



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
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NEWS RELEASE

FOR RELEASE

March 31, 2022

Contact: Ernest Ruben
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$19,338,771 for the year ended June 30, 2021, a 19.0% increase over the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$14,159,311, a 3.2% decrease from the prior year. The significant increase in revenues was primarily due to a Farm to Market project donated by the Iowa Department of Transportation.

AUDIT FINDINGS:

Sand reported four findings related to the receipt and expenditure of taxpayer funds. They are found on pages 76 through 80 of this report. The findings address a lack of segregation of duties in the County Sheriff's Office, County Recorder's Office, and County Treasurer's Office, lack of preparation of bank reconciliations for the County Sheriff's Commissary and K9 accounts, material accounts payable not recorded in the County's financial statements and lack of independent review of bank reconciliations for the County Auditor's Office. Sand provided the County with recommendations to address each of these findings.

Two of the four findings discussed above are repeated from the prior year. The County Board of Supervisors and other elected 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/audit-reports>.

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POWESHIEK COUNTY

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

JUNE 30, 2021

Poweshiek County



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March 24, 2022

Officials of Poweshiek County
Montezuma, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Poweshiek County 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 Poweshiek 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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Poweshiek County

Officials

(Before January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Diana Dawley	Board of Supervisors	Jan 2021
Merle Doty	Board of Supervisors	Jan 2023
Jason Roudabush	Board of Supervisors	Jan 2023
Melissa Eilander	County Auditor	Jan 2021
Sandy Ross	County Treasurer	Jan 2023
Dianna Longhenry	County Recorder	Jan 2023
Thomas Kriegel	County Sheriff	Jan 2021
Bart Klaver	County Attorney	Jan 2023
Amy Vermillion	County Assessor	Jan 2022

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Merle Doty	Board of Supervisors	Jan 2023
Jason Roudabush	Board of Supervisors	Jan 2023
Diana Dawley	Board of Supervisors	Jan 2025
Melissa Eilander	County Auditor	Jan 2025
Sandy Ross	County Treasurer	Jan 2023
Dianna Longhenry	County Recorder	Jan 2023
Thomas Kriegel	County Sheriff	Jan 2025
Bart Klaver	County Attorney	Jan 2023
Amy Vermillion	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Poweshiek 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 Poweshiek 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 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 Poweshiek County as of June 30, 2021, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 15 to the financial statements, Poweshiek 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.

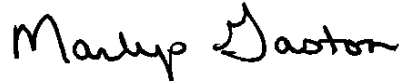
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Poweshiek 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 6, 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 24, 2022 on our consideration of Poweshiek 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 Poweshiek County's internal control over financial reporting and compliance.



Marlys K Gaston., CPA
Chief Deputy Auditor of State

March 24, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Poweshiek 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 \$1,346,632 to retroactively report in accordance with the GASB.
- Revenues of the County's governmental activities increased 19.0%, or approximately \$3,082,000, from fiscal year 2020 to fiscal year 2021. Charges for service increased approximately \$132,000 due to more insurance reimbursements for recoveries. Operating grants, contributions and restricted interest increased approximately \$278,000 due to the County receiving CARES Act funding and a Public Health Emergency Preparedness grant. Capital grants, contributions and restricted interest increased approximately \$2,319,000, primarily due to a Farm to Market project donated by the Iowa Department of Transportation.
- Program expenses of the County's governmental activities decreased 3.2%, or approximately \$467,000, from fiscal year 2020 to fiscal year 2021. Nonprogram, roads and transportation and mental health decreased approximately \$438,000, \$258,000 and \$199,000, respectively.
- The County's net position at June 30, 2021 increased 15.1%, or approximately \$5,180,000, 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 Poweshiek 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 Poweshiek 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 Poweshiek 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 three kinds of funds:

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

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

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

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County’s own programs. The fiduciary funds include Custodial Funds that account for 911 services, emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Poweshiek County’s combined net position at the end of fiscal year 2021 totaled approximately \$39.5 million, compared to approximately \$34.3 million at the end of fiscal year 2020. 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	\$ 31,330	25,304
Capital assets	31,980	26,866
Total assets	63,310	52,170
Deferred outflows of resources	991	877
Long-term liabilities	14,457	8,088
Other liabilities	583	582
Total liabilities	15,040	8,670
Deferred inflows of resources	9,786	10,092
Net position:		
Net investment in capital assets	27,507	22,806
Restricted	9,411	9,499
Unrestricted	2,558	1,991
Total net position	\$ 39,476	34,296

Net position of Poweshiek County’s governmental activities increased 15.1% (approximately \$39.5 million compared to approximately \$34.3 million).

The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$4,701,000, or 20.6%, over the prior year. This increase is due to Farm to Market projects donated by the Iowa Department of Transportation during the year.

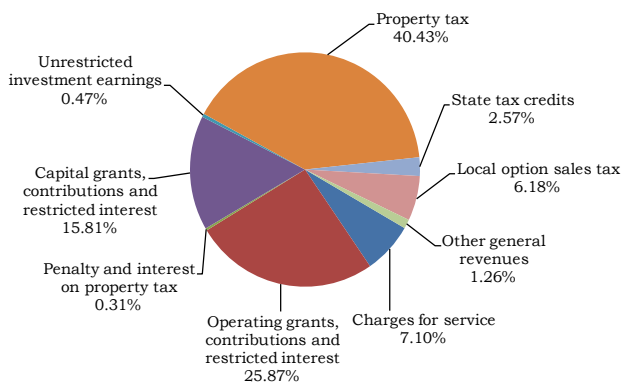
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$567,000, or 28.5%, over the prior year. The increase in unrestricted net position is primarily due to General Fund revenues continuing to exceed expenditures.

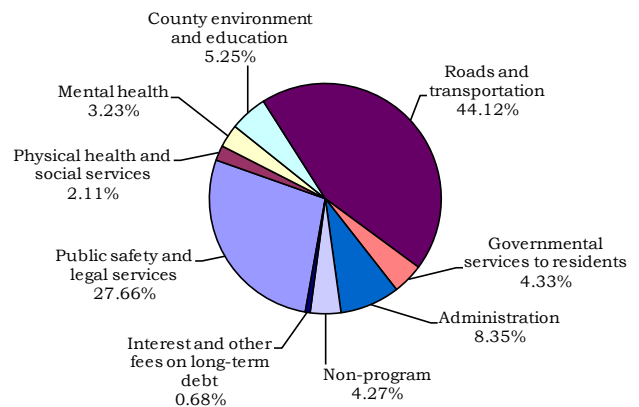
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2021	2020
Revenues:		
Program revenues:		
Charges for service	\$ 1,372	1,240
Operating grants, contributions and restricted interest	5,002	4,724
Capital grants, contributions and restricted interest	3,057	738
General revenues:		
Property tax	7,820	7,383
Tax increment financing	-	118
Penalty and interest on property tax	59	22
State tax credits	498	490
Local option sales tax	1,196	1,055
Unrestricted investment earnings	90	259
Other general revenues	244	228
Total revenues	19,339	16,257
Program expenses:		
Public safety and legal services	3,916	3,448
Physical health and social services	298	326
Mental health	458	657
County environment and education	744	762
Roads and transportation	6,247	6,505
Governmental services to residents	612	706
Administration	1,182	1,085
Non-program	605	1,043
Interest and other fees on long-term debt	96	94
Total expenses	14,159	14,626
Change in net position	5,180	1,630
Net position beginning of year	34,296	32,666
Net position end of year	\$ 39,476	34,296

Revenues by Source



Expenses by Program



The County levied property tax rate went from \$7.94739 to \$7.92412 per \$1,000 of taxable valuation for fiscal year 2021, a decrease of 0.30%. Countywide taxable valuations in Poweshiek County have changed as follows: \$1,129,290,598 in fiscal year 2019 to \$1,163,438,384 in fiscal year 2020 to \$1,236,324,447 in fiscal year 2021. Rural taxable valuations in the County have changed as follows: \$755,060,432 in fiscal year 2019 to \$784,857,280 in fiscal year 2020 to \$832,602,429 in fiscal year 2021. Based on the changes in the taxable valuations and decreases in the fiscal year 2021 levied property tax rates, property tax revenue was budgeted to increase approximately \$468,000 for fiscal year 2021.

