



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
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NEWS RELEASE

Contact: Ernest Ruben
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FOR RELEASE

June 24, 2022

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$41,472,385 for the year ended June 30, 2021, a 11.8% increase over the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$32,592,676, a 1.5% increase over the prior year. The increase in revenues is due primarily to an increase in road use taxes and coronavirus relief funds.

AUDIT FINDINGS:

Sand reported six findings related to the receipt and expenditure of taxpayer funds. They are found on pages 88 through 94 of this report. The findings address issues such as lack of segregation of duties, material amounts of receivables and capital assets not properly recorded in the County's financial statements, lack of proper approval of timesheets and appropriations exceeding the budgeted amount. Sand provided the County with recommendations to address each of these findings.

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

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

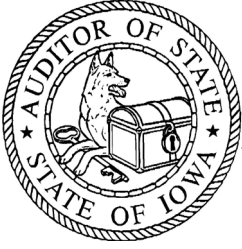
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WEBSTER COUNTY

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

JUNE 30, 2021

Webster County



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Des Moines, Iowa 50319-0004
Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

May 13, 2022

Officials of Webster County
Fort Dodge, Iowa

Dear Board Members:

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

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand". The signature is stylized and written in a cursive-like font.

Rob Sand
Auditor of State

Table of Contents

		<u>Page</u>
Officials		4
Independent Auditor's Report		5-7
Management's Discussion and Analysis		8-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20-21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	26
Proprietary Fund Financial Statements:		
Statement of Net Position	G	27
Statement of Revenues, Expenses and Changes in Fund Net Position	H	28
Statement of Cash Flows	I	29
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Net Position – Custodial Funds	J	30
Statement of Changes in Fiduciary Net Position – Custodial Funds	K	31
Notes to Financial Statements		32-56
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		58-59
Budget to GAAP Reconciliation		60
Notes to Required Supplementary Information – Budgetary Reporting		61
Schedule of the County's Proportionate Share of the Net Pension Liability		62-63
Schedule of County Contributions		64-65
Notes to Required Supplementary Information – Pension Liability		66
Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes		67
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	70-71
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	72-73
Custodial Funds:		
Combining Statement of Fiduciary Net Position	3	74-75
Combining Schedule of Changes in Fiduciary Net Position	4	76-77
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	78-79
Schedule of Expenditures of Federal Awards	6	81-83
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 <u>Government Auditing Standards</u>		84-85

Table of Contents (Continued)

	<u>Page</u>
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	86-87
Schedule of Findings and Questioned Costs	88-94
Staff	95

Webster County

Officials

(Before January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Campbell	Board of Supervisors	Jan 2021
Nick Carlson	Board of Supervisors	Jan 2021
Bob Thode	Board of Supervisors	Jan 2021
Niki Conrad	Board of Supervisors	Jan 2023
Keith Dencklau	Board of Supervisors	Jan 2023
Doreen Pliner	County Auditor	Jan 2021
Brenda Angstrom	County Treasurer	Jan 2023
Lindsay Laufersweiler	County Recorder	Jan 2023
James Stubbs	County Sheriff	Jan 2021
Darren Driscoll	County Attorney	Jan 2023
Angela Vinson	County Assessor	Jan 2022

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Niki Conrad	Board of Supervisors	Jan 2023
Keith Dencklau	Board of Supervisors	Jan 2023
Mark Campbell	Board of Supervisors	Jan 2025
Nick Carlson	Board of Supervisors	Jan 2025
Bob Thode	Board of Supervisors	Jan 2025
Doreen Pliner	County Auditor	Jan 2025
Brenda Angstrom	County Treasurer	Jan 2023
Lindsay Laufersweiler	County Recorder	Jan 2023
Luke Fleener	County Sheriff	Jan 2025
Darren Driscoll	County Attorney	Jan 2023
Angela Vinson	County Assessor	Jan 2022



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Independent Auditor's Report

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

Emphasis of a Matter

As discussed in Note 16 to the financial statements, Webster County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 58 through 67 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 Webster County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 May 13, 2022 on our consideration of Webster 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 Webster County's internal control over financial reporting and compliance.



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

May 13, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Webster 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 governmental activities and fiduciary (custodial) funds was restated by \$231,485 and \$2,907,000, respectively, to retroactively report in accordance with the GASBS.
- Revenues of the County's governmental activities increased 11.8%, or approximately \$4,372,000, from fiscal year 2020 to fiscal year 2021. Operating grants and contributions increased approximately \$1,254,000, property tax and other county tax increased approximately \$1,562,000 and charges for services increased approximately \$1,170,000.
- Program expenses of the County's governmental activities increased 1.5% over fiscal year 2020 to fiscal year 2021, or approximately \$475,000. Administration expenditures increased approximately \$364,000, while mental health expenditures decreased approximately \$380,000 and roads and transportation expenditures decreased approximately \$309,000.
- After restatement, the County's net position increased 10.5% or approximately \$8,880,000, over the June 30, 2020 balance.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Webster 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 Webster 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 Webster 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 Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2021	2020
Current and other assets	\$ 53,170	46,589
Capital assets	87,723	81,516
Total assets	140,893	128,105
Deferred outflows of resources	2,131	2,005
Long-term liabilities	25,442	25,186
Other liabilities	5,378	1,854
Total liabilities	30,820	27,040
Deferred inflows of resources	18,752	18,729
Net position:		
Net investment in capital assets	72,979	70,214
Restricted	17,556	13,216
Unrestricted	2,917	911
Total net position	\$ 93,452	84,341

