OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006

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

Rob Sand
Auditor of State

NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE March 31, 2022

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled $12,076,226 for the year ended June 30, 2021, a 25.2% increase over the prior year. Expenses for County operations for the year ended June 30, 2021 totaled $9,221,812, a 7.3% increase over the prior year.

AUDIT FINDINGS:

Sand reported twelve findings related to the receipt and expenditure of taxpayer funds. They are found on pages 72 through 80 of this report. The findings address issues such as lack of segregation of duties, material amounts of receivables and capital assets not properly recorded, lack of certain bank reconciliations being completed timely, lack of written policies and procedures regarding capital assets and the computer system, lack of accounting policies and procedures manual and disbursements exceeding appropriations before amendment. Sand provided the County with recommendations to address each of these findings.

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

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

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WAYNE COUNTY

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

JUNE 30, 2021

2110-0093-B00F

Wayne County

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STATE OF IOWA

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State Capitol Building
Des Moines, Iowa 50319-0006

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

March 18, 2022

Officials of Wayne County
Corydon, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Wayne 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 Wayne 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,

Rob Sand
Auditor of State

Table of Contents

Wayne County

Officials

(Before January 2021)

Name	Title	Term Expires
Donald Seams (Appointed Jul 2019)	Board of Supervisors	Nov 2020
David Dotts	Board of Supervisors	Jan 2023
Tom Swearingin	Board of Supervisors	Jan 2023
Michelle Dooley	County Auditor	Jan 2021
Kim Swearingin	County Treasurer	Jan 2023
Angie Horton	County Recorder	Jan 2023
Keith Davis	County Sheriff	Jan 2021
Alan Wilson	County Attorney	Jan 2023
Brandon Carpenter	County Assessor	Jan 2022

(After January 2021)

Name	Title	Term Expires
David Dotts	Board of Supervisors	Jan 2023
Tom Swearingin	Board of Supervisors	Jan 2023
Donald Seams	Board of Supervisors	Jan 2025
Michelle Dooley	County Auditor	Jan 2025
Kim Swearingin	County Treasurer	Jan 2023
Angie Horton	County Recorder	Jan 2023
Keith Davis	County Sheriff	Jan 2025
Alan Wilson	County Attorney	Jan 2023
Brandon Carpenter	County Assessor	Jan 2022

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Rob Sand
Auditor of State

Independent Auditor's Report

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

Emphasis of a Matter

As discussed in Note 13 to the financial statements, Wayne County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, restating the beginning net position for fiduciary (custodial) funds. In addition, Wayne County's beginning net position for governmental activities was restated to retroactively report the change in net position for material amounts of land which were not recorded in previous fiscal years. 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 48 through 57 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 Wayne County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2022 on our consideration of Wayne 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 Wayne County's internal control over financial reporting and compliance.

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

March 18, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Wayne 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 $856,299 to retroactively report in accordance with the GASBS. In addition, the County's beginning net position for governmental activities was restated by $285,030 due to material amounts of land which were not recorded in previous fiscal years.

- Revenues of the County's governmental activities increased 25.2%, or approximately $2,427,000, from fiscal year 2020 to fiscal year 2021. Property tax and local option sales tax increased approximately $258,000 and $353,000, respectively, while program revenues and penalty and interest on property taxes increased by $1,924,000 and $22,000, respectively.

- Program expenses of the County's governmental activities were 7.2%, or approximately $623,000, more in fiscal year 2021 than in fiscal year 2020. Roads and transportation increased approximately $369,000 while public safety and legal services increased approximately $144,000.

- After restatement, the County's net position increased 14.2%, or approximately $2,855,000, over the June 30, 2020 restated 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 Wayne 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 Wayne 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 Wayne 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 and interest and fees on long-term debt. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has two kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund and 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads. 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) Fiduciary funds are used to report assets held in a trust or custodial capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Custodial Funds that account for emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental Activities
(Expressed in Thousands)

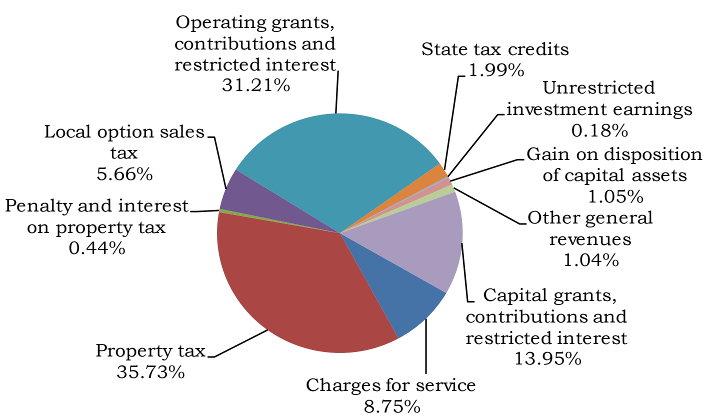
		June 30, 2021	June 30, 2020 (Not restated)
Current and other assets	$	14,544	13,206
Capital assets		17,328	15,459
Total assets		31,872	28,665
Deferred outflows of resources		798	648
Long-term liabilities		4,584	4,155
Other liabilities		256	240
Total liabilities		4,840	4,395
Deferred inflows of resources		4,862	5,087
Net position:			
Net investment in capital assets		15,703	13,559
Restricted		7,264	6,512
Unrestricted		3	(241)
Total net position	$	22,970	19,830

Prior to restatement, net position of Wayne County's governmental activities increased 15.8% (approximately $23.0 million compared to approximately $19.9 million). The largest portion of the County's net position is invested in capital assets (e.g., infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position — the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements — increased from a deficit of approximately $241,000 at June 30, 2020 to a surplus of approximately $3,000 at the end of this year, an increase of 101.2%. This increase is primarily due to an increase in the general fund unassigned ending fund balance, related to an increase in property taxes, CARES Act funding and COVID-19 funding.

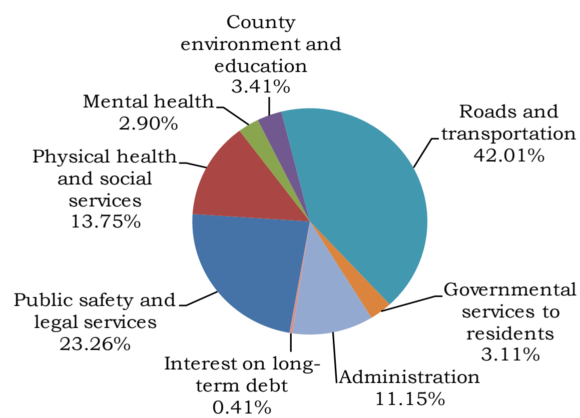
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30, 2021	2020 (Not restated)
Revenues:		
Program revenues:		
Charges for service	$ 1,057	1,137
Operating grants, contributions and restricted interest	3,769	3,282
Capital grants, contributions and restricted interest	1,684	167
General revenues:		
Property tax	4,315	4,057
Penalty and interest on property tax	53	31
State tax credits	240	252
Local option sales tax	684	331
Unrestricted investment earnings	22	115
Gain on disposition of capital assets	127	162
Other general revenues	125	115
Total revenues	12,076	9,649
Program expenses:		
Public safety and legal services	2,145	2,001
Physical health and social services	1,268	1,133
Mental health	267	304
County environment and education	314	347
Roads and transportation	3,874	3,505
Governmental services to residents	287	293
Administration	1,028	967
Interest on long-term debt	38	48
Total expenses	9,221	8,598
Change in net position	2,855	1,051
Net position beginning of year, as restated	20,115	18,779
Net position end of year	$ 22,970	19,830

Revenues by Source



Expenses by Program



Wayne County's governmental activities net position increased approximately $2,855,000 during the year. Revenues for governmental activities increased approximately $2,427,000 over the prior year, including capital grants, contributions and restricted interest which increased over the prior year approximately $1,517,000, or 908.4%.