Capital grants this year increased approximately \$2,319,000, or 314%, over the prior year, primarily due to an increase in Farm to Market projects donated by the Iowa Department of Transportation. Expenditures for public safety increased approximately \$468,000, or 14%, over the prior year, primarily due to a payment for 911 communications equipment. Expenditures for mental health decreased approximately \$199,000, or 30%, due to a decrease in the amount paid to the mental health region's fiscal agent. Nonprogram expenditures decreased approximately \$438,000, or 42%, primarily due to a decrease in amounts paid related to COVID-19 emergency preparedness.

The cost of all governmental activities this year was approximately \$14.2 million compared to approximately \$14.6 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$4.7 million because some of the cost was paid by those directly benefiting from the programs (approximately \$1.4) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$8.1 million). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2021 from approximately \$6,702,000 to approximately \$9,431,000. As discussed above, the County received contributions of infrastructure paid for by the Iowa Department of Transportation.

INDIVIDUAL MAJOR FUND ANALYSIS

As Poweshiek County completed the year, its governmental funds reported a combined fund balance of approximately \$19.5 million, an increase of approximately \$6.2 million over last year's total of approximately \$13.4 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 \$292,000, or 5.1%, from the prior year. Expenditures decreased approximately \$199,000, or 3.7%, compared to the prior year. The ending fund balance increased approximately \$831,000 over the prior year to approximately \$4,868,000.
- Special Revenue, Mental Health Fund revenues increased approximately \$80,000, or 19.0%, over the prior year and expenditures decreased approximately \$190,000, or 29.0%, compared to the prior year. This decrease is due to a decrease in the amount paid to the fiscal agent during the current year. The Mental Health Fund balance at year end increased approximately \$32,000 from the prior year to approximately \$100,000.
- Special Revenue, Rural Services Fund revenues increased approximately \$138,000, or 3.9%, over the prior year. Expenditures increased approximately \$35,000, or 2.7%. The Rural Services Fund ending fund balance increased approximately \$38,000 over the prior year to approximately \$972,000.
- Special Revenue, Secondary Roads Fund revenues decreased approximately \$259,000, or 5.5%, from the prior year, primarily due to the receipt of federal funds for a bridge replacement project in fiscal year 2020. Expenditures increased approximately \$563,000, or 8.3%, over the prior year, primarily due to an increase in construction in progress. The Secondary Roads Fund ending fund balance decreased approximately \$589,000 from the prior year to approximately \$3,931,000.

- Debt Service Fund revenues decreased approximately \$36,000, or 93.8%, compared to the prior year. Expenditures increased approximately \$55,000 over the prior year. The ending fund balance decreased approximately \$87,000 from the prior year to approximately \$2,000, primarily due to a decrease in property tax revenues.
- The Capital Projects Fund is a new fund in fiscal year 2021. Bonds in the amount of \$6,060,000 were issued to pay the costs of acquiring and installing emergency services communications systems and equipment. Expenditures of approximately \$1,061,000 were recorded with an ending fund balance of approximately \$5,400,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Poweshiek County amended its budget two times. The first amendment was made in February 2021 and resulted in an increase in budgeted disbursements covering four different functions. The second amendment was made in May 2021 and resulted in an increase in the budgeted disbursements in three functions. The County’s receipts were approximately \$169,000 less than budgeted, a variance of 1.03%.

Total disbursements were approximately \$5,205,000 less than the amended budget. Actual disbursements for the capital projects and roads and transportation functions were approximately \$3,132,000 and \$1,291,000, respectively, less than budgeted due to secondary road projects and not being completed during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, Poweshiek County had approximately \$32 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$5.1 million, or 19.0%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2021	2020
Land	\$ 2,030	2,030
Construction in progress	5,510	883
Buildings	6,916	7,128
Improvements other than buildings	147	154
Equipment and vehicles	3,828	2,766
Infrastructure	13,549	13,904
	<u>\$ 31,980</u>	<u>26,866</u>

The County had depreciation expense of approximately \$1,320,000 for fiscal year 2021 and total accumulated depreciation of approximately \$16,573,000 at June 30, 2021. More detailed information about the County’s capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2021, Poweshiek County had approximately \$9,832,000 of long-term debt outstanding, compared to \$4,060,000 at June 30, 2020.

Outstanding Debt of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2021	2020
General obligation refunding bonds	\$ 3,185	3,670
General obligation urban renewal notes	260	390
General obligation communications bond	6,388	-
Total	<u>\$ 9,832</u>	<u>4,060</u>

Debt increased as a result of the County issuing a General Obligation Communication Bond in fiscal year 2021. During the year, scheduled principal payments totaled \$660,000. The County also refunded \$3,670,000 of general obligation bonds during the current year.

The County carries a general obligation bond rating of Aa3 assigned by national rating agencies. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt of \$9,375,000 is significantly below its constitutional debt limit of approximately \$105 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Poweshiek County's elected and appointed officials considered many factors when setting the fiscal year 2022 budget, tax rates and fees charged for various county activities. The Poweshiek County Board of Supervisors is committed to limiting disbursement increases and reducing funding to non-mandated programs to provide services for the citizens of Poweshiek County. The fiscal year 2022 total property tax rate is \$7.79990 per \$1,000 of taxable valuation, a decrease of \$0.12422 per \$1,000 of taxable valuation from fiscal year 2021. The fiscal year 2022 General Fund ending fund balance is expected to be approximately \$3,301,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Poweshiek 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 Poweshiek County Auditor's Office, 302 E Main Street, Montezuma, Iowa 50171-0057.

Basic Financial Statements

Poweshiek County
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 21,903,134
Receivables:	
Property tax:	
Delinquent	436
Succeeding year	8,185,000
Penalty and interest on property tax	1,659
	6,220
Accrued interest	8,801
Due from other governments	642,988
Inventories	477,363
Prepaid insurance	104,524
Capital assets not being depreciated	7,539,925
Capital assets, net of accumulated depreciation/amortization	24,440,258
	63,310,308
Total assets	
Deferred Outflows of Resources	
Pension related deferred outflows	920,545
OPEB related deferred outflows	70,935
	991,480
Total deferred outflows of resources	
Liabilities	
Accounts payable	433,086
Salaries and benefits payable	132,063
Due to other governments	326
Accrued interest payable	17,892
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes and bonds	1,185,000
Compensated absences	250,484
OPEB liability	47,619
Portion due or payable after one year:	
General obligation notes and bonds	8,647,486
Compensated absences	67,431
Landfill postclosure care	120,000
Net pension liability	2,815,907
OPEB liability	1,323,051
	15,040,345
Total liabilities	
Deferred Inflows of Resources	
Unavailable revenue:	
Property tax	8,185,000
Pension related deferred inflows	196,755
OPEB related deferred inflows	1,404,055
	9,785,810
Total deferred inflows of resources	
Net Position	
Net investment in capital assets	27,507,115
Restricted for:	
Supplemental levy purposes	280,302
Mental health purposes	97,848
Rural services purposes	886,922
Secondary roads purposes	3,804,492
Conservation land acquisition	165,300
Landfill postclosure care	1,564,748
Debt service	43,935
Capital improvements	2,342,812
Other purposes	224,389
Unrestricted	2,557,770
	\$ 39,475,633
Total net position	

See notes to financial statements.