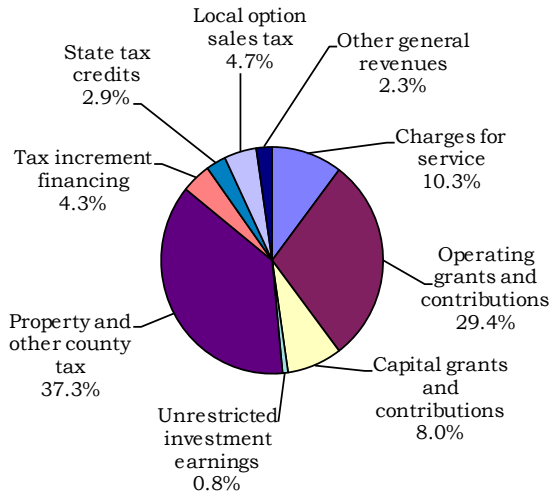
After restatement, net position of Webster County's governmental activities increased 10.5% (approximately \$84.5 million compared to approximately \$93.5 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$2,765,000, or 3.9%, over the prior year.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$4,340,000, or 32.8%, over the prior year. This increase is primarily due to the increase in net position for secondary roads and debt service.

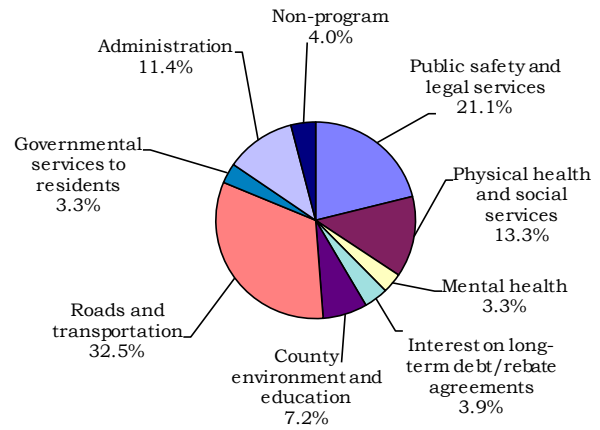
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$2,006,000 over the prior year, from a balance of approximately \$911,000 to a balance of approximately \$2,917,000. This increase is primarily due to an increase in the amount held in the General Fund at year end.

Changes in Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2021	2020
Revenues:		
Program revenues:		
Charges for service	\$ 4,258	3,088
Operating grants and contributions	12,217	10,963
Capital grants and contributions	3,308	3,133
General revenues:		
Property and other county tax	15,451	13,889
Tax increment financing	1,776	1,370
State tax credits	1,222	1,199
Local option sales tax	1,949	2,114
Unrestricted investment earnings	354	284
Other general revenues	938	1,062
Total revenues	<u>41,473</u>	<u>37,101</u>
Program expenses:		
Public safety and legal services	6,862	6,848
Physical health and social services	4,322	4,153
Mental health	1,091	1,471
County environment and education	2,350	2,188
Roads and transportation	10,592	10,901
Governmental services to residents	1,065	892
Administration	3,720	3,356
Non-program	1,307	1,165
Interest on long-term debt/rebate agreements	1,284	1,144
Total expenses	<u>32,593</u>	<u>32,118</u>
Change in net position	8,880	4,983
Net position beginning of year, as restated	<u>84,572</u>	<u>79,358</u>
Net position end of year	<u>\$ 93,452</u>	<u>84,341</u>

Revenues by Source



Expenses by Program



Revenues for governmental activities increased approximately \$4,372,000 over the prior year. The cost of all governmental activities this year was approximately \$32.6 million compared to approximately \$32.1 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was only approximately \$12.8 million because some of the cost was paid by those who directly benefited from the programs (approximately \$4,258,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$15,525,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2021 from approximately \$17,184,000 to approximately \$19,783,000. The County's operating grants, contributions and restricted interest increased due to an increase in road use taxes and coronavirus relief funds.

INDIVIDUAL MAJOR FUND ANALYSIS

As Webster County completed the year, its governmental funds reported a combined fund balance of approximately \$26,081,000, an increase of approximately \$287,000 over last year's restated total of approximately \$25,794,000. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$2,282,000 and expenditures increased approximately \$1,299,000 compared to the prior year. The increase in revenue is due to the increase in the general basic and supplemental property tax revenue. The property values increase approximately 5.4%. Also, the County received \$724,866 in CARES Act funding. Administration expenditures increased approximately \$664,000, largely due to upgrading to a new accounting system and CARES Act program expenses. The ending fund balance increased approximately \$1,990,000 over the prior year to approximately \$11,394,000.
- Special Revenue, Mental Health Fund revenues decreased approximately \$420,000 and expenditures decreased approximately \$388,000. The County is a member of the County Social Services Mental Health Region. During the year, the County forwarded \$1,088,310 to the Region's fiscal agent to fund Region activities, \$199,454 less than in the prior year. In addition, revenues and expenditures decreased due to the movement of County Social Services activities to the Region. The Special Revenue, Mental Health Fund ending fund balance increased approximately \$35,000 during the year.