The County increased property tax rates for fiscal year 2021 an average of 7.33%. This increase raised the County's property tax revenue approximately $258,000 in fiscal year 2021. Based on increases in the total assessed valuation, property tax revenue is budgeted to increase an additional $124,000 next year.

The cost of all governmental activities this year was approximately $9.2 million compared to approximately $8.6 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately $2.7 million because some of the cost was paid by those who directly benefited from the programs (approximately $1,057,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $5,453,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2021 from approximately $4,586,000 to approximately $6,510,000, primarily due to the increase in contributions of roads and bridges paid for by the Iowa Department of Transportation.

INDIVIDUAL MAJOR FUND ANALYSIS

As Wayne County completed the year, its governmental funds reported a combined fund balance of approximately $9.7 million, an increase of approximately $1,261,000 above last year's total of approximately $8.5 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 $340,513, or 8.1%, to $4,529,774 primarily due to an increase in property taxes, CARES Act funding and COVID-19 funding. Expenditures increased $156,988, or 4.2%, to $3,852,609 primarily due to an increase in public health COVID-19 expenditures. The ending fund balance increased by $611,998, or 21.4%, compared to prior year.

- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled $259,600, a decrease of 13.9% from the prior year. Beginning during fiscal year 2020, CROSS, the County's mental health region, began paying the invoices on behalf of the County. Each member County contributes to the fund of the Region by sending yearly distributions to the region. The Special Revenue, Mental Health Fund balance at year end decreased $2,772 from the prior year end to $38,447.

- Special Revenue, Rural Services Fund revenues increased $158,816 or 12.8% from the prior year and expenditures remained constant. Revenues increased primarily due to an increase in property tax. The ending fund balance decreased by $18,365, or 2.0%, compared to the prior year.

- Special Revenue, Secondary Roads Fund revenues increased $132,059, or 3.9%, from the prior year, due primarily to an increase in road use taxes received. The ending fund balance increased by $483,520, or 12.7%, compared to the prior year.

- Special Revenue, Local Option Sales Tax Fund revenues increased $346,699, or 102.5%, primarily due to an increase in local option sales tax received. Expenditures increased $129,350, or 32.2%, primarily due to the board increasing allowable expenditures to be funded by LOST revenues.

BUDGETARY HIGHLIGHTS

Over the course of the year, Wayne County amended its budget one time. The amendment was made in April 2021 to increase expenditures to respond to the COVID-19 pandemic from funds received through the CARES Act.

The County's receipts were $1,202,478 more than budgeted, a variance of 13.02%. The most significant variance resulted from the County receiving more in intergovernmental revenues such as CARES Act funding and other public health grants than anticipated.

Total disbursements were $1,728,310 less than the amended budget. Actual disbursements for the public safety and legal services, roads and transportation and capital projects functions were $375,845, $628,056 and $308,138, respectively, less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, Wayne County had approximately $17 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities and roads and bridges. This is a net increase (including additions and deletions) of approximately $1,584,000, or 10.1%, over last year.

The County had depreciation expense of $1,015,320 in fiscal year 2021 and total accumulated depreciation of $9,365,499 at June 30, 2021.

Long-Term Debt

At June 30, 2021, Wayne County had $1,625,000 of general obligation bonds outstanding, compared to $1,900,000 at June 30, 2020. The County refunded their general obligation bond in September 2020. The County paid $225,000 of principal on the general obligation bonds during the year ended June 30, 2021.

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. Wayne County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately $28.3 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

Wayne County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2022 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 4.4% versus 6.9% a year ago. These indicators were taken into account when adopting the budget for fiscal year 2022. Revenues in the operating budget are approximately $9.86 million, an increase of 10.40% over the final fiscal year 2021 budget, primarily due to an increase in property taxes and American Rescue Plan funding. Budgeted disbursements are expected to increase approximately $1,636,000 from the final fiscal year 2021 budget, primarily in the roads and transportation and capital projects functions. The County has added no major new programs or initiatives to the fiscal year 2022 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately $499,000, or 12.79%, by the close of fiscal year 2022.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Wayne 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 Wayne County Auditor's Office, 100 N. Lafayette, Corydon, Iowa, 50060.

Basic Financial Statements

Wayne County

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets	
Cash and pooled investments:	
County Treasurer	$ 8,788,334
Cash held by health plan trustee	34,929
Component units	15,668
Receivables:	
Property tax:	
Delinquent	13,195
Succeeding year	4,496,000
Interest and penalty on property tax	30,188
Accounts	117,078
Accrued interest	810
Due from other governments	582,175
Inventories	374,484
Prepaid insurance	91,818
Capital assets, net of accumulated depreciation	17,327,722
Total assets	31,872,401
Deferred Outflows of Resources	
Pension related deferred outflows	765,036
OPEB related deferred outflows	33,174
Total deferred outflows of resources	798,210
Liabilities	
Current liabilities:	
Accounts payable	99,304
Accrued interest payable	2,708
Salaries and benefits payable	93,011
Due to other governments	11,273
Advances from grantors	49,439
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	220,000
Compensated absences	110,701
Portion due or payable after one year:	
General obligation bonds	1,405,000
Compensated absences	140,885
Net pension liability	2,284,526
Total OPEB liability	422,529
Total liabilities	4,839,376
Deferred Inflows of Resources	
Unavailable property tax revenue	4,496,000
Pension related deferred inflows	189,746
OPEB related deferred inflows	175,892
Total deferred inflows of resources	4,861,638
Net Position	
Net investment in capital assets	15,702,722
Restricted for:	
Supplemental levy purposes	1,111,723
Mental health purposes	36,951
Rural services purposes	922,637
Secondary roads purposes	4,149,974
Conservation purposes	105,877
Debt service	868,170
Other purposes	68,196
Unrestricted	3,347
Total net position	$ 22,969,597

See notes to financial statements.