Poweshiek 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	\$ 3,916,104	144,799	376,160	-	(3,395,145)
Physical health and social services	298,469	31,512	164,406	-	(102,551)
Mental health	458,016	-	-	-	(458,016)
County environment and education	743,995	165,301	1,298	-	(577,396)
Roads and transportation	6,247,194	250,649	4,137,059	3,057,339	1,197,853
Governmental services to residents	612,464	406,652	27,081	-	(178,731)
Administration	1,182,107	17,783	-	-	(1,164,324)
Non-program	604,536	355,758	296,241	-	47,463
Interest on long-term debt	96,426	-	-	-	(96,426)
Total	\$ 14,159,311	1,372,454	5,002,245	3,057,339	(4,727,273)
General Revenues:					
Property and other county tax levied for:					
General purposes					7,819,597
Penalty and interest on property tax					59,291
State tax credits					497,732
Local option sales tax					1,195,658
Hotel/motel tax					36,790
Unrestricted investment earnings					89,990
Gain on disposition of capital assets					79,700
Miscellaneous					127,975
Total general revenues					9,906,733
Change in net position					5,179,460
Net position beginning of year					34,296,173
Net position end of year					\$ 39,475,633

See notes to financial statements.

Poweshiek County
Balance Sheet
Governmental Funds

June 30, 2021

Assets	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets:				
Cash, cash equivalents and pooled investments	\$ 4,923,963	101,163	955,088	3,196,690
Receivables:				
Property tax:				
Delinquent	378	41	17	-
Succeeding year	3,999,000	340,000	3,249,000	-
Interest and penalty on property tax	1,659	-	-	-
Accounts	2,740	-	3,480	-
Accrued interest	6,807	-	-	-
Due from other governments	55,200	-	25,907	471,483
Inventories	-	-	-	477,363
Prepaid insurance	34,015	-	17,101	53,408
Total assets	\$ 9,023,762	441,204	4,250,593	4,198,944
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 82,181	85	8,145	218,675
Salaries and benefits payable	59,502	1,420	21,891	49,250
Due to other governments	262	-	-	64
Total liabilities	141,945	1,505	30,036	267,989
Deferred inflows of resources:				
Unavailable resources:				
Succeeding year property tax	3,999,000	340,000	3,249,000	-
Other	14,855	41	17	-
Total deferred inflows of resources	4,013,855	340,041	3,249,017	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	477,363
Prepaid insurance	34,015	-	17,101	53,408
Restricted for:				
Supplemental levy purposes	280,293	-	-	-
Mental health purposes	-	99,658	-	-
Rural services purposes	-	-	954,439	-
Secondary roads purposes	-	-	-	3,400,184
Capital improvements	-	-	-	-
Landfill postclosure care	-	-	-	-
Debt service	-	-	-	-
Conservation land acquisition	165,300	-	-	-
Capital projects	-	-	-	-
Other purposes	12,180	-	-	-
Unassigned	4,376,174	-	-	-
Total fund balances	4,867,962	99,658	971,540	3,930,955
Total liabilities, deferred inflows of resources and fund balances	\$ 9,023,762	441,204	4,250,593	4,198,944

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
134	5,359,418	4,209,070	18,745,526
-	-	-	436
597,000	-	-	8,185,000
-	-	-	1,659
-	-	-	6,220
1,994	-	-	8,801
-	-	90,398	642,988
-	-	-	477,363
-	-	-	104,524
599,128	5,359,418	4,299,468	28,172,517
-	-	-	309,086
-	-	-	132,063
-	-	-	326
-	-	-	441,475
597,000	-	-	8,185,000
-	-	-	14,913
597,000	-	-	8,199,913
-	-	-	477,363
-	-	-	104,524
-	-	-	280,293
-	-	-	99,658
-	-	-	954,439
-	-	-	3,400,184
-	-	2,342,812	2,342,812
-	-	1,684,748	1,684,748
2,128	-	59,699	61,827
-	-	-	165,300
-	5,359,418	-	5,359,418
-	-	212,209	224,389
-	-	-	4,376,174
2,128	5,359,418	4,299,468	19,531,129
599,128	5,359,418	4,299,468	28,172,517

Poweshiek County

Poweshiek County

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

June 30, 2021

Total governmental fund balances (page 19) \$ 19,531,129

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 \$48,553,558 and the accumulated depreciation is \$16,573,375. 31,980,183

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. 14,913

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 3,033,608

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 991,480	
Deferred inflows of resources	<u>(1,600,810)</u>	(609,330)

Long-term liabilities, including bonds and notes payable, compensated absences payable, landfill postclosure payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (14,474,870)

Net position of governmental activities (page 16) \$ 39,475,633

See notes to financial statements.

Poweshiek County

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

Year ended June 30, 2021

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,253,321	463,181	3,172,929	-
Local option sales tax	-	-	-	-
Penalty and interest on property tax	62,426	-	-	-
Intergovernmental	885,013	34,340	439,200	4,320,111
Licenses and permits	1,125	-	18,726	62,682
Charges for service	693,502	-	23,950	-
Use of money and property	91,897	-	-	301
Miscellaneous	46,342	-	26,130	78,128
Total revenues	6,033,626	497,521	3,680,935	4,461,222
Expenditures:				
Operating:				
Public safety and legal services	2,526,306	-	1,069,178	-
Physical health and social services	231,359	-	64,586	-
Mental health	-	465,756	-	-
County environment and education	491,238	-	150,380	-
Roads and transportation	-	-	-	6,582,639
Governmental services to residents	594,778	-	5,734	-
Administration	1,208,470	-	47,061	-
Non-program	113,037	-	-	-
Debt service	-	-	-	-
Capital projects	22,028	-	-	765,979
Total expenditures	5,187,216	465,756	1,336,939	7,348,618
Excess (deficiency) of revenues over (under) expenditures	846,410	31,765	2,343,996	(2,887,396)
Other financing sources (uses):				
Transfers in	-	-	-	2,301,413
Transfers out	(14,991)	-	(2,306,422)	(3,146)
General obligation bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Refunded bond principal payment	-	-	-	-
Total other financing sources (uses)	(14,991)	-	(2,306,422)	2,298,267
Change in fund balances	831,419	31,765	37,574	(589,129)
Fund balances beginning of year	4,036,543	67,893	933,966	4,520,084
Fund balances end of year	\$ 4,867,962	99,658	971,540	3,930,955