- Special Revenue, Rural Services Fund revenues increased approximately \$136,000 and expenditures increased approximately \$7,000 over the prior year. Transfers to the Special Revenue, Secondary Roads Fund increased approximately \$335,000 over the prior fiscal year. The increase in revenue is due to the increase in the rural services property tax revenue. Although the property tax levy rate dropped less than 1.0% from the prior year, the property values increased approximately 5.9%. The Rural Services Fund ending fund balance decreased approximately \$51,000 from the prior year.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$288,000 and expenditures decreased approximately \$505,000 from the prior year. The increase in revenues was due primarily to increases of approximately \$490,000 in road use taxes and approximately \$456,000 from bridge project reimbursements, offset by decreases of approximately \$288,000 in FEMA reimbursements and approximately \$252,000 in insurance reimbursements for losses on capital assets in the prior year. The decrease in expenditures was due primarily to fewer equipment purchases than in the previous year. The Secondary Roads Fund ending fund balance increased approximately \$2,096,000 over the prior year.
- The Debt Service Fund ended with a fund balance of approximately \$55,000 compared to approximately \$23,000 at the end of the previous year.
- The Capital Projects Fund ended with a fund balance of approximately \$1,188,000 compared to approximately \$6,016,000 at the end of the previous year. The decreased balance this year was due to work completed on the acquisition and installation of emergency communications equipment and systems and the restoration of the courthouse clock-tower structure. Both projects were funded with general obligation bonds issued in the previous year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Webster County amended its budget two times. The first amendment was made on March 30, 2021. The amendment was made to increase the budgeted receipts for intergovernmental and the budgeted disbursements for the physical health and social services and administration functions for receipt and disbursements related to COVID-19.

The second amendment was made on May 25, 2021. The amendment was made to increase the budgeted receipts for intergovernmental and the budgeted disbursements for the public safety and legal services function for insurance proceeds from car accidents and COVID-19 related expenses.

The County's receipts were \$4,369,786 more than budgeted, a variance of 12.5%, mainly due to the receipt of American Rescue Plan funds of \$3.4 million.

Total disbursements were \$8,160,284 less than the final amended budget, a variance of 18.2%. Capital projects disbursements were \$5,455,199 less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, Webster County had approximately \$87,723,000 invested (net of depreciation/amortization) in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$6,207,000, or 7.6%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2021	2020
Land	\$ 5,871	5,828
Construction in progress	9,884	3,131
Buildings and improvements	17,685	18,241
Machinery and equipment	4,530	4,924
Intangibles	-	33
Infrastructure	49,753	49,359
Total	<u>\$ 87,723</u>	<u>81,516</u>

The County had depreciation expense of \$4,212,433 in fiscal year 2021 and total accumulated depreciation of \$72,037,417 at June 30, 2021. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2021, excluding unamortized premiums, Webster County had approximately \$15,345,000 of general obligation bonds and other debt outstanding, compared to approximately \$16,373,000 at June 30, 2020, as shown below:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2021	2020
General obligation capital loan notes	\$ 2,730	3,330
General obligation local option sales and services tax bonds	3,920	4,365
General obligation emergency communications equipment bonds	2,095	2,350
General obligation courthouse restoration bonds	5,875	6,000
Drainage warrants	725	328
Total	<u>\$ 15,345</u>	<u>16,373</u>

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. Webster County's outstanding general obligation debt of \$15,840,000, including tax increment rebate agreements of \$1,220,000, is significantly below its constitutional debt limit of approximately \$157.0 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

Webster County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2022 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County at June 2021 stands at 5.7% versus 7.2% a year ago. This is above the State's unemployment rate of 4.7% and is below the national rate of 5.9% at June 2021.

These indicators were taken into account when adopting the budget for fiscal year 2022. Budgeted disbursements are approximately \$44.3 million, a decrease of approximately \$394,000 from the final fiscal year 2021 budget. The County considered the effect inflation and consumer demands for services have on program costs. Modest wage and cost-of-living adjustments are included in the fiscal year 2022 budget. The County's budget includes a decrease in capital projects disbursements of approximately \$4.3 million from the prior year due to the completion of the projects funded by the general obligation emergency communications equipment bonds and general obligation courthouse restoration bonds. Roads and transportation included an increase of \$2.9 million over the prior year due to more bridge projects.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$1,559,000 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 Webster 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 Webster County Auditor's Office, 703 Central Avenue, Fort Dodge, Iowa 50501.