Wayne County

Statement of Activities

Year ended June 30, 2021

		Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 2,145,615	265,118	11,264	-	(1,869,233)
Physical health and social services	1,268,307	323,518	357,330	-	(587,459)
Mental health	267,301	138,268	7,383	-	(121,650)
County environment and education	313,635	72,235	38,027	-	(203,373)
Roads and transportation	3,874,000	72,887	3,355,115	1,684,088	1,238,090
Governmental services to residents	287,131	160,356	-	-	(126,775)
Administration	1,027,787	24,252	-	-	(1,003,535)
Interest and fees on long-term debt	38,036	-	-	-	(38,036)
Total	$ 9,221,812	1,056,634	3,769,119	1,684,088	(2,711,971)
General Revenues:					
Property and other county tax levied for:					
General purposes					4,314,623
Penalty and interest on property tax					53,058
State tax credits					240,217
Local option sales tax					684,190
Unrestricted investment earnings					22,014
Gain on disposition of capital assets					126,800
Miscellaneous					125,483
Total general revenues					5,566,385
Change in net position					2,854,414
Net position beginning of year, as restated					20,115,183
Net position end of year					$ 22,969,597

See notes to financial statements.

Wayne County

Balance Sheet
Governmental Funds

June 30, 2021

			Special	
			Mental	Rural
		General	Health	Services
Assets				
Cash and pooled investments:				
County Treasurer	$	3,261,121	39,957	882,715
Cash held by health plan trustee		34,929	-	-
Component units		-	-	-
Receivables:				
Property tax:				
Delinquent		11,844	496	855
Succeeding year		3,088,000	129,000	1,279,000
Interest and penalty on property tax		30,188	-	-
Accounts		109,978	-	-
Accrued interest		810	-	-
Due from other governments		110,658	-	22,816
Inventories		-	-	-
Prepaid insurance		46,121	-	24,310
Total assets	$	6,693,649	169,453	2,209,696
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$	29,555	930	2,715
Salaries and benefits payable		46,328	510	5,344
Due to other governments		10,497	70	-
Advances from grantor		-	-	-
Total liabilities		86,380	1,510	8,059
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax		3,088,000	129,000	1,279,000
Other		46,967	496	855
Total deferred inflows of resources		3,134,967	129,496	1,279,855
Fund balances:				
Nonspendable:				
Inventories		-	-	-
Prepaid expense		46,121	-	24,310
Restricted for:				
Supplemental levy purposes		1,067,488	-	-
Mental health purposes		-	38,447	-
Rural services purposes		-	-	897,472
Secondary roads purposes		-	-	-
Conservation purposes		6,485	-	-
Debt service		-	-	-
Other purposes		44,403	-	-
Assigned for promotion of public health		27,742	-	-
Unassigned		2,280,063	-	-
Total fund balances		3,472,302	38,447	921,782
Total liabilities, deferred inflows of resources and fund balances	$	6,693,649	169,453	2,209,696

See notes to financial statements.

Revenue			
Secondary Roads	Local Option Sales Tax	Nonmajor	Total
3,666,601	830,453	107,487	8,788,334
-	-	-	34,929
-	-	15,668	15,668
-	-	-	13,195
-	-	-	4,496,000
-	-	-	30,188
7,070	-	30	117,078
-	-	-	810
403,179	45,522	-	582,175
374,484	-	-	374,484
21,387	-	-	91,818
4,472,721	875,975	123,185	14,544,679
61,553	4,551	-	99,304
40,829	-	-	93,011
160	546	-	11,273
49,439	-	-	49,439
151,981	5,097	-	253,027
-	-	-	4,496,000
28,540	-	-	76,858
28,540	-	-	4,572,858
374,484	-	-	374,484
21,387	-	-	91,818
-	-	-	1,067,488
-	-	-	38,447
-	-	-	897,472
3,896,329	-	-	3,896,329
-	-	99,392	105,877
-	870,878	-	870,878
-	-	23,793	68,196
-	-	-	27,742
-	-	-	2,280,063
4,292,200	870,878	123,185	9,718,794
4,472,721	875,975	123,185	14,544,679

Wayne County

Wayne County

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

June 30, 2021

Total governmental fund balances (page 19)		$ 9,718,794
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is $26,693,221 and the accumulated depreciation is $9,365,499.		17,327,722
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.		76,858
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 798,210	
Deferred inflows of resources	(365,638)	432,572
Long-term liabilities, including general obligation bonds payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(4,586,349)
Net position of governmental activities (page 16)		$ 22,969,597

See notes to financial statements.

Wayne County

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

Year ended June 30, 2021

		Special	
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	$ 2,989,806	242,128	1,164,054
Local option sales tax	-	-	-
Interest and penalty on property tax	55,593	-	-
Intergovernmental	913,270	14,700	208,026
Licenses and permits	-	-	11,800
Charges for service	452,252	-	5,000
Use of money and property	62,440	-	-
Miscellaneous	56,413	-	6,781
Total revenues	4,529,774	256,828	1,395,661
Expenditures:			
Operating:			
Public safety and legal services	1,151,620	-	537,058
Physical health and social services	1,189,405	-	61,733
Mental health	-	259,600	-
County environment and education	222,337	-	92,232
Roads and transportation	-	-	-
Governmental services to residents	277,060	-	3,470
Administration	1,012,187	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	3,852,609	259,600	694,493
Excess (deficiency) of revenues over (under) expenditures	677,165	(2,772)	701,168
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(65,167)	-	(719,533)
Proceeds on general obligation bonds	-	-	-
Premium on general obligation bonds	-	-	-
Payment to refunding bond agent	-	-	-
Total other financing sources (uses)	(65,167)	-	(719,533)
Change in fund balances	611,998	(2,772)	(18,365)
Fund balances beginning of year	2,860,304	41,219	940,147
Fund balances end of year	$ 3,472,302	38,447	921,782

See notes to financial statements.

Revenue			
Secondary Roads	Local Option Sales Tax	Nonmajor	Total
-	-	-	4,395,988
-	684,916	-	684,916
-	-	-	55,593
3,460,457	-	8,804	4,605,257
2,690	-	-	14,490
32	-	1,917	459,201
-	112	583	63,135
77,665	70	8,574	149,503
3,540,844	685,098	19,878	10,428,083
-	253,396	1,606	1,943,680
-	-	1,225	1,252,363
-	-	-	259,600
-	-	-	314,569
3,653,512	-	-	3,653,512
-	-	1,584	282,114
-	-	-	1,012,187
-	263,904	-	263,904
188,512	13,350	-	201,862
3,842,024	530,650	4,415	9,183,791
(301,180)	154,448	15,463	1,244,292
784,700	-	-	784,700
-	-	-	(784,700)
-	1,850,000	-	1,850,000
-	66,567	-	66,567
-	(1,900,000)	-	(1,900,000)
784,700	16,567	-	16,567
483,520	171,015	15,463	1,260,859
3,808,680	699,863	107,722	8,457,935
4,292,200	870,878	123,185	9,718,794

Wayne County

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

Year ended June 30, 2021

Change in fund balances - Total governmental funds (page 23)		$ 1,260,859
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	$ 910,609	
Capital assets contributed by the DOT	1,561,444	
Depreciation expense	(1,015,320)	1,456,733
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.		126,800
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:		
Property tax	(82,381)	
Other	(16,787)	(99,168)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Issued	(1,850,000)	
Repaid	2,125,000	275,000
The current year County IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position.		332,901
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	(53,821)	
Pension expense	(418,025)	
OPEB expense	(27,733)	
Interest on long-term debt	868	(498,711)
Change in net position of governmental activities (page 17)		$ 2,854,414

See notes to financial statements.