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
-	-	-	7,889,431
-	-	1,195,658	1,195,658
-	-	-	62,426
-	-	27,808	5,706,472
-	-	-	82,533
-	-	5,522	722,974
2,399	-	53	94,650
-	-	22,384	172,984
2,399	-	1,251,425	15,927,128
-	-	-	3,595,484
-	-	-	295,945
-	-	-	465,756
-	-	7,171	648,789
-	-	-	6,582,639
-	-	1,968	602,480
-	-	-	1,255,531
-	-	-	113,037
799,962	-	-	799,962
-	1,060,840	27,078	1,875,925
799,962	1,060,840	36,217	16,235,548
(797,563)	(1,060,840)	1,215,208	(308,420)
643,471	-	23,146	2,968,030
-	-	(643,471)	(2,968,030)
3,585,000	6,060,000	-	9,645,000
151,642	360,258	-	511,900
(3,670,000)	-	-	(3,670,000)
710,113	6,420,258	(620,325)	6,486,900
(87,450)	5,359,418	594,883	6,178,480
89,578	-	3,704,585	13,352,649
2,128	5,359,418	4,299,468	19,531,129

Poweshiek 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) \$ 6,178,480

**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 exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 3,303,805	
Capital assets contributed by the Iowa Department of Transportation	\$ 3,050,953	
Depreciation expense	<u>(1,320,470)</u>	5,034,288

In the Statement of Activities, the gain on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 79,700

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.

Property tax	(33,044)	
Other	<u>(96,813)</u>	(129,857)

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.

Issued	(10,156,900)	
Repaid	<u>4,384,414</u>	(5,772,486)

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. 429,088

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	3,355	
Accrued interest expense	(10,878)	
Landfill postclosure	30,000	
OPEB expense	211,430	
Pension expense	<u>(541,463)</u>	(307,556)

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. (332,197)

Change in net position of governmental activities (page 17) \$ 5,179,460

See notes to financial statements.

Poweshiek County
 Statement of Net Position
 Proprietary Fund
 June 30, 2021

	<u>Internal Service - Employee Group Health</u>
Current Assets	
Cash and cash equivalents	\$ 207,608
Investments	<u>2,950,000</u>
Total current assets	3,157,608
Current Liabilities	
Accounts payable	<u>124,000</u>
Net Position	
Unrestricted	<u>\$ 3,033,608</u>

See notes to financial statements.

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

Year ended June 30, 2021

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 698,936
Reimbursements from employees and others		242,384
Insurance reimbursements		<u>68,014</u>
Total operating revenues		1,009,334
Operating expenses:		
Medical claims	\$ 972,388	
Insurance premiums	274,895	
Administrative fees	147,417	
Miscellaneous	<u>2,660</u>	<u>1,397,360</u>
Operating loss		(388,026)
Non-operating revenues:		
Interest income		<u>55,829</u>
Net loss		(332,197)
Net position beginning of year		<u>3,365,805</u>
Net position end of year		<u>\$ 3,033,608</u>

See notes to financial statements.

Poweshiek County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2021

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 698,936
Cash received from employees and others	242,384
Cash received from Insurance reimbursements	68,014
Cash paid to suppliers for services	(1,378,360)
Net cash used by operating activities	(369,026)
Cash flows from investing activities:	
Proceeds from CD redemption	250,000
Interest on investments	55,829
Net cash provided by investing activities	305,829
Net decrease in cash and cash equivalents	(63,197)
Cash and cash equivalents beginning of year	270,805
Cash and cash equivalents end of year	\$ 207,608
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (388,026)
Adjustment to reconcile operating loss to net cash used by operating activities:	
Increase in accounts payable	19,000
Net cash used by operating activities	\$ (369,026)

See notes to financial statements.

Poweshiek County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2021

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 2,398,316
Other County officials	48,381
Receivables:	
Property tax:	
Delinquent	15,947
Succeeding year	29,749,000
Accounts	16,952
Accrued Interest	3,810
Special Assessment	42,629
Due from other governments	<u>66,754</u>
Total assets	<u>32,341,789</u>

Liabilities

Accounts payable	3,635
Salaries and benefits payable	10,332
Due to other governments	1,022,019
Trusts payable	7,546
Compensated absences	<u>20,730</u>
Total liabilities	<u>1,064,262</u>

Deferred Inflows of Resources

Unavailable revenues	<u>29,749,000</u>
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Net Position

Restricted for individuals, organizations	<u>\$ 1,528,527</u>
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See notes to financial statements.

Poweshiek County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 28,656,544
911 surcharge	255,979
State tax credits	2,550,690
Office fees and collections	540,979
Auto licenses, use tax and postage	8,012,168
Assessments	37,409
Trusts	154,815
Miscellaneous	<u>253,644</u>
Total additions	<u>40,462,228</u>
Deductions:	
Agency remittances:	
To other funds	505,463
To other governments	39,632,129
Trusts paid out	<u>142,741</u>
Total deductions	<u>40,280,333</u>
Change in net position	181,895
Net position beginning of year, as restated	<u>1,346,632</u>
Net position end of year	<u>\$ 1,528,527</u>

See notes to financial statements.

Poweshiek County

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies

Poweshiek 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, Poweshiek 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. The County has no component units which meet the Governmental Accounting Standards Board criteria.

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: Poweshiek County Assessor's Conference Board, Poweshiek County Emergency Management Services Commission and Poweshiek County Joint 911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Custodial Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Drug Task Force Agreement, South Central Iowa Solid Waste Agency and Poweshiek Area Development Corporation.

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Net position restricted through enabling legislation consists of \$1,564,748 for landfill post-closure care.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints on resources 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, the proprietary fund 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 road construction and maintenance.

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

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 equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. 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
Intangibles	\$ 100,000
Infrastructure	50,000
Land and buildings	35,000
Land improvements	25,000
Equipment and vehicles	10,000

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	25 - 50
Land improvements	10 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	5 - 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable 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 unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan assets and contributions from the County after the measurement date but before the end of the County's reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory 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, Secondary Roads and Rural Services Funds.

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

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Poweshiek County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

other receivables not collected within sixty days after year end and succeeding year property tax receivables that will not be recognized until the year for which they are levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which they are levied, 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.

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

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

(2) Cash, Cash Equivalents 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.

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$13,440,375. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

(3) 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:		
Secondary Road	General	\$ 14,991
	Special Revenue:	
	Rural Services	<u>2,286,422</u>
		<u>2,301,413</u>
Special Revenue:	Special Revenue:	
Sanitary Disposal	Rural Services	<u>20,000</u>
Special Revenue:	Special Revenue:	
Urban Renewal	Secondary Roads	<u>3,146</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	641,917
	Urban Renewal	<u>1,554</u>
		<u>643,471</u>
Total		<u>\$ 2,968,030</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>			<u>End</u>
	<u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,030,405	-	-	2,030,405
Construction in progress	883,452	4,733,840	107,772	5,509,520
Total capital assets not being depreciated	<u>2,913,857</u>	<u>4,733,840</u>	<u>107,772</u>	<u>7,539,925</u>
Capital assets being depreciated:				
Buildings	9,601,949	-	-	9,601,949
Improvements other than buildings	297,278	-	-	297,278
Equipment and vehicles	8,898,504	1,563,236	333,422	10,128,318
Infrastructure	20,740,934	245,154	-	20,986,088
Total capital assets being depreciated	<u>39,538,665</u>	<u>1,808,390</u>	<u>333,422</u>	<u>41,013,633</u>
Less accumulated depreciation for:				
Buildings	2,473,685	212,692	-	2,686,377
Improvements other than buildings	143,000	7,190	-	150,190
Equipment and vehicles	6,132,582	500,953	333,422	6,300,113
Infrastructure	6,837,060	599,635	-	7,436,695
Total accumulated depreciation	<u>15,586,327</u>	<u>1,320,470</u>	<u>333,422</u>	<u>16,573,375</u>
Total capital assets being depreciated, net	<u>23,952,338</u>	<u>487,920</u>	<u>-</u>	<u>24,440,258</u>
Governmental activities capital assets, net	<u>\$ 26,866,195</u>	<u>5,221,760</u>	<u>107,772</u>	<u>31,980,183</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 257,682
Physical health and social services		5,514
County environment and education		81,800
Roads and transportation		923,633
Administration		51,841
		<u>51,841</u>
Total depreciation expense - governmental activities		<u>\$ 1,320,470</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 262
Special Revenue:		
Secondary Roads	Services	64
		<u>64</u>
Total for governmental funds		<u>\$ 326</u>
Custodial:		
Schools	Collections	\$ 150,333
Community Colleges		15,976
Corporations		51,011
Townships		914
All other		803,785
		<u>803,785</u>
Total for custodial funds		<u>\$ 1,022,019</u>