Webster County

Basic Financial Statements

Webster County
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 28,413,628
Receivables:	
Property tax:	
Delinquent	43,524
Succeeding year	15,906,000
Succeeding year tax increment financing	2,240,000
Interest and penalty on property tax	586,497
Accounts	518,713
Drainage assessments:	
Current	471,384
Future	331,363
Due from other governments	2,519,478
Inventories	1,761,836
Prepaid expenditures	377,345
Capital assets, not being depreciated	15,754,898
Capital assets, net of accumulated depreciation	71,967,869
Total assets	140,892,535
Deferred Outflows of Resources	
Pension related deferred outflows	2,021,482
OPEB related deferred outflows	110,038
Total deferred outflows of resources	2,131,520
Liabilities	
Accounts payable	949,845
Accrued interest payable	79,391
Salaries and benefits payable	670,038
Due to other governments	191,396
Unearned revenues	3,486,966
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	610,000
General obligation local option sales and services tax bonds	455,000
General obligation emergency communication equipment bonds	320,000
General obligation courthouse restoration bonds	210,000
Drainage warrants	471,384
Compensated absences	587,074
Total OPEB liability	46,274
Portion due or payable after one year:	
General obligation capital loan notes	2,120,000
General obligation local option sales and services tax bonds	3,465,000
General obligation emergency communication equipment bonds	1,968,125
General obligation courthouse restoration bonds	6,903,004
Drainage warrants	253,397
Net pension liability	7,084,648
Total OPEB liability	948,740
Total liabilities	30,820,282
Deferred Inflows of Resources	
Unavailable property tax revenue	15,906,000
Unavailable tax increment financing revenue	2,240,000
Pension related deferred inflows	517,197
OPEB related deferred inflows	88,592
Total deferred inflows of resources	18,751,789
Net Position	
Net investment in capital assets	72,979,347
Restricted for:	
Supplemental levy purposes	2,736,941
Mental health purposes	334,712
Rural services purposes	1,383,620
Secondary roads purposes	8,703,863
Drainage warrants	485,727
Debt service	1,112,443
Other purposes	2,798,096
Unrestricted	2,917,235
Total net position	\$ 93,451,984

See notes to financial statements.

Webster County
Statement of Activities
Year ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions		
Expenses					
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 6,862,409	408,064	1,034,512	-	(5,419,833)
Physical health and social services	4,321,844	1,003,421	2,899,791	-	(418,632)
Mental health	1,091,400	-	-	-	(1,091,400)
County environment and education	2,349,865	459,012	87,934	-	(1,802,919)
Roads and transportation	10,591,588	135,122	7,873,736	3,308,095	725,365
Governmental services to residents	1,064,556	655,213	56,022	-	(353,321)
Administration	3,719,888	186,908	244,322	-	(3,288,658)
Non-program	1,307,549	1,410,111	21,030	-	123,592
Interest on long-term debt/rebate agreements	1,283,577	-	-	-	(1,283,577)
Total	<u>\$ 32,592,676</u>	<u>4,257,851</u>	<u>12,217,347</u>	<u>3,308,095</u>	<u>(12,809,383)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					14,457,747
Debt service					993,419
Tax increment financing					1,776,368
Penalty and interest on property tax					223,740
State tax credits					1,221,607
Local option sales and services tax					1,949,215
Unrestricted investment earnings					354,006
Gain on disposition of capital assets					16,500
Miscellaneous					696,490
Total general revenues					<u>21,689,092</u>
Change in net position					8,879,709
Net position beginning of year, as restated					<u>84,572,275</u>
Net position end of year					<u>\$ 93,451,984</u>

See notes to financial statements.

Webster County
Balance Sheet
Governmental Funds

June 30, 2021

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 14,342,591	331,453	1,407,009
Receivables:			
Property tax:			
Delinquent	30,410	3,259	7,002
Succeeding year	10,216,000	646,000	4,098,000
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	586,497	-	-
Accounts	513,824	-	775
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	594,070	-	-
Inventories	-	-	-
Prepaid expenditures	284,742	-	-
Total assets	\$ 26,568,134	980,712	5,512,786
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 206,519	-	10,429
Salaries and benefits payable	483,306	-	12,971
Due to other governments	164,879	-	-
Unearned revenues	3,486,966	-	-
Total liabilities	4,341,670	-	23,400
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	10,216,000	646,000	4,098,000
Succeeding year tax increment financing	-	-	-
Other	616,907	3,259	7,002
Total deferred inflows of resources	10,832,907	649,259	4,105,002
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	284,742	-	-
Restricted for:			
Supplemental levy purposes	2,638,407	-	-
Mental health purposes	-	331,453	-
Rural services purposes	-	-	1,384,384
Secondary roads purposes	-	-	-
Drainage warrants	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	435,188	-	-
Assigned for public health	1,129,355	-	-
Unassigned	6,905,865	-	-
Total fund balances	11,393,557	331,453	1,384,384
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 26,568,134	980,712	5,512,786

See notes to financial statements.