Wayne County

Statement of Fiduciary Net Position
Custodial Funds

June 30, 2021

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	$ 997,845
Other County officials	31,382
Receivables:	
Property tax:	
Delinquent	51,170
Succeeding year	7,554,000
Accounts	845
Assessments	29,806
Due from other governments	61,843
Total assets	8,726,891
Liabilities	
Accounts payable	259
Salaries and benefits payable	6,360
Due to other governments	346,254
Trusts payable	23,201
Compensated absences	7,195
Total liabilities	383,269
Deferred Inflows of Resources	
Unavailable property tax revenue	7,554,000
Net position	
Restricted for individuals, organizations and other governments	$ 789,622

See notes to financial statements.

Wayne County

Wayne County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2021

Additions:		
Property and other county tax	$	7,456,327
911 surcharge		185,078
State tax credits		568,671
Drivers license fees		25,955
Office fees and collections		492,409
Auto licenses, use tax and postage		2,406,789
Assessments		5,978
Trusts		382,789
Miscellaneous		245,772
Total additions		11,769,768
Deductions:		
Agency remittances:		
To other funds		419,321
To other governments		11,034,335
Trusts paid out		382,789
Total deductions		11,836,445
Change in net position		(66,677)
Net position beginning of year, as restated		856,299
Net position end of year	$	789,622

See notes to financial statements.

(1) Summary of Significant Accounting Policies

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

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

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

Wayne County Sheriff's Canine has been incorporated under Chapter 504A of the Code of Iowa to receive donations to aid the Wayne County Sheriff's Office. These donations are to be used to fund the training and care of a canine for law enforcement use. The financial activity of the component unit is included as a Special Revenue Fund of the County.

Wayne County Sheriff's Reserve has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Wayne County Sheriff's Office. These donations are to be used to fund the reserve officers who assist the County Sheriff, as requested. The financial activity of this component unit is included as a Special Revenue Fund of the County.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Wayne County Assessor's Conference Board, Wayne County Emergency Management Commission and the Wayne 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: Wayne, Ringgold and Decatur County Solid Waste Commission, Ten Fifteen Regional Transit Agency Board, South Iowa Area Crime Commission, Wayne County Development Corporation Board, Chariton Valley Rural Economic Development Incorporated Board, Southeast Iowa Case Management Board, Wayne County Empowerment Board, County Rural Offices of Social Services and Southeast Iowa Response Group.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds 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, required 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 Local Option Sales Tax Fund is used to account for local option sales tax revenues used in the funding of the general obligation bonds issued for the acquisition and construction of the jail.

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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 receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax and receivable 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 it is 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, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	$ 60,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Infrastructure	5 - 70
Buildings and improvements	20 - 50
Equipment	2 - 20
Vehicles	2 - 10

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s), which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, 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 compensatory time, sick leave and vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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 Wayne 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 receivable that will not be recognized until the year for which it is levied.

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2021, disbursements did not exceed the amounts budgeted. However, disbursements in certain departments exceeded the amounts appropriated prior to approval of an amendment.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of $1,637,496. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in the IPAIT is unrated.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	$ 65,167
	Special Revenue:	
	Rural Services	719,533
		$ 784,700

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:

	Balance Beginning of Year (as restated)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 285,030	-	-	285,030
Infrastructure, construction in progress	-	1,648,873	(1,648,873)	-
Total capital assets not being depreciated	285,030	1,648,873	(1,648,873)	285,030
Capital assets being depreciated:				
Buildings	5,085,014	-	-	5,085,014
Improvements other than buildings	113,439	-	-	113,439
Equipment and vehicles	4,781,778	1,047,480	(412,366)	5,416,892
Infrastructure, road network	14,143,973	1,648,873	-	15,792,846
Total capital assets being depreciated	24,124,204	2,696,353	(412,366)	26,408,191
Less accumulated depreciation for:				
Buildings	1,643,416	98,331	-	1,741,747
Improvements other than buildings	48,652	3,781	-	52,433
Equipment and vehicles	2,916,151	483,589	(314,866)	3,084,874
Infrastructure, road network	4,056,826	429,619	-	4,486,445
Total accumulated depreciation	8,665,045	1,015,320	(314,866)	9,365,499
Total capital assets being depreciated, net	15,459,159	1,681,033	(97,500)	17,042,692
Governmental activities capital assets, net	$ 15,744,189	3,329,906	(1,746,373)	17,327,722

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 153,862
Physical health and social services	2,998
Mental health	4,794
County environment and education	43,260
Roads and transportation	805,340
Governmental services to residents	1,212
Administration	3,854
Total depreciation expense - governmental activities	$ 1,015,320

(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	$ 10,497
Special Revenue:		
Mental health	Services	70
Secondary roads	Services	160
Local Option Sales Tax	Services	546
Total for governmental funds		$ 11,273
Custodial:		
County Offices	Collections	$ 8,181
Agricultural Extension Education		1,508
Schools		53,674
Community Colleges		4,755
Corporations and Special Assessments		32,787
Townships		2,550
Auto License and Use Tax		202,990
County Hospital		17,424
Other		22,385
Total for custodial funds		$ 346,254

(6) Long-Term Liabilities

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

	General Obligation Bonds	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	$ 1,900,000	197,765	1,690,372	367,205	4,155,342
Increases	1,850,000	221,673	594,154	75,723	2,741,550
Decreases	2,125,000	167,852	-	20,399	2,313,251
Balance end of year	$ 1,625,000	251,586	2,284,526	422,529	4,583,641
Due within one year	$ 220,000	110,701	-	-	330,701

Bonds Payable

On September 1, 2020, the County issued $1,850,000 general obligation local option sales and services tax refunding bonds, Series 2020A, to refund the outstanding general obligation local option sales and services tax refunding bonds, Series 2012A and to pay costs associated with issuance of the bonds. The County refunded the bonds to reduce its total payments by approximately $92,112 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $88,587.

A summary of the County's June 30, 2021 general obligation bond indebtedness is as follows:

	Local Option Sales and Services Tax Refunding Bonds Issued September 1, 2020			
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2022	2.00%	$ 220,000	32,500	252,500
2023	2.00	225,000	28,100	253,100
2024	2.00	230,000	23,600	253,600
2025	2.00	230,000	19,000	249,000
2026	2.00	235,000	14,400	249,400
2027-2028	2.00	485,000	14,600	499,600
		$ 1,625,000	132,200	1,757,200

During the year ended June 30, 2021, the County paid principal of $225,000 and interest of $38,479 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 if it is greater than the highest five-year average salary.