(6) Long-Term Liabilities

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

	General Obligation Notes and Bonds	Compensated Absences	Estimated Liability for Landfill Postclosure	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 4,060,000	321,270	150,000	2,111,147	1,445,196	8,087,613
Increases	10,156,900 ^	607,598	-	704,760	178,152	11,647,410
Decreases	4,384,414 #	610,953	30,000	-	252,678	5,278,045
Balance end of year	<u>\$ 9,832,486 *</u>	<u>317,915</u>	<u>120,000</u>	<u>2,815,907</u>	<u>1,370,670</u>	<u>14,456,978</u>
Due within one year	<u>\$ 1,185,000</u>	<u>250,484</u>	<u>-</u>	<u>-</u>	<u>47,619</u>	<u>1,483,103</u>

* The unamortized premium on the bonds was \$457,486 at June 30, 2021.

^ Includes \$511,900 of premium on bond issuances.

Includes \$54,414 of current year premium amortization.

A summary of the County's general obligation indebtedness is as follows:

Year Ending June 30,	Refunding Bonds Issued Jul 1, 2020				Urban Renewal Notes Issued May 9, 2013			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2022	2.00%	\$ 530,000	61,100	591,100	1.70%	\$ 130,000	4,680	134,680
2023	2.00	540,000	50,500	590,500	1.90	130,000	2,470	132,470
2024	2.00	550,000	39,700	589,700	-	-	-	-
2025	2.00	560,000	28,700	588,700	-	-	-	-
2026	2.00	570,000	17,500	587,500	-	-	-	-
2027-2031	2.00	305,000	6,100	311,100	-	-	-	-
Total		3,055,000	203,600	3,258,600		260,000	7,150	267,150
Unamortized premium		129,979				-		
Total payable		\$ 3,184,979				\$ 260,000		

Year Ending June 30,	Communications Equipment Bond Issued Feb 17, 2021				Total		
	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2022	2.00%	\$ 525,000	148,928	673,928	\$ 1,185,000	214,708	1,399,708
2023	2.00	570,000	105,048	675,048	1,240,000	158,018	1,398,018
2024	2.00	580,000	93,648	673,648	1,130,000	133,348	1,263,348
2025	2.00	590,000	82,048	672,048	1,150,000	110,748	1,260,748
2026	2.00	600,000	70,248	670,248	1,170,000	87,748	1,257,748
2027-2031	1.15-2.00	3,195,000	165,940	3,360,940	3,500,000	172,040	3,672,040
Total		6,060,000	665,860	6,725,860	9,375,000	876,610	10,251,610
Unamortized premium		327,507			457,486		
Total payable		\$ 6,387,507			\$ 9,832,486		

General Obligation Refunding Bonds

On July 1, 2020, the County issued \$3,585,000 of general obligation refunding bonds, Series 2020, for the current refunding of \$3,670,000 general obligation refunding bonds issued March 29, 2012. The bonds bear an interest rate of 2.00% per annum. The refunding was undertaken to reduce total debt service payments by \$127,744 and resulted in an economic gain (difference between the present value of the debt service payments and the old and new debt) of \$122,190. During the year ended June 30, 2021, the County paid principal of \$530,000 and paid interest of \$65,725 on the bonds.

General Obligation Urban Renewal Notes

On May 9, 2013, the County issued \$1,280,000 of general obligation urban renewal notes. The notes bear interest at rates ranging from 1.70% to 1.90% per annum. The notes were used to finance reconstruction and improvements to County roads in the urban renewal areas. During the year ended June 30, 2021, the County paid principal of \$130,000 and paid interest of \$6,695.

General Obligation Emergency Communication Bond

On February 17, 2021, the County issued \$6,060,000 of general obligation emergency communications bonds, Series 2021A. The bonds were issued to pay the costs of acquiring and installing emergency services communications systems and equipment. The bonds bear interest at rates ranging from 1.150% to 2.00% per annum. During the year ended June 30, 2021, no principal or interest was paid on the bonds.

(7) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

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

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

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

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

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

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

In fiscal year 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 \$429,088.

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 \$2,815,907 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 0.040086%, which was an increase of 0.003628% over its collective proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$541,463. 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	\$ 15,795	76,231
Changes of assumptions	204,495	83,044
Net difference between projected and actual earnings on IPERS' investments	253,757	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	17,410	37,480
County contributions subsequent to the measurement date	429,088	-
Total	<u>\$ 920,545</u>	<u>196,755</u>

\$429,088 reported as deferred outflows of resources related to pensions resulting from the 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	\$ 22,121
2023	51,030
2024	77,492
2025	145,123
2026	(1,064)
Total	<u>\$ 294,702</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, 2108.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100%	

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	\$ 5,615,497	2,815,907	469,194

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.

(8) Other Postemployment Benefits (OPEB)

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

OPEB Benefits – Individuals who are employed by Poweshiek 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	7
Active employees	<u>86</u>
Total	<u>93</u>

Total OPEB Liability – The County’s total OPEB liability of \$1,370,670 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 July 1, 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 July 1, 2020)	2.60% per annum.
Rates of salary increase (effective June 30, 2019)	3.25% per annum, including inflation.
Discount rate (effective July 1, 2020)	2.19% compounded annually, including inflation.
Healthcare cost trend rate (effective July 1, 2020)	7.50% initial rate decreasing annually to an ultimate rate of 4.50%.

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

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 1,445,196
Changes for the year:	
Service cost	110,995
Interest	39,963
Differences between expected and actual experiences	(144,326)
Changes in assumptions	27,194
Benefit payments	<u>(108,352)</u>
Net changes	<u>(74,526)</u>
Total OPEB liability end of year	<u>\$ 1,370,670</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 (1.29%) 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	\$ 1,428,191	1,370,670	1,312,816

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	\$ 1,245,904	1,370,670	1,513,004

OPEB Expense and 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 \$211,430. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	1,400,811
Changes in assumptions	70,935	3,244
Total	<u>\$ 70,935</u>	<u>1,404,055</u>

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

Year ending June 30,	Amount
2022	\$ (254,036)
2023	(254,036)
2024	(254,036)
2025	(254,036)
2026	(254,036)
Thereafter	(60,940)
	<u>\$ (1,331,120)</u>

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 785 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/ machinery. There have been no reductions in insurance coverage from prior years.