Revenue				
Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
5,916,590	54,860	1,365,858	3,647,422	27,065,783
-	2,853	-	-	43,524
-	946,000	-	-	15,906,000
-	-	-	2,240,000	2,240,000
-	-	-	-	586,497
4,114	-	-	-	518,713
-	-	-	471,384	471,384
-	-	-	331,363	331,363
1,826,474	-	-	98,934	2,519,478
1,761,836	-	-	-	1,761,836
92,603	-	-	-	377,345
9,601,617	1,003,713	1,365,858	6,789,103	51,821,923
530,965	-	177,372	2,343	927,628
173,761	-	-	-	670,038
26,517	-	-	-	191,396
-	-	-	-	3,486,966
731,243	-	177,372	2,343	5,276,028
-	946,000	-	-	15,906,000
-	-	-	2,240,000	2,240,000
865,286	2,853	-	823,305	2,318,612
865,286	948,853	-	3,063,305	20,464,612
1,761,836	-	-	-	1,761,836
92,603	-	-	-	377,345
-	-	-	-	2,638,407
-	-	-	-	331,453
-	-	-	-	1,384,384
6,150,649	-	-	-	6,150,649
-	-	-	425,481	425,481
-	54,860	-	1,095,843	1,150,703
-	-	1,188,486	-	1,188,486
-	-	-	2,202,131	2,637,319
-	-	-	-	1,129,355
-	-	-	-	6,905,865
8,005,088	54,860	1,188,486	3,723,455	26,081,283
9,601,617	1,003,713	1,365,858	6,789,103	51,821,923

Webster County

Webster County

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

June 30, 2021

Total governmental fund balances (page 21) \$ 26,081,283

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$159,760,184 and the accumulated depreciation is \$72,037,417. 87,722,767

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. 2,318,612

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 1,325,628

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	\$ 2,131,520	
Deferred inflows of resources	<u>(605,789)</u>	1,525,731

Long-term liabilities, including bonds and notes payable, drainage warrants 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. (25,522,037)

Net position of governmental activities (page 19) \$ 93,451,984

See notes to financial statements.

Webster 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	\$ 9,722,739	1,041,178	3,789,480
Tax increment financing	-	-	-
Local option sales and services tax	-	-	-
Interest and penalty on property tax	173,772	-	-
Intergovernmental	6,355,528	81,914	264,814
Licenses and permits	-	-	43,594
Charges for service	1,648,857	-	900
Use of money and property	563,027	-	4,497
Miscellaneous	330,104	-	3,300
Total revenues	18,794,027	1,123,092	4,106,585
Expenditures:			
Operating:			
Public safety and legal services	6,292,367	-	-
Physical health and social services	4,275,273	-	38,219
Mental health	-	1,088,310	-
County environment and education	1,263,787	-	758,903
Roads and transportation	-	-	-
Governmental services to residents	1,037,706	-	-
Administration	3,482,658	-	38,158
Non-program	844	-	-
Debt service	-	-	-
Capital projects	387,927	-	-
Total expenditures	16,740,562	1,088,310	835,280
Excess (deficiency) of revenues over (under) expenditures	2,053,465	34,782	3,271,305
Other financing sources (uses):			
Transfers in	272,730	-	-
Transfers out	(336,058)	-	(3,322,054)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(63,328)	-	(3,322,054)
Change in fund balances	1,990,137	34,782	(50,749)
Fund balances beginning of year, as restated	9,403,420	296,671	1,435,133
Fund balances end of year	\$ 11,393,557	331,453	1,384,384

See notes to financial statements.

Revenue				
Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
-	991,969	-	-	15,545,366
-	-	-	1,776,368	1,776,368
974,590	-	-	974,625	1,949,215
-	-	-	-	173,772
7,018,912	76,913	-	145,263	13,943,344
35,309	-	-	-	78,903
-	-	-	7,092	1,656,849
21,891	-	-	21,197	610,612
139,227	-	-	220,842	693,473
8,189,929	1,068,882	-	3,145,387	36,427,902
-	-	-	-	6,292,367
-	-	-	-	4,313,492
-	-	-	-	1,088,310
-	-	-	34,035	2,056,725
7,681,168	-	-	-	7,681,168
-	-	-	-	1,037,706
-	-	-	-	3,520,816
-	-	-	657,423	658,267
-	2,087,046	-	1,038,061	3,125,107
1,552,483	-	4,827,773	186,025	6,954,208
9,233,651	2,087,046	4,827,773	1,915,544	36,728,166
(1,043,722)	(1,018,164)	(4,827,773)	1,229,843	(300,264)
3,658,112	1,050,500	-	100,000	5,081,342
(518,200)	-	-	(905,030)	(5,081,342)
-	-	-	587,354	587,354
3,139,912	1,050,500	-	(217,676)	587,354
2,096,190	32,336	(4,827,773)	1,012,167	287,090
5,908,898	22,524	6,016,259	2,711,288	25,794,193
8,005,088	54,860	1,188,486	3,723,455	26,081,283

Webster 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 25) \$ 287,090

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

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

Expenditures for capital assets	\$ 7,094,755	
Capital assets contributed by the Iowa Department of Transportation	3,308,095	
Depreciation expense	<u>(4,212,433)</u>	6,190,417

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 16,500

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	(94,200)	
Other	<u>1,215,750</u>	1,121,550

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:

Issued	(587,354)	
Repaid	<u>1,716,874</u>	1,129,520

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. 937,085

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	319	
OPEB expense	(76,289)	
Pension expense	(1,228,667)	
Interest on long-term debt	<u>124,656</u>	(1,179,981)

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 377,528

Change in net position of governmental activities (page 19) \$ 8,879,090

See notes to financial statements.