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

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

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

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

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

<u>Disability and Death Benefits</u> – 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.

<u>Contributions</u> – 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 $332,901.

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 $2,284,526 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 0.032521%, which was an increase of 0.003330% over its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of $418,025. 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	$ 10,634	59,068
Changes of assumptions	152,724	43,885
Net difference between projected and actual earnings on IPERS' investments	185,529	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	83,248	86,793
County contributions subsequent to the measurement date	332,901	-
Total	$ 765,036	189,746

$332,901 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	$ 20,176
2023	40,294
2024	59,664
2025	115,645
2026	6,610
Total	$ 242,389

There were no non-employer contributing entities to IPERS.

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100.0%	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	$ 4,360,486	2,284,526	544,318

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 – At June 30, 2021, the County reported payables to IPERS of $7,616 for legally required County contributions and $5,369 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(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 Wayne 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	-
Active employees	73
Total	73

Total OPEB Liability – The County's total OPEB liability of $422,529 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2021)	2.60% per annum.
Rates of salary increase (effective June 30, 2021)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2021)	2.19% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2021)	7.50% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

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

Mortality rates for general retirees are from the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 total dataset mortality table fully generational using Scale MP-2017. Mortality rates for Protection and Sheriffs retirees are from the SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019. Mortality rates for Surviving Spouses are from the SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	$ 367,205
Changes for the year:	
Service cost	53,262
Interest	11,184
Differences between expected and actual experiences	(20,399)
Changes in assumptions	11,277
Net changes	55,324
Total OPEB liability end of year	$ 422,529

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

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.19%) or 1% higher (3.19%) than the current discount rate.

	1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
Total OPEB liability	$ 447,159	422,529	398,788

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 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	$ 372,418	422,529	482,057

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized OPEB expense of $27,733. 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	$ 10,688	(101,969)
Changes in assumptions	22,486	(73,923)
Total	$ 33,174	(175,892)

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	$ (36,713)
2023	(36,713)
2024	(36,711)
2025	(16,512)
2026	(13,787)
Thereafter	(2,282)
	$ (142,718)

(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 $132,581.

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 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 is 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 $370,000, 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 County, in conjunction with other organizations, entered into an agreement as authorized in Chapter 28E of the Code of Iowa for health insurance which is funded through employer and employee contributions. The counties, cities and the other participating organizations are contingently liable with respect to medical claims made by the participants in the plan. Employee Benefit Systems/Cobra Administrator (EBS) provides a service designed to administer compliance requirements. All claims handling procedures are performed by an independent claims administrator. Settled claims have not exceeded the plan coverage during any of the past three years.

The cash balance of the Wayne County Health Care Plan was $34,929 at June 30, 2021.

(11) Wayne County Financial Information Included in the County Rural Offices of Social Services (CROSS) Mental Health Region

County Rural Offices of Social Services (CROSS) Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Clarke, Decatur, Lucas, Monroe, Ringgold and Wayne County. The financial activity of Wayne County's Special Revenue, Mental Health Fund is included in the CROSS Mental Health Region for the year ended June 30, 2021, as follows:

Revenues:		
Property and other county tax		$ 242,128
Intergovernmental:		
State tax credits	$ 14,653	
Other	47	14,700
Total revenues		256,828
Expenditures:		
Services to persons with:		
Mental illness		60,939
General administration:		
Direct administration	440	
Distribution to regional fiscal agent	198,221	198,661
Total expenditures		259,600
Excess of revenues over expenditures		(2,772)
Fund balance beginning of year		41,219
Fund balance end of year		$ 38,447

(12) 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 economics, including that of Wayne County, remains uncertain.

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

(13) 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. In addition, material amounts of land were not recorded in prior fiscal years. Beginning net position for governmental and fiduciary activities was restated to retroactively report the changes in net position.

	Governmental Activities	Fiduciary Activities
Net position June 30, 2020, as previously reported	$ 19,830,153	-
Change to correct capital assets	285,030	-
Change to implement GASBS No. 84	-	856,299
Net position July 1, 2020, as restated	$ 20,115,183	856,299

(14) Prospective Accounting Change

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

Required Supplementary Information

Wayne 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	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 5,062,727	-	5,062,727
Interest and penalty on property tax	55,593	-	55,593
Intergovernmental	4,627,526	-	4,627,526
Licenses and permits	14,420	-	14,420
Charges for service	484,752	-	484,752
Use of money and property	63,738	-	63,738
Miscellaneous	132,935	5,464	127,471
Total receipts	10,441,691	5,464	10,436,227
Disbursements:			
Public safety and legal services	1,965,474	1,606	1,963,868
Physical health and social services	1,239,497	-	1,239,497
Mental health	258,432	-	258,432
County environment and education	316,899	-	316,899
Roads and transportation	3,663,844	-	3,663,844
Governmental services to residents	281,621	-	281,621
Administration	997,638	-	997,638
Non-program	-	-	-
Debt service	263,904	-	263,904
Capital projects	201,862	-	201,862
Total disbursements	9,189,171	1,606	9,187,565
Excess (deficiency) of receipts over (under) disbursements	1,252,520	3,858	1,248,662
Other financing sources, net	15,150	-	15,150
Change in balances	1,267,670	3,858	1,263,812
Balance beginning of year	7,571,261	11,810	7,559,451
Balance end of year	$ 8,838,931	15,668	8,823,263

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
4,734,540	4,734,540	328,187
-	-	55,593
3,592,104	3,897,104	730,422
8,038	8,038	6,382
466,504	466,504	18,248
120,285	120,285	(56,547)
7,278	7,278	120,193
8,928,749	9,233,749	1,202,478
2,265,713	2,339,713	375,845
1,133,682	1,336,882	97,385
265,971	265,971	7,539
371,879	373,404	56,505
4,291,900	4,291,900	628,056
342,561	342,561	60,940
1,153,180	1,153,180	155,542
20,000	20,000	20,000
263,414	282,264	18,360
510,000	510,000	308,138
10,618,300	10,915,875	1,728,310
(1,689,551)	(1,682,126)	2,930,788
-	-	15,150
(1,689,551)	(1,682,126)	2,945,938
5,586,803	5,586,803	1,972,648
3,897,252	3,904,677	4,918,586

Wayne County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2021

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 10,441,691	(13,608)	10,428,083
Expenditures	9,189,171	(5,380)	9,183,791
Net	1,252,520	(8,228)	1,244,292
Other financing sources, net	15,150	1,417	16,567
Beginning fund balances	7,571,261	886,674	8,457,935
Ending fund balances	$ 8,838,931	879,863	9,718,794

See accompanying independent auditor's report.

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the blended component units 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 and the Special Revenue Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by $297,575. 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 Extension Office by the County Agricultural Extension Council, 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. However, disbursements in certain departments exceeded the amounts appropriated prior to approval of an amendment.