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

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

The 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 \$211,775.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2021, no liability has been recorded in the County's financial statements. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$80,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement was effective July 1, 2010 and is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$30,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2021 was \$698,936.

Amounts payable from the Employee Group Health Fund at June 30, 2021 total \$124,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$3,033,608 at June 30, 2021 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 105,000
Incurred claims (including claims incurred but not reported at June 30, 2021)	972,388
Payment on claims during the fiscal year	<u>(953,388)</u>
Unpaid claims end of year	<u>\$ 124,000</u>

(11) Postclosure Care

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

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually. These costs for the Poweshiek County Sanitary Landfill have been estimated at \$120,000 as of June 30, 2021, and a liability of that amount has been recognized.

Chapter 111 of the Iowa Administrative Code has been promulgated to implement financial assurance rules. Since the Poweshiek County Sanitary Landfill stopped waste disposal prior to the Chapter 111 effective date of August 24, 1994, financial assurance is not required for the Landfill. However, the County has accumulated resources to fund postclosure care and, at June 30, 2021, \$1,684,748 restricted for these purposes is reported in the Special Revenue, Sanitary Disposal Fund.

(12) Tax Abatements

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

Tax Abatements of Other Entities

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 Brooklyn	Urban renewal and economic development projects	\$ 1,299
City of Grinnell	Urban renewal and economic development projects	39,430

(13) Poweshiek County Financial Information Included in the Central Iowa Community Services Mental Health Region

Central Iowa Community Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Boone, Franklin, Hamilton, Hardin, Jasper, Madison, Marshall, Poweshiek, Story, and Warren. The financial activity of Poweshiek County's Special Revenue, Mental Health Fund is included in the Central Iowa Community Services Mental Health Region for the year ended June 30, 2021, as follows:

Revenues:		
Property and other county tax		\$ 463,181
Intergovernmental:		
State tax credits		<u>34,340</u>
Total revenues		<u>497,521</u>
Expenditures:		
Services to persons with:		
Mental illness		76,755
General administration:		
Direct administration	\$ 58,907	
Distribution to regional fiscal agent	<u>330,094</u>	<u>389,001</u>
Total expenditures		<u>465,756</u>
Excess of revenues over expenditures		31,765
Fund balance beginning of year		<u>67,893</u>
Fund balance end of year		<u>\$ 99,658</u>

(14) 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 Poweshiek County, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Poweshiek 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 Poweshiek County.

(15) 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. Beginning net position for fiduciary funds was restated to retroactively report the change in net position, as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>1,346,632</u>
Net position July 1, 2020, as restated	<u>\$ 1,346,632</u>

(16) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement Governmental Accounting Standards Board Statement No. 87, Leases. This statement will be implemented for the fiscal year ended June 30, 2022. The new requirements require the reporting of certain lease liabilities which were previous not reported.

Required Supplementary Information

Poweshiek 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	Budgeted Amounts		Final to
		Original	Final	Actual
				Variance
Receipts:				
Property and other county tax	\$ 9,076,780	8,809,312	8,809,312	267,468
Interest and penalty on property tax	62,426	-	-	62,426
Intergovernmental	6,088,099	6,478,590	6,478,590	(390,491)
Licenses and permits	87,632	24,450	24,450	63,182
Charges for service	545,189	582,640	582,640	(37,451)
Use of money and property	231,405	281,145	281,145	(49,740)
Miscellaneous	183,695	180,400	268,236	(84,541)
Total receipts	16,275,226	16,356,537	16,444,373	(169,147)
Disbursements:				
Public safety and legal services	3,573,423	3,566,552	3,801,524	228,101
Physical health and social services	305,397	384,061	394,061	88,664
Mental health	467,016	453,769	468,769	1,753
County environment and education	660,607	723,524	723,524	62,917
Roads and transportation	6,485,798	7,776,690	7,776,690	1,290,892
Governmental services to residents	604,982	676,303	676,303	71,321
Administration	1,243,770	1,406,738	1,446,738	202,968
Non-program	322,657	387,284	442,118	119,461
Debt service	733,320	740,165	740,165	6,845
Capital projects	1,658,116	2,070,000	4,790,000	3,131,884
Total disbursements	16,055,086	18,185,086	21,259,892	5,204,806
Excess (deficiency) of receipts over (under) disbursements	220,140	(1,828,549)	(4,815,519)	5,035,659
Other financing sources	6,306,904	-	6,500,000	(193,096)
Change in fund balances	6,527,044	(1,828,549)	1,684,481	4,842,563
Balance beginning of year	12,218,482	10,634,712	10,634,712	1,583,770
Balance end of year	\$ 18,745,526	8,806,163	12,319,193	6,426,333

See accompanying independent auditor's report.

Poweshiek County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2021

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 16,275,226	(348,098)	15,927,128
Expenditures	16,055,086	180,462	16,235,548
Net	220,140	(528,560)	(308,420)
Other financing sources, net	6,306,904	179,996	6,486,900
Beginning fund balances	12,218,482	1,134,167	13,352,649
Ending fund balances	<u>\$ 18,745,526</u>	<u>785,603</u>	<u>19,531,129</u>

See accompanying independent auditor's report.

Poweshiek County

Poweshiek County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$3,074,806. 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.

Poweshiek 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	0.040086%	0.036458%	0.038798%	0.043203%
County's proportionate share of the net pension liability	\$ 2,816	2,111	2,455	2,878
County's covered payroll	\$ 4,436	4,400	4,201	4,162
County's proportionate share of the net pension liability as a percentage of its covered payroll	63.48%	47.98%	58.44%	69.15%
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 preceeding fiscal year.

See accompanying independent auditor's report.

2017	2016	2015
0.042252%	0.039848%	0.038791%
2,659	1,969	1,538
3,906	3,856	3,886
68.07%	51.06%	39.58%
81.82%	85.19%	87.61%

Poweshiek County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 429	422	423	382
Contributions in relation to the statutorily required contribution	<u>(429)</u>	<u>(422)</u>	<u>(423)</u>	<u>(382)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 4,315	4,436	4,400	4,201
Contributions as a percentage of covered payroll	9.94%	9.51%	9.61%	9.09%

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
382	360	361	359	351	331
(382)	(360)	(361)	(359)	(351)	(331)
-	-	-	-	-	-
4,162	3,906	3,856	3,886	3,874	3,844
9.18%	9.22%	9.36%	9.24%	9.06%	8.61%

Poweshiek 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.

Poweshiek 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	\$ 110,995	115,462	113,418	255,165
Interest cost	39,963	59,817	71,458	119,490
Difference between expected and actual experiences	(144,326)	(264,898)	(263,744)	(1,639,820)
Changes in assumptions	27,194	(4,326)	32,167	48,668
Benefit payments	(108,352)	(98,298)	(96,907)	(168,533)
Net change in total OPEB liability	(74,526)	(192,243)	(143,608)	(1,385,030)
Total OPEB liability beginning of year	1,445,196	1,637,439	1,781,047	3,166,077
Total OPEB liability end of year	\$ 1,370,670	1,445,196	1,637,439	1,781,047
Covered-employee payroll	\$ 3,969,687	3,844,733	4,014,008	3,897,947
Total OPEB liability as a percentage of covered-employee payroll	34.5%	37.6%	40.8%	45.7%

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%

Poweshiek County

Supplementary Information

Poweshiek County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2021

	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest	Special Conservation Easement
Assets				
Cash, cash equivalents and pooled investments	\$ 30,320	24,089	19,096	5,000
Due from other governments	-	461	-	-
Total assets	\$ 30,320	24,550	19,096	5,000
Fund Balances				
Restricted for:				
Capital improvements	\$ -	-	-	-
Landfill postclosure care	-	-	-	-
Debt service	-	-	-	-
Other purposes	30,320	24,550	19,096	5,000
Total fund balances	\$ 30,320	24,550	19,096	5,000

See accompanying independent auditor's report.