Webster County
Statement of Net Position
Proprietary Fund

June 30, 2021

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 1,347,845
Liabilities	
Accounts payable	<u>22,217</u>
Net Position	
Unrestricted	<u>\$ 1,325,628</u>

See notes to financial statements.

Exhibit H

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

Year ended June 30, 2021

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 2,586,878
Reimbursements from employees and others		450,039
COBRA reimbursements		<u>92,082</u>
Total operating revenues		3,128,999
Operating expenses:		
Insurance premiums	\$ 2,453,751	
Medical claims	293,517	
Administrative fees	<u>16,445</u>	<u>2,763,713</u>
Operating income		365,286
Non-operating revenues:		
Interest income		<u>12,242</u>
Net income		377,528
Net position beginning of year		<u>948,100</u>
Net position end of year		<u>\$ 1,325,628</u>

See notes to financial statements.

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

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund contributions	\$ 2,586,878
Cash received from employees and others	450,039
Cash received from COBRA reimbursements	92,082
Cash paid for insurance premiums	(2,453,751)
Cash paid for medical claims	(299,910)
Cash paid for administrative expenses	(16,445)
Net cash provided by operating activities	358,893
Cash flows from investing activities:	
Interest on investments	12,242
Net increase in cash and cash equivalents	371,135
Cash and cash equivalents beginning of year	976,710
Cash and cash equivalents end of year	\$ 1,347,845
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 365,286
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	(6,393)
Net cash provided by operating activities	\$ 358,893

See notes to financial statements.

Webster County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2021

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 3,850,959
Other County officials	214,029
Receivables:	
Property tax:	
Delinquent	176,539
Succeeding year	49,543,000
Accounts	53,870
Special assessments	649,838
Drainage assessments	4,981
Due from other governments	58,219
Prepaid items	<u>7,576</u>
Total assets	<u>54,559,011</u>

Liabilities

Accounts payable	68,423
Salaries and benefits payable	18,937
Due to other governments	1,877,050
Trusts payable	406,597
Stamped warrants payable	5,965
Compensated absences	<u>17,708</u>
Total liabilities	<u>2,394,680</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>49,543,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 2,621,331</u>
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See notes to financial statements.

Webster County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 49,073,729
911 surcharge	118,100
State tax credits	4,539,918
Office fees and collections	962,027
Auto licenses, use tax and postage	13,941,159
Assessments	12,303
Trusts	1,157,720
Miscellaneous	<u>1,003,353</u>
Total additions	<u>70,808,309</u>
Deductions:	
Agency remittances:	
To other funds	626,864
To other governments	69,309,394
Trusts paid out	<u>1,157,720</u>
Total deductions	<u>71,093,978</u>
Change in net position	(285,669)
Net position beginning of year, as restated	<u>2,907,000</u>
Net position end of year	<u>\$ 2,621,331</u>

See notes to financial statements.

Webster County

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies

Webster County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Webster 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 Webster 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.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Webster County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported as an Agency Fund. Financial information of the individual drainage districts can be obtained from the Webster County Auditor's Office.

The Friends of Webster County Conservation has been incorporated under Chapter 504A of the Code of Iowa to solicit and accept gifts from persons or organizations for development and enhancement of environmental education and conservation projects within the scope of the jurisdiction of the Webster County Conservation Board. The financial activity of the component unit has been blended 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: Webster County Assessor’s Conference Board, Webster County Emergency Management Commission and Webster 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 North Central Iowa Regional Solid Waste Agency, the Webster County Telecommunications Board, Central Iowa Juvenile Detention Center, Region V Narcotic Task Force, Mid-Iowa Development Association Council of Governments, Hazardous Materials Response Commission, County Social Services and Local Emergency Planning Commission, jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa. In addition, the County participates in the following jointly governed organizations: Second Judicial District Department of Correctional Services, Iowa Central Industries, Your Own Limited Resources, Inc., the North Central Alcoholism Research Foundation, Webster County Economic Development Corporation and North Central Mental Health Center.

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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for the secondary roads construction and maintenance.

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Current drainage assessments receivable represent assessments which are due and payable but have not been collected. Future drainage assessments receivable represent amounts which will be assessed to individuals and levied against their property in the future for work already done on drainage districts which benefit their property.

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

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Buildings and improvements	\$ 25,000
Land and improvements	5,000
Equipment and vehicles	5,000
Intangibles	50,000
Infrastructure	50,000

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)
Building improvements	25 - 50
Land and improvements	10 - 50
Equipment and vehicles	3 - 20
Intangibles	5 - 20
Infrastructure	10 - 65

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 earning on IPERS’ plan investments and contributions from the County after the measurement date but before the end of the County’s reporting period.

