secondary Roads	3,523
Jim Fulton, County Supervisor, Owns Fulton Electric	Electric work	1,172
Jared Jackson, Secondary Roads Employee, Father owns Bob Jackson Trucking	Rock hauling for Conservation Department	1,171
Brent Marvin, County Reserve Officer, Owns Brent Marvin Construction	Vehicle decals removal	145
Ryan Norman, Secondary Roads Employee, Independent contractor	Borrow pit/fill dirt	908

The transactions do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since total transactions with each individual did not exceed \$6,000 during the fiscal year.

- (5) Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments – Except as noted in finding (12) below, no instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

Decatur County

Schedule of Findings

Year ended June 30, 2021

- (9) Revenue Bonds – No instances of non-compliance with the revenue bond resolutions were noted.
- (10) 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).
- (11) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The image of the back of each cancelled check was not obtained by the County Sheriff.

Recommendation – The County Sheriff should obtain and retain an image of the front and back of each cancelled check from the bank, as required.

Response – We will obtain and retain the front and back image of each cancelled check.

Conclusion – Response accepted.

- (12) Conservation Donations - During the year ended June 30, 1998, a group of individuals identified as Friends of Decatur County Conservation signed agreements with the South Central Iowa Community Foundation (SCICF). While the Friends of County Conservation was never legally established as an entity, the agreements they signed established a pass-through fund (Learning Center Fund) and an Endowment Fund with the SCICF. In part, the agreements state “Donor hereby transfers irrevocably to the Foundation the property.... All grants, bequests, and devises to this Fund shall be irrevocable once accepted by the Foundation.” Since the Friends was not incorporated and the agreement was signed by the Conservation Board chair, the agreements are between the County and SCICF.

Through discussions with Richard Erke, the Decatur County Conservation Director, we determined the Learning Center Fund (pass-through fund) is primarily made up of monies received from fundraising. The Endowment Fund was originally established in honor of John Untiedt and continues to receive donations. Both funds received donations during the year ended June 30, 2021. Some donations are received directly by the SCICF while other donations are given to the County Conservation Department and then they forward the donations to the SCICF. The commingling of funds donated to the County and those donated to the Foundation makes it difficult to distinguish between County (public funds) and Foundation (private funds) operations.

The Constitution of the State of Iowa prohibits governmental bodies from making a gift to a private non-profit corporation. Article III, Section 31, 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.”

Decatur County

Schedule of Findings

Year ended June 30, 2021

Chapter 331.552 of the Code of Iowa States, in part, “The Treasurer shall receive all money payable to the county unless otherwise provided by law; disburse money owed or payable by the county on warrants or checks drawn and signed by the auditor and sealed with the official county seal; keep a true account of all receipts and disbursements of the County, which account shall be available for inspection by the board at any reasonable time.”

In addition, consistent with the Iowa Attorney General’s opinion, funds donated to the County and turned over to the Foundation, including related income, remain public funds and must be accounted for, deposited and invested pursuant to Chapters 12B and 12C of the Code of Iowa and rules of the County. According to financial reports of the Foundation, at June 30, 2020 (the most current report available), the commingled funds were invested in mutual funds/exchange traded funds, domestic and international equities, U.S. government securities, corporate and municipal bonds, money market funds, certificates of deposit, and bank checking and savings accounts. The Foundation’s investments include types of investments which are not included in the list of allowable investments of public funds specified in Chapter 12B.10(5) of the Code of Iowa.

Included in the SCICF notes to the financial statements for fiscal year ending June 30, 2020, a subsequent event note describes a formal notification from the Community Foundations National Standards Board that SCICF is out of compliance with the national standards and has lost its accreditation. Per communication with the SCICF as of February 16, 2022, the Foundation has not tried to seek reaccreditation with the National Standards Board. Due to this lack of accreditation, the Foundation is not able to participate in the Endow Iowa Tax Credit program or the County Endowment Fund program.

The funds held by the SCICF on behalf of the Conservation Department are reported by the County in the Friends of Conservation, Special Revenue Fund.

Recommendation – We are not aware of any statutory authority for the Conservation Department to relinquish donations made directly to the County to the separate non-profit organization.

The Conservation Department, through its action to give public funds to the Foundation, has put these public funds at risk since the Conservation Board and the Foundation have not invested and accounted for the proceeds from the Bequest of the County donations, including all income derived from the investment of the Bequest and County donations, as required by Chapter 12B.10(5) of the Code of Iowa and Chapter 331.552 of the Code of Iowa.

The County should consult legal counsel to determine the disposition of this matter, including seeking to recover the County’s funds held, including interest earned on those funds, by the private non-profit organization. The County should also consult with legal counsel to determine the impact of the Foundations’ inability to participate in the Endow Iowa Tax Credit and the County Endowment Fund programs on the County’s funds held by the Foundation.

Response – The Conservation Board will consult legal counsel to rectify this situation.

Conclusion – Response accepted.