Revenue						
Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Urban Renewal	Naturalist	Total
20,628	111,238	1,684,748	2,252,875	59,699	1,377	4,209,070
-	-	-	89,937	-	-	90,398
20,628	111,238	1,684,748	2,342,812	59,699	1,377	4,299,468
-	-	-	2,342,812	-	-	2,342,812
-	-	1,684,748	-	-	-	1,684,748
-	-	-	-	59,699	-	59,699
20,628	111,238	-	-	-	1,377	212,209
20,628	111,238	1,684,748	2,342,812	59,699	1,377	4,299,468

Poweshiek County

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

Year ended June 30, 2021

	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest	Special Conservation Easement
Revenues:				
Local option sales tax	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for service	-	5,522	-	-
Use of money and property	8	4	4	-
Miscellaneous	11,759	-	-	-
Total revenues	11,767	5,526	4	-
Expenditures:				
Operating:				
County environment and education	-	-	-	-
Governmental services to residents	-	1,968	-	-
Capital projects	27,078	-	-	-
Total expenditures	27,078	1,968	-	-
Excess (deficiency) of revenues over (under) expenditures	(15,311)	3,558	4	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Change in fund balances	(15,311)	3,558	4	-
Fund balances beginning of year	45,631	20,992	19,092	5,000
Fund balances end of year	\$ 30,320	24,550	19,096	5,000

See accompanying independent auditor's report.

Revenue							
Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Urban Renewal	Naturalist		Total
-	-	-	1,195,658	-	-	-	1,195,658
-	-	27,808	-	-	-	-	27,808
-	-	-	-	-	-	-	5,522
-	-	-	22	15	-	-	53
8,733	1,892	-	-	-	-	-	22,384
8,733	1,892	27,808	1,195,680	15	-	-	1,251,425
-	-	6,871	-	-	300	-	7,171
-	-	-	-	-	-	-	1,968
-	-	-	-	-	-	-	27,078
-	-	6,871	-	-	300	-	36,217
8,733	1,892	20,937	1,195,680	15	(300)	-	1,215,208
-	-	20,000	-	3,146	-	-	23,146
-	-	-	(641,917)	(1,554)	-	-	(643,471)
-	-	20,000	(641,917)	1,592	-	-	(620,325)
8,733	1,892	40,937	553,763	1,607	(300)	-	594,883
11,895	109,346	1,643,811	1,789,049	58,092	1,677	-	3,704,585
20,628	111,238	1,684,748	2,342,812	59,699	1,377	-	4,299,468

Poweshiek County

Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2021

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	1,764	2,137	707,619	150,333
Other County officials	48,381	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	21	51	1,433
Succeeding year	-	307,000	262,000	576,000	17,591,000
Accounts	-	-	-	-	-
Accrued Interest	-	-	-	-	-
Special Assessment	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	48,381	308,764	264,158	1,283,670	17,742,766
Liabilities					
Accounts payable	-	-	-	288	-
Salaries and benefits payable	-	-	-	8,523	-
Due to other governments	40,835	1,764	2,137	-	150,333
Trusts payable	7,546	-	-	-	-
Compensated absences	-	-	-	13,606	-
Total liabilities	48,381	1,764	2,137	22,417	150,333
Deferred Inflows of Resources					
Unavailable revenues	-	307,000	262,000	576,000	17,591,000
Net Position					
Restricted for individuals, organizations and other governments	\$ -	-	21	685,253	1,433

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	911 Service	Other	Total
15,976	51,011	914	674,677	549,460	244,425	2,398,316
-	-	-	-	-	-	48,381
134	1,409	1	-	-	12,898	15,947
2,013,000	8,530,000	75,000	-	-	395,000	29,749,000
-	-	-	-	16,952	-	16,952
-	-	-	-	232	3,578	3,810
-	-	-	-	-	42,629	42,629
-	-	-	-	66,754	-	66,754
2,029,110	8,582,420	75,915	674,677	633,398	698,530	32,341,789
-	-	-	-	2,972	375	3,635
-	-	-	-	-	1,809	10,332
15,976	51,011	914	674,677	38	84,334	1,022,019
-	-	-	-	-	-	7,546
-	-	-	-	-	7,124	20,730
15,976	51,011	914	674,677	3,010	93,642	1,064,262
2,013,000	8,530,000	75,000	-	-	395,000	29,749,000
134	1,409	1	-	630,388	209,888	1,528,527

Poweshiek County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2021

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
Additions:					
Property and other county tax	\$ -	383,740	236,176	564,345	16,932,313
911 surcharge	-	-	-	-	-
State tax credits	-	6,726	17,587	42,027	1,276,584
Office fees and collections	535,918	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	154,815	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	690,733	390,466	253,763	606,372	18,208,897
Deductions:					
Agency remittances:					
To other funds	225,195	-	-	-	-
To other governments	322,797	390,466	254,808	426,433	18,282,748
Trusts paid out	142,741	-	-	-	-
Total deductions	690,733	390,466	254,808	426,433	18,282,748
Changes in net position	-	-	(1,045)	179,939	(73,851)
Net position beginning of year, as restated	-	-	1,066	505,314	75,284
Net position end of year	\$ -	-	21	685,253	1,433

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	911 Service	Other	Total
1,855,304	8,227,951	73,877	-	-	382,838	28,656,544
-	-	-	-	255,979	-	255,979
141,490	1,043,215	3,375	-	-	19,686	2,550,690
-	-	-	-	-	5,061	540,979
-	-	-	8,012,168	-	-	8,012,168
-	-	-	-	-	37,409	37,409
-	-	-	-	-	-	154,815
-	-	-	-	37,838	215,806	253,644
1,996,794	9,271,166	77,252	8,012,168	293,817	660,800	40,462,228
-	-	-	280,268	-	-	505,463
2,001,314	9,304,161	77,251	7,731,900	141,232	699,019	39,632,129
-	-	-	-	-	-	142,741
2,001,314	9,304,161	77,251	8,012,168	141,232	699,019	40,280,333
(4,520)	(32,995)	1	-	152,585	(38,219)	181,895
4,654	34,404	-	-	477,803	248,107	1,346,632
134	1,409	1	-	630,388	209,888	1,528,527

Poweshiek 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	\$ 7,889,431	7,378,573	7,298,439	7,322,569
Tax increment financing	-	117,533	142,951	122,489
Local option sales tax	1,195,658	1,054,900	975,685	859,121
Penalty and interest on property tax	62,426	20,338	46,097	46,945
Intergovernmental	5,706,472	5,918,674	5,391,590	4,843,177
Licenses and permits	82,533	96,409	105,625	167,613
Charges for service	722,974	647,062	654,254	621,357
Use of money and property	94,650	284,155	390,913	234,638
Miscellaneous	172,984	167,243	267,404	433,091
Total	\$ 15,927,128	15,684,887	15,272,958	14,651,000
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,595,484	3,301,671	3,175,246	3,094,293
Physical health and social services	295,945	323,175	279,656	325,026
Mental health	465,756	655,900	458,260	417,020
County environment and education	648,789	658,706	612,064	610,792
Roads and transportation	6,582,639	5,845,681	6,850,344	5,382,525
Governmental services to residents	602,480	701,347	653,427	655,514
Administration	1,255,531	1,034,011	1,180,365	1,263,348
Non-program	113,037	582,452	407,006	284,926
Debt service	799,962	744,620	748,108	745,108
Capital projects	1,875,925	1,052,576	466,212	775,670
Total	\$ 16,235,548	14,900,139	14,830,688	13,554,222