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

Unearned Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Unearned revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the County has not made a qualifying expenditure. Unearned revenue consists of unspent American Rescue Plan Act proceeds.

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

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2021, disbursements did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated at year end.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

The County had no investments meeting the disclosure requirements of Governmental accounting standards Board statement No. 72.

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales and Services Tax	\$ 153,376
	Urban Renewal Tax Increment Financing	119,354
		<u>272,730</u>
Special Revenue:	General	336,058
Secondary Roads	Special Revenue:	
	Rural Services	3,322,054
		<u>3,658,112</u>
Special Revenue:	Special Revenue:	
Webster County Trails	Local Option Sales and Services Tax	<u>100,000</u>
Debt Service	Special Revenue:	
	Secondary Roads	518,200
	Local Option Sales and Services Tax	532,300
		<u>1,050,500</u>
Total		<u>\$ 5,081,342</u>

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

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 5,827,618	43,662	-	5,871,280
Construction in progress, road network	-	4,590,219	2,724,226	1,865,993
Construction in progress	3,131,398	4,886,227	-	8,017,625
Total capital assets not being depreciated/amortized	8,959,016	9,520,108	2,724,226	15,754,898
Capital assets being depreciated/amortized:				
Buildings	30,193,210	-	-	30,193,210
Improvements other than buildings	1,734,730	74,138	-	1,808,868
Equipment and vehicles	15,192,313	1,046,588	629,275	15,609,626
Intangibles, other	164,292	-	-	164,292
Infrastructure, road network	92,076,801	2,724,226	-	94,801,027
Infrastructure, other	1,428,263	-	-	1,428,263
Total capital assets being depreciated/amortized	140,789,609	3,844,952	629,275	144,005,286
Less accumulated depreciation/amortization for:				
Buildings	13,310,965	565,807	-	13,876,772
Improvements other than buildings	375,673	64,872	-	440,545
Equipment and vehicles	10,268,378	1,219,284	407,791	11,079,871
Intangibles, other	131,433	32,858	-	164,291
Infrastructure, road network	43,798,022	2,279,683	-	46,077,705
Infrastructure, other	348,304	49,929	-	398,233
Total accumulated depreciation/amortization	68,232,775	4,212,433	407,791	72,037,417
Total capital assets being depreciated/amortized, net	72,556,834	(367,481)	221,484	71,967,869
Governmental activities capital assets, net	\$ 81,515,850	9,152,627	2,945,710	87,722,767

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 419,162
Physical health and social services	71,875
Mental health	1,441
County environment and education	182,302
Roads and transportation	3,306,936
Governmental services to residents	30,634
Administration	200,083
Total depreciation/amortization expense - governmental activities	<u>\$ 4,212,433</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 164,879
Special Revenue:		
Secondary Roads	Services	26,517
Total for governmental funds		<u>\$ 191,396</u>
Custodial:		
Agricultural Extension Education	Collections	\$ 2,805
Schools		264,760
Community Colleges		20,333
Corporations		198,994
Townships		4,474
Auto License and Use Tax		1,209,718
Special Districts		56,516
All other		119,450
Total for custodial funds		<u>\$ 1,877,050</u>

(6) Long-Term Liabilities

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

	General Obligation Capital Loan Notes	General Obligation Local Option Sales and Services Tax Bonds	General Obligation Emergency Communications Equipment Bonds (1)	General Obligation Courthouse Restoration Bonds (2)	Direct Borrowing Drainage Warrants	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year,	\$ 3,330,000	4,365,000	2,575,313	7,306,782	328,335	587,393	5,773,395	919,329	25,185,547
Increases	-	-	-	-	587,354	598,591	1,311,253	75,685	2,572,883
Decreases	600,000	445,000	287,188	193,778	190,908	598,910	-	-	2,315,784
Balance end of year	\$ 2,730,000	3,920,000	2,288,125	7,113,004	724,781	587,074	7,084,648	995,014	25,442,646
Due within one year	\$ 610,000	455,000	320,000	210,000	471,384	587,074	-	46,274	2,699,732

(1) The unamortized premium on the bonds was \$193,125 at June 30, 2021.

(2) The unamortized premium on the bonds was \$1,238,004 at June 30, 2021.

General Obligation Capital Loan Notes

On December 18, 2012, the County issued \$1,340,000 of general obligation capital loan notes, Series 2012 pursuant to the provisions of Section 331.402 of the Code of Iowa for the purpose of paying costs of aiding in the planning, undertaking and carrying out of an urban renewal project, including funds paid to the City of Fort Dodge to fund the oversizing of sewer and water services to accommodate future expansion of the County's Industrial Park. During the year ended June 30, 2021, the County paid principal of \$140,000 and interest of \$7,000 on the notes.

On July 29, 2016, the County issued \$4,675,000 of general obligation capital loan notes, Series 2016B pursuant to the provisions of Section 331.402 of the Code of Iowa for the purpose of paying costs of aiding in the planning, undertaking and carrying out of urban renewal projects under the authority of chapter 403, including a portion of the costs of building, furnishing and equipping the Otho Shed Maintenance Complex Project. During the year ended June 30, 2021, the County paid principal of \$460,000 and interest of \$58,200 on the notes.