Wayne 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		0.032521%	0.029191%	0.031671%	0.034472%
County's proportionate share of the net pension liability	$	2,285	1,690	2,004	2,296
County's covered payroll	$	3,349	3,124	3,085	3,075
County's proportionate share of the net pension liability as a percentage of its covered payroll		68.23%	54.10%	64.96%	74.67%
IPERS' net position as a percentage of the total pension liability		82.90%	85.45%	83.62%	82.21%

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

See accompanying independent auditor's report.

2017	2016	2015
0.033592%	0.032972%	0.030954%
2,114	1,629	1,228
2,893	2,907	2,796
73.07%	56.04%	43.92%
81.82%	85.19%	87.61%

Wayne County

Schedule of County Contributions

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

Required Supplementary Information

		2021	2020	2019	2018
Statutorily required contribution	$	333	318	299	280
Contributions in relation to the statutorily required contribution		(333)	(318)	(299)	(280)
Contribution deficiency (excess)	$	-	-	-	-
County's covered payroll	$	3,527	3,349	3,124	3,085
Contributions as a percentage of covered payroll		9.44%	9.50%	9.57%	9.08%

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
280	264	268	256	232	208
(280)	(264)	(268)	(256)	(232)	(208)
-	-	-	-	-	-
3,075	2,893	2,907	2,796	2,586	2,448
9.11%	9.13%	9.22%	9.16%	8.97%	8.50%

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.

Wayne 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	$ 53,262	48,231	45,548	40,740
Interest cost	11,184	15,454	15,319	16,993
Difference between expected and actual experiences	(20,399)	14,964	(26,499)	(160,951)
Changes in assumptions	11,277	(103,493)	7,388	19,588
Net change in total OPEB liability	55,324	(24,844)	41,756	(83,630)
Total OPEB liability beginning of year	367,205	392,049	350,293	433,923
Total OPEB liability end of year	$ 422,529	367,205	392,049	350,293
Covered-employee payroll	$ 3,183,651	3,083,439	2,773,593	2,686,289
Total OPEB liability as a percentage of covered-employee payroll	13.3%	11.9%	14.1%	13.0%

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%

Wayne County

Supplementary Information

Wayne County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2021

		Special	
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Resource Enhancement and Protection
Assets			
Cash and pooled investments:			
County Treasurer	$ 514	4	20,777
Component units	-	-	-
Accounts receivable	-	-	-
Total assets	$ 514	4	20,777
Liabilities and Fund Balances			
Liabilities:			
Fund balances:			
Restricted for:			
Conservation purposes	-	-	20,777
Other purposes	514	4	-
Total fund balances	514	4	20,777
Total liabilities and fund balances	$ 514	4	20,777

See accompanying independent auditor's report.

Revenue					
Duncan Bequest	Veterans Affairs Donations	Wayne County Sheriff's Canine	Wayne County Sheriff's Reserve	Wayne County Sheriff's Forfeiture	Total
78,615	6,217	-	-	1,360	107,487
-	-	4,861	10,807	-	15,668
-	30	-	-	-	30
78,615	6,247	4,861	10,807	1,360	123,185
78,615	-	-	-	-	99,392
-	6,247	4,861	10,807	1,360	23,793
78,615	6,247	4,861	10,807	1,360	123,185
78,615	6,247	4,861	10,807	1,360	123,185

Wayne County

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

Year ended June 30, 2021

			Special
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Resource Enhancement and Protection
Revenues:			
Intergovernmental	$ -	-	8,804
Charges for service	1,917	-	-
Use of money and property	-	-	2
Miscellaneous	-	-	-
Total revenues	1,917	-	8,806
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
Physical health and social services	-	-	-
Governmental services to residents	1,584	-	-
Total expenditures	1,584	-	-
Excess of revenues over expenditures	333	-	8,806
Change in fund balances	333	-	8,806
Fund balances beginning of year	181	4	11,971
Fund balances end of year	$ 514	4	20,777

See accompanying independent auditor's report.

Revenue					
Duncan Bequest	Veterans Affairs Donations	Wayne County Sheriff's Canine	Wayne County Sheriff's Reserve	Wayne County Sheriff's Forfeiture	Total
-	-	-	-	-	8,804
-	-	-	-	-	1,917
580	1	-	-	-	583
-	3,110	4,939	525	-	8,574
580	3,111	4,939	525	-	19,878
-	-	1,536	70	-	1,606
-	1,225	-	-	-	1,225
-	-	-	-	-	1,584
-	1,225	1,536	70	-	4,415
580	1,886	3,403	455	-	15,463
580	1,886	3,403	455	-	15,463
78,035	4,361	1,458	10,352	1,360	107,722
78,615	6,247	4,861	10,807	1,360	123,185

Wayne County

Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	$ -	1,508	204,843	53,674
Other County officials	31,382	-	-	-
Receivables:				
Property tax:				
Delinquent	-	447	583	16,171
Succeeding year	-	116,000	152,000	4,190,000
Accounts	-	-	-	-
Assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	31,382	117,955	357,426	4,259,845
Liabilities				
Accounts payable	-	-	-	-
Salaries and benefits payable	-	-	1,382	-
Due to other governments	8,181	1,508	-	53,674
Trusts payable	23,201	-	-	-
Compensated absences	-	-	6,033	-
Total liabilities	31,382	1,508	7,415	53,674
Deferred Inflows of Resources				
Unavailable revenues	-	116,000	152,000	4,190,000
Net Position				
Restricted for individuals, organizations and other governments	$ -	447	198,011	16,171

See accompanying independent auditor's report.

Community Colleges	Corporations and Special Assessments	Townships	Auto License and Use Tax	County Hospital	Other	Total
4,755	32,787	2,550	202,990	17,424	477,314	997,845
-	-	-	-	-	-	31,382
1,475	27,013	179	-	5,298	4	51,170
385,000	1,064,000	265,000	-	1,381,000	1,000	7,554,000
-	-	-	-	-	845	845
-	29,806	-	-	-	-	29,806
-	-	-	-	-	61,843	61,843
391,230	1,153,606	267,729	202,990	1,403,722	541,006	8,726,891
-	-	-	-	-	259	259
-	-	-	-	-	4,978	6,360
4,755	32,787	2,550	202,990	17,424	22,385	346,254
-	-	-	-	-	-	23,201
-	-	-	-	-	1,162	7,195
4,755	32,787	2,550	202,990	17,424	28,784	383,269
385,000	1,064,000	265,000	-	1,381,000	1,000	7,554,000
1,475	56,819	179	-	5,298	511,222	789,622

Wayne County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Additions:				
Property and other county tax	$ -	115,027	151,024	4,109,510
911 surcharge	-	-	-	-
State tax credits	-	7,121	9,391	256,971
Drivers license fees	-	-	-	-
Office fees and collections	490,492	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	154,347	-	-	-
Miscellaneous	-	-	114	-
Total additions	644,839	122,148	160,529	4,366,481
Deductions:				
Agency remittances:				
To other funds	333,736	-	-	-
To other governments	156,756	124,413	164,955	4,442,088
Trusts paid out	154,347	-	-	-
Total deductions	644,839	124,413	164,955	4,442,088
Changes in net position	-	(2,265)	(4,426)	(75,607)
Net position beginning of year, as restated	-	2,712	202,437	91,778
Net position end of year	$ -	447	198,011	16,171

See accompanying independent auditor's report.