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
7,160,995	6,935,410	6,892,299	6,986,195	6,585,265	6,576,530
143,967	129,640	126,695	144,924	-	-
885,507	823,298	928,085	807,091	785,610	834,594
47,869	50,834	47,241	48,720	51,443	50,255
5,043,984	4,850,079	4,664,378	4,588,245	3,944,072	5,178,661
68,139	59,816	76,811	121,538	57,490	65,935
617,775	582,872	510,079	514,703	550,596	555,409
266,059	116,529	106,394	171,910	152,092	129,898
321,683	141,519	207,046	213,085	234,567	219,351
14,555,978	13,689,997	13,559,028	13,596,411	12,361,135	13,610,633
2,986,068	2,990,207	2,838,158	2,792,814	2,734,316	2,758,405
287,841	282,499	326,373	391,098	283,905	309,654
428,180	337,001	1,186,377	604,358	892,271	2,681,005
608,902	517,242	497,603	538,801	463,706	504,349
6,128,455	5,261,739	5,042,502	4,696,708	5,428,293	4,891,508
614,973	652,598	679,317	628,471	674,934	688,105
1,258,694	1,343,275	1,222,300	1,161,822	1,066,481	1,114,457
95,852	103,994	138,849	274,769	235,808	245,247
841,832	843,368	847,052	847,650	739,998	637,777
445,954	551,825	628,342	1,266,712	167,526	149,099
13,696,751	12,883,748	13,406,873	13,203,203	12,687,238	13,979,606



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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 Poweshiek 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 Poweshiek 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 24, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Poweshiek County's internal control over financial reporting as a basis for designing the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Poweshiek County's internal control. Accordingly, we do not express an opinion on the effectiveness of Poweshiek 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 deficiencies in internal control that we consider to be a material weakness 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 Findings as items (A) and (B) 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 (C) and (D) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Poweshiek 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.

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.

Poweshiek County's Responses to the Findings

Poweshiek County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Poweshiek 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 Poweshiek 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 24, 2022

Poweshiek 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:

	<u>Applicable Offices</u>
(1) All incoming mail is opened by an employee who is also authorized to make entries to the accounting records.	Recorder, Sheriff
(2) Generally, one individual may have control over collecting, depositing, posting and maintaining receivable records for which no compensating controls exist.	Recorder, Sheriff
(3) The person preparing bank reconciliations also has control over collection and accounting.	Recorder
(4) Initial mail listing is not prepared by the independent mail opener.	Treasurer

Cause – The County offices 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 the County Office's ability to prevent or detect and correct misstatements, errors or misappropriations on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Current personnel, including elected officials and personnel from other County offices, should be utilized to provide additional control through review of financial transactions and reconciliations. Such reviews should be performed by independent persons and should be documented by the signature or initials of the reviewer and the date of the review.

Poweshiek County

Schedule of Findings

Year ended June 30, 2021

Responses –

Sheriff – Because our office staff is small and it is unrealistic to hire another person for the sole purpose to further segregate duties, our office relies on staff reviewing each other's work in reconciling bank statements and reviewing receipt books to see that monies taken in match bank deposits and services provided. We also work closely with the County Treasurer and the County Auditor to make sure that we handle receipts the way the State Auditor has recommended in the past.

Recorder – Segregation of duties is difficult with limited staff. We will continue to work with staff to obtain the maximum internal control possible, with procedures including checking each other's work.

Treasurer – We will establish the following procedure. When mail arrives for the day, an employee will open and log contents of envelopes (cash or check and dollar amount). Same employee will initial the envelope. All mail will be kept together and process by any employee within the office. At the end of the day the above employee that opened the mail will randomly print 3 receipts from various operators to verify the checks were processed correctly and included in work. A copy of the audit log, envelope and receipt will all be kept in file folder. This can be alternated between the staff in the Tax Office and done three times a month.

Conclusion – Responses accepted.

(B) Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, 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 – A material amount of payables for a secondary roads project was not properly recorded in the County's financial statements. An adjustment was subsequently made by the County to properly include and classify this transaction in the financial statements.

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

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, a material adjustment to the County's financial statements was necessary.

Recommendation – The County should ensure establish procedures to ensure all payables are identified and properly reported in the County's financial statements.

Poweshiek County

Schedule of Findings

Year ended June 30, 2021

Response – Staff have been instructed in the need to allow for accrual for projects that are active near the end of the year fiscal year. Staff have been instructed to make payments for eligible expenses as close to July 1 as practical in order to aid the differentiation between fiscal years.

Conclusion – Response acknowledged. Procedures should be developed to ensure all payables are identified and included in the in the County’s financial statements.

(C) County Sheriff 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 – The County Sheriff’s office maintains a bank account for commissary activity. Although the bank statements are reviewed by an independent person, bank reconciliations are not documented. Bank reconciliations would include the bank statement balance at month end plus or minus reconciling items such as outstanding checks and deposits in transit to equal the general ledger balance.

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

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

Recommendation – To improve financial accountability and control, monthly bank reconciliations should be prepared. Any differences should be investigated and resolved in a timely manner.

Response – The County will be implementing a reconciliation for the commissary account.

Conclusion – Response accepted.

(D) County Auditor 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 – Because of the switch to Tyler during May 2021, the County Treasurer's office is no longer including the County Auditor's accounts in their reconciliation. The County Auditor has been generating reconciliations monthly but does not have them independently reviewed.

Cause – Procedures have not been designed and implemented to ensure reconciliations are independently reviewed.

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

Poweshiek County

Schedule of Findings

Year ended June 30, 2021

Recommendation – To improve financial accountability and control, monthly bank reconciliations should be reviewed by an independent person. Any differences should be investigated and resolved in a timely manner.

Response – The County Auditor’s office will perform a bank reconciliation of the accounts payable and payroll accounts. The report will be reviewed with the bank statements and dated and initialed by the employee performing the bank reconciliations. The report and bank statements will then be reviewed by an independent employee who will spot check items on the bank statement (cleared deposits/checks, outstanding deposits/checks) against the bank reconciliations report and date and initial the reconciliation report. The bank reconciliation report will be kept on file with the monthly bank statements.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Poweshiek County
Schedule of Findings
Year ended June 30, 2021

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements for the year ended June 30, 2021 did not exceed the amounts budgeted.
- (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 – No business transactions between the County and County officials or employees were noted.
- (5) Restricted Donor Activity – No transactions were noted between the County, County officials or County employees and restricted donors in compliance with Chapter 68B of the code of Iowa.
- (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 which we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments – No instances of non-compliance with the deposit and investments provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (9) 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).
- (10) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1.

Poweshiek County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Chief Deputy
Gwen D. Fangman, CPA, Manager
Noelle M. Johnson, Senior Auditor
David A. Slocum, CPA, Staff Auditor
Zachary T. Shaw, Assistant Auditor
Brett A. Logsdon, Assistant Auditor