Decatur County

Schedule of Findings

Year ended June 30, 2021

- (13) Other Donations – During the year ended June 30, 2021, the County donated funds to the following entities:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Grand River Meal Site	Donation to support meal site	\$ 975
Decatur County Development Corp	Donation to support meal site	10,000
Decatur County Historical Society	Donation to support Decatur County Museum	3,206

The Constitution of the State of Iowa prohibits governmental bodies from making a gift to private non-profit corporations. 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 can’t 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.”

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 the government, the private organizations are not subject 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 provide public funds to private non-profit corporations. The County should prohibit future donations to non-profit organizations.

Response – The Board with consult legal counsel to rectify this situation.

Conclusion – Response accepted.

- (14) Separately Maintained Records – The Conservation Department maintains separate accounting records for its operations. Monthly financial reports are not provided to the County and the activity of this outside bank account held by the Conservation Department is not included in the County’s computer system, the County’s accounting records or the County’s financial reports.

Recommendation – Chapter 331.552 of the Code of Iowa state, in part, the County Treasurer shall “keep a true account of all receipts and disbursements of the county.” For better accountability, financial and budgetary control, the financial activity and balances of all County accounts should be reported in the County’s computer system, accounting records and financial reports.

Decatur County

Schedule of Findings

Year ended June 30, 2021

Response – The Conservation Board will work with the Decatur County Treasurer to transfer the bank account to her name.

Conclusion – Response accepted.

- (15) Sales Tax on Credit Cards Purchases – The County has credit cards for use by various employees while on County business. Sales tax was paid for three Sheriff's Office and one Public Health Department credit card transaction tested.

Recommendation – Under Iowa statute, the County is exempt from paying sales tax on purchases. The County should ensure sales tax is not paid on purchases.

Responses –

Sheriff – We will ensure sales taxes aren't paid whenever possible.

Public Health – We are working on setting up business accounts.

Conclusion – Response accepted.

- (16) Additional Pay for Elected Officials – On July 19, 2021, the Board of Supervisors approved Resolution 2021-36, a Resolution Providing Premium Pay to Essential Workers From American Rescue Plan Funds, to provide a one-time payment of \$2,500 to active, full-time employees employed by the County at that time, including the County Auditor, County Treasurer, County Recorder and County Sheriff. The additional pay was to compensate eligible county workers who performed essential work from January 27, 2020, through January 26, 2021, during the COVID-19 pandemic.

The annual compensation of the Auditor, Treasurer, Recorder and Sheriff, are determined in accordance with Chapter 331.907 of the Code of Iowa. This Chapter requires the County Compensation Board to prepare and submit to the County Board of Supervisors a compensation schedule for elective county officers. The Board of Supervisors are required to determine final compensation for the elected officials in an amount which does not exceed the compensation schedule recommended by the Compensation Board. Once the Board of Supervisors approves the salaries of county elected officials in accordance with Chapter 331.907 of the Code of Iowa, the elected officials are not entitled to additional compensation.

Although the additional pay for elected officials was approved by the Board of Supervisors, the compensation did not follow the procedures of Chapter 331.907. As a result, the additional pay to county elected officials is not permitted and is in violation of Iowa statute.

Recommendation – The County should work with the County Attorney to seek reimbursement for the unallowable amounts paid to each elected official and should comply with Chapter 331.907 of the Code of Iowa in the future.

Decatur County

Schedule of Findings

Year ended June 30, 2021

Response – The County Compensation Board will set a time to meet and discuss the allowance of elected officials receiving the pay from the American Rescue Plan Funds. Elected officials fit the Treasury’s definition of “eligible workers” no different than any other employee of the State, local or Tribal government and would not be excludible merely because the local County Compensation Board (who met in January before the Treasury’s rule) didn’t make prior approval and recommendation to grant “premium pay” to these elected officials.

Conclusion – Response acknowledged. The proposed meeting by the Compensation Board would be subsequent to the payment to the stated officials. As such, the County would not be in compliance with the provisions of Chapter 331.907 of the Code of Iowa. Although the elected officials meet the definition of an eligible worker, Federal Treasury rules for ARPA funds, or any federal funds, so not provide a local government may spend the funds in violation of State statutes.

- (17) Review of Timesheets – County employees fill out bi-weekly timesheets which are reviewed and approved by the employee’s supervisor. Employees earn paid time off or may take leave without pay if their leave balances are depleted. Hours from the timesheets are manually entered into the payroll system by an employee in the County Auditor’s office. For the pay periods ending February 19, 2022 and March 5, 2022, an employee of the County Auditor’s office incorrectly entered 42 hours of regular time worked rather than leave without pay which was reflected on her timesheets. The acting County Auditor discovered the error and requested reimbursement from the employee. The individual is no longer employed by the County.

Recommendation – The County Auditor should continue the monitoring procedures used to catch this error, including ensuring timesheets are reviewed closely to ensure only hours worked are reported and leave time is properly recorded. A comparison of the timesheets to information reported in the payroll system should be independently reviewed and documented.

Response – We are currently discussing the idea of implementing time clocks for employees to “punch” their time when they arrive/leave work. A comparison of timesheets and payroll system will be standard between employee actually entering hours into the payroll system and office head to avoid any fraudulent entries and/or errors.

Conclusion – Response accepted.

Decatur County

Staff

This audit was performed by:

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