Community Colleges	Corporations and Special Assessments	Townships	Auto License and Use Tax	County Hospital	Other	Total
362,682	1,130,556	255,958	-	1,330,581	989	7,456,327
-	-	-	-	-	185,078	185,078
22,357	180,505	9,959	-	82,306	61	568,671
-	-	-	-	-	25,955	25,955
-	-	-	-	-	1,917	492,409
-	-	-	2,406,789	-	-	2,406,789
-	5,978	-	-	-	-	5,978
-	-	-	-	-	228,442	382,789
-	14,735	-	-	-	230,923	245,772
385,039	1,331,774	265,917	2,406,789	1,412,887	673,365	11,769,768
-	-	-	85,585	-	-	419,321
391,822	1,365,666	269,615	2,321,204	1,437,967	359,849	11,034,335
-	-	-	-	-	228,442	382,789
391,822	1,365,666	269,615	2,406,789	1,437,967	588,291	11,836,445
(6,783)	(33,892)	(3,698)	-	(25,080)	85,074	(66,677)
8,258	90,711	3,877	-	30,378	426,148	856,299
1,475	56,819	179	-	5,298	511,222	789,622

Wayne County

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

For the Last Ten Years

	2021	2020	2019	2018
Revenues:				
Property and other county tax	$ 4,395,988	3,974,571	3,674,570	2,990,686
Local option sales tax	684,916	329,977	525,831	388,857
Interest and penalty on property tax	55,593	17,459	36,556	35,630
Intergovernmental	4,605,257	4,201,231	4,463,856	3,614,486
Licenses and permits	14,490	11,300	12,562	11,466
Charges for service	459,201	500,152	508,649	550,760
Use of money and property	63,135	161,870	191,547	164,185
Miscellaneous	149,503	250,036	104,512	179,618
Total	$ 10,428,083	9,446,596	9,518,083	7,935,688
Expenditures:				
Operating:				
Public safety and legal services	$ 1,943,680	1,847,055	1,805,383	1,614,296
Physical health and social services	1,252,363	1,100,370	1,024,636	1,091,819
Mental health	259,600	301,492	516,110	228,772
County environment and education	314,569	320,044	373,036	365,047
Roads and transportation	3,653,512	3,832,716	2,858,777	3,409,233
Governmental services to residents	282,114	285,761	259,197	259,248
Administration	1,012,187	988,383	899,546	814,277
Non-program	-	-	638	12,730
Debt service	263,904	268,405	265,488	268,283
Capital projects	201,862	6,174	860,351	365,801
Total	$ 9,183,791	8,950,400	8,863,162	8,429,506

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
3,554,995	3,440,155	3,254,269	3,277,371	3,085,689	3,142,670
385,113	363,926	366,504	323,187	353,423	326,157
39,154	39,549	43,522	42,957	46,640	41,645
4,270,062	3,869,303	4,034,730	3,813,119	3,501,694	3,974,740
12,613	11,575	12,449	9,308	8,550	11,657
589,249	520,778	400,590	460,157	446,121	450,496
52,441	80,772	117,174	120,187	59,545	28,585
146,381	73,096	118,867	117,087	259,436	192,717
9,050,008	8,399,154	8,348,105	8,163,373	7,761,098	8,168,667

2017	2016	2015	2014	2013	2012
1,537,927	1,369,170	1,330,364	1,280,674	1,190,882	1,062,720
805,990	824,298	1,018,362	1,091,508	1,068,193	893,116
409,138	392,324	436,851	360,302	380,655	844,930
457,866	294,654	418,031	349,682	216,410	237,934
3,356,622	2,714,833	3,107,983	2,964,008	3,006,788	2,793,124
251,759	276,100	217,187	220,096	223,076	196,679
806,510	770,687	908,230	821,703	718,625	551,179
15,867	25,447	12,763	10,678	12,581	23,092
260,743	328,664	458,634	457,486	455,320	420,931
787,545	190,937	245,717	268,205	58,777	110,221
8,689,967	7,187,114	8,154,122	7,824,342	7,331,307	7,133,926

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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 Wayne 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 Wayne 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 18, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Wayne County's Responses to the Findings

Wayne County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Wayne 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 Wayne County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

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

March 18, 2022

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

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

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

	Applicable Offices
(1) Collection and deposit preparation functions were not performed by an individual who does not record and account for cash receipts. Custodian of change funds is not prohibited from handling other cash receipts.	Treasurer, Recorder, Sheriff and New Venture Group Home
(2) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. Controls are strengthened when an independent mail opener prepares a listing of checks received in the mail, then forwards the mail and checks to accounting personnel for processing. The independent mail opener should then test the list of mail receipts to proper recording and deposit.	Recorder
(3) A listing of cash and checks received by mail is not regularly prepared by someone independent of cash and receipt functions or compared to cash receipt records or bank deposits.	New Venture Group Home
(4) Bank accounts are not reconciled by an individual who does not sign checks, handle or record cash. In addition, monthly reviews of bank reconciliations by an independent person were not documented.	Treasurer, Recorder and New Venture Group Home
(5) The person who signs checks was not independent of the person preparing the checks, approving disbursements and recording cash receipts.	Recorder, Sheriff and New Venture Group Home

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

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

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

Treasurer – Will continue to utilize my staff in reviewing financial transactions, reconciliations and reports.

Recorder – We do have difficulty segregating some of the duties as there are only 2 staff members in this office. We do our best to double check each other's work. We utilize daily spreadsheets for our daily transactions so that we can cross reference and double check totals at the end of the day. We utilize a fee book and a cash register for daily transactions as well. Asking a staff member from another office to oversee our procedures is not truly feasible due to the fact that they are busy with their own work.

Sheriff – We will review our processes.

New Venture Group Home – Due to small number of staff, it is very difficult to reduce segregation of duties. The bank statements are now being completed in a timely manner and another staff beside myself is also reviewing them and signing off on them. I also have a notebook where I keep track of what checks we have received in the mail and the dates we receive them.

Conclusions –

Treasurer, Recorder, Sheriff and New Venture Group Home – Responses acknowledged. To strengthen controls, the Treasurer, Recorder, Sheriff and New Venture Group Home should continue to review operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials and staff from other offices.

(B) Financial Reporting

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

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

Cause – County policies do not require, and procedures have not been established to require independent review of year end cut-off transactions and capital assets 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, material adjustments to the County's financial statements were necessary.

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

Response – Auditor's Office will establish procedures to ensure receivables and capital assets are identified and properly reported on the County's financial statements.

Conclusion – Response accepted.

(C) County Treasurer 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 – A monthly reconciliation of all bank account balances, including investments, to the Treasurer's book balance was not performed timely, at least monthly, for the months of May and June.

Cause – Policies have not been established and procedures have not been implemented to reconcile all bank account balances, including investments, to the Treasurer's book balance in a timely manner.

Effect – The lack of timely reconciliations of all bank account balances, including investments, to the Treasurer's book balance can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – Monthly bank reconciliations, including all bank account balances and investments, should be reconciled timely, at least monthly, to the Treasurer's book balance. The monthly reconciliation should be reviewed by an independent person and the review should be documented by the signature or initials of the reviewer and the date of the review.

Response – Monthly bank reconciliations will be completed and reconciled to the Treasurer's book balance.

Conclusion – Response accepted.

(D) County Care Facility - Bank Reconciliation

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 – Monthly bank reconciliations of all bank account balances to book balances were not performed timely for the months of September 2020 through June 2021. The County Care Administrator is not reconciling receipts and disbursements against the bank statements on a monthly basis resulting in activity not being recorded accurately.

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

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

Recommendation – Monthly bank reconciliations, including all bank account balances, should be performed and reconciled to the book balance in a timely manner, at least monthly, and should be reviewed by an independent person for propriety. The reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response – Moving forward, the Director will balance bank statements timely, on a monthly basis, to avoid any variances. Another staff will be assigned to also reconcile bank statements and sign off that it balances correctly.

Conclusion – Response accepted.

(E) Capital Assets

Criteria – An effective internal control system provides for internal controls related to reconciling capital assets to asset/property records to ensure the accuracy of financial records and insurance needs and maintaining control over capital assets.

Condition – The County does not have procedures in place requiring the following:

- Periodic observations of capital assets by an individual having no responsibility for the assets.
- Physical inventory reconciliation to detailed capital asset records.

Cause – Management has not required procedures to be implemented for the above controls.

Effect – A lack of procedures could result in lost or misappropriated capital assets. If the capital asset listing is not properly maintained, the financial reports could be misstated due to an omission or an incorrect inclusion.

Recommendation – The County should develop written policies and procedures addressing the above items in order to improve the County's control over its capital assets.

Response – The County will develop written policies and procedures addressing the County's control over its capital assets.

Conclusion – Response accepted.

(F) Accounting Policies and Procedures Manual

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

(1) Aid in training additional or replacement staff.

(2) Help achieve uniformity in accounting and in the application of policies and procedures.

(3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

Condition – The Treasurer, Recorder and Sheriff's Offices do not have accounting policies and procedures manuals.

Cause – Officials have been unaware of the need for an accounting policies and procedures manual.

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

Recommendation – An accounting policies and procedures manual should be developed for the County Treasurer, County Recorder and Sheriff Departments.

Responses –

Treasurer – A manual will be created for policies and procedures for future references.

Recorder – I will work on preparing manuals.

Sheriff – We will review our processes.

Conclusions –

Treasurer and Recorder - Responses accepted.

Sheriff – Response acknowledged. The office should develop a written policies and procedures manual.

(G) Computer System

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

Condition – The County does not have written policies for

- Information system security, including password privacy and confidentiality.
- Requiring password changes because the software does not require users to change logins/passwords periodically.

Also, the County does not have a written disaster recovery plan which provides for a backup site, procedures to be followed to prepare the site for equipment and identifies staff responsibilities.

Cause – Management has not required a written policy for the above computer-based controls.

Effect – Lack of written policies for computer-based systems could result in a loss of data or compromised data, resulting in unreliable financial information. The failure to have a formal disaster recovery plan could result in the County's inability to function in the event of a disaster or continue County business without interruption.

Recommendation – The County should develop written policies addressing the above items in order to improve the County's control over its computer systems. A written disaster recovery plan should also be developed.

Response – The County will develop written policies addressing the above in order to improve the County's control over its computer system and will develop a disaster recovery plan.

Conclusion – Response accepted.

Other Findings Related to Required Statutory Reporting:

(1) Certified Budget – Disbursements during the year ended June 30, 2021 did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated prior to approval of an appropriation amendment by the Board of Supervisors.

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

Response – The County will review department disbursements monthly to ensure approved appropriations are not exceeded.

Conclusion – Response accepted.

(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 – The following transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Hannah Wiltamuth, Sheriff's Office Deputy, Daughter of owner of Tri-County Fire Equipment	Fire extinguishers purchased and maintenance	$ 2,021
Mike and Liena Lewis, Chief Deputy and Deputy Auditor, parents of owner of Lewis Tree Service	Tree removal	1,000
Linda Fain, County New Venture Administrator	Mowing	550
Melinda Middlebrook, County CPC Administrator, daughter-in-law of the owner of Middlebrook Amoco	Fuel, service and repair	390

The above transactions do not appear to represent conflicts of interest in accordance with Chapter 331.342(j) of the Code of Iowa since the total transactions with each vendor were less than $6,000 during the fiscal year.

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

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

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

(8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

(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) Donations – During the year ended June 30, 2021, the County donated $4,157 to the Crisis Center & Women's Shelter.

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

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

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

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

Response – No allocation has been given in fiscal year 2022.

Conclusion – Response accepted.

(11) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Cemetery Commission does not retain electronic images of the back of cancelled checks.

Recommendation – The Cemetery Commission should retain an image of both the front and back of each cancelled check as required.

Response – We had asked the bank to photocopy the front and back of checks but apparently the message wasn't relayed. We will follow up and review the process of processing checks for the Cemetery Commission.

Conclusion – Response accepted.

(12) Separately Maintained Records – The Wayne County Pioneer Cemetery Commission maintains separate accounting records for its operations. Monthly financial reports are not provided to the County and the activity of the Cemetery Commission is not included in the County's accounting records, financial reports or budget.

Recommendation – Chapter 331.552 of the Code of Iowa states, in part, the county treasurer shall "keep a true account of all receipts and disbursements of the county." For better accountability, financial and budgetary control, the financial activity and balances of all County accounts should be reported to the County Board of Supervisors on a monthly basis and included in the County's accounting records, financial reports and budget.

Response – A fund has been established under the County's financial system to account for the Pioneer Cemetery funds.

Conclusion – Response accepted.

(13) Employee Group Health – The County provides employees health insurance and other benefits through a self-insured benefit plan. Chapter 509A.15 of the Code of Iowa requires the County to obtain an actuarial opinion issued by a fellow of the Society of Actuaries which attests to the adequacy of reserves, rates and the financial condition of the plan. The County did not obtain an actuarial opinion for the fiscal year 2021 within 90 days of fiscal year-end.

Recommendation – The County should obtain an actuarial opinion, issued by the fellow of Society of Actuaries, as required within 90 days of fiscal year-end unless an exemption is granted.

Response – At year end the County will review financials to see if a Chapter 509A actuary opinion is required or waived.

Conclusion – Response accepted.

Wayne County

Staff

This audit was performed by:

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