A summary of the general obligation capital loan notes indebtedness is as follows:

General Obligation Capital Loan Notes				
Series 2012				
Issued Dec 18, 2012				
Year	Interest			
Ending	Rate	Principal	Interest	Total
June 30,				
2022	1.70%	\$ 140,000	4,900	144,900
2023	1.80	140,000	2,520	142,520
Total		\$ 280,000	7,420	287,420

General Obligation Capital Loan Notes							
Series 2016B							
Issued Jul 29, 2016							
Year	Interest			Total	Total		
Ending	Rate	Principal	Interest	Total	Principal	Interest	Total
June 30,							
2022	2.00%	\$ 470,000	49,000	519,000	\$ 610,000	53,900	663,900
2023	2.00	480,000	39,600	519,600	620,000	42,120	662,120
2024	2.00	490,000	30,000	520,000	490,000	30,000	520,000
2025	2.00	500,000	20,200	520,200	500,000	20,200	520,200
2026	2.00	510,000	10,200	520,200	510,000	10,200	520,200
Total		\$ 2,450,000	149,000	2,599,000	\$ 2,730,000	156,420	2,886,420

General Obligation Local Option Sales and Services Tax (LOST) Refunding Bonds

On July 29, 2016, the County issued \$4,805,000 of general obligation local option sales and services tax bonds refunding bonds for the crossover advance refunding of \$4,705,000 of general obligation bonds dated December 30, 2010.

A summary of the general obligation local option sales and services tax refunding bonds indebtedness is as follows:

General Obligation Refunding					
LOST Bonds, Series 2016A					
Issued Jul 29, 2016					
Year	Interest				
Ending	Rate	Principal	Interest	Total	
June 30,					
2022	2.00%	\$ 455,000	78,400	533,400	
2023	2.00	465,000	69,300	534,300	
2024	2.00	475,000	60,000	535,000	
2025	2.00	485,000	50,500	535,500	
2026	2.00	495,000	40,800	535,800	
2027-2029	2.00	1,545,000	62,200	1,607,200	
Total		\$ 3,920,000	361,200	4,281,200	

The County has pledged future local option sales and services tax receipts to repay the general obligation local option sales and services tax bonds. The bonds are payable and secured by a pledge of 50% of the local option sales and services tax receipts and, if the 50% portion of the local option sales tax receipts is insufficient, the County may levy an annual tax on all of the taxable property in the County.

Annual principal and interest payments on the bonds required 54.6% of net pledged revenues. During the year ended June 30, 2021, the County paid principal of \$445,000 and interest of \$87,300 on the bonds. The total principal and interest remaining to be paid on the bonds is \$4,281,200. For the current year, principal and interest paid with LOST revenues and 50% of total local option sales and services tax revenue were \$532,300 and \$974,608, respectively.

The resolution providing for the issuance of the bonds includes the following provisions:

- (a) The bonds will be redeemed from the future collections of local option sales and services tax and as needed in order to supplement the local option sales and services tax receipts, an annual property tax levy.
- (b) The local option sales and services tax receipts shall be deposited in a Local Option Sales and Services Tax Fund (Revenue Fund), which shall be used and disbursed to pay the principal and interest on the bonds.
- (c) Sufficient transfers shall be made from the Revenue Fund to a separate bond sinking account within the Debt Service Fund for the purpose of making the bond principal and interest payments when due. The Revenue Fund shall set aside sufficient revenues to pay the principal and interest coming due in the next succeeding fiscal year. If the revenues are insufficient to pay the principal and interest coming due in the next succeeding fiscal year, property tax will be levied for the next fiscal year.

General Obligation Emergency Communications Equipment Bonds

On October 30, 2019, the County issued \$2,350,000 of general obligation emergency communications equipment bonds, Series 2019. The bonds were issued to provide funds for the purpose of paying the costs to acquire and install emergency communications equipment and systems. During the year ended June 30, 2021, the County paid principal of \$255,000 and interest of \$134,423 on the notes.

A summary of the general obligation emergency communications equipment bonds indebtedness is as follows:

Year Ending June 30,	General Obligation Emergency Communications Equipment Bonds, Series 2019 Issued Oct 30, 2019			
	Interest Rate	Principal	Interest	Total
2022	3.00%	\$ 320,000	77,100	397,100
2023	3.00	330,000	67,500	397,500
2024	4.00	340,000	57,600	397,600
2025	4.00	355,000	44,000	399,000
2026	5.00	365,000	29,800	394,800
2027	3.00	385,000	11,550	396,550
Total		2,095,000	287,550	2,382,550
Unamortized premium		193,125		
Bonds payable		\$ 2,288,125		

General Obligation Courthouse Restoration Bonds

On February 19, 2020, the County issued \$6,000,000 of general obligation courthouse restoration bonds, Series 2020. The bonds were issued to provide funds for the purpose of paying the costs of the restoration of the courthouse clock-tower structure. During the year ended June 30, 2021, the county paid principal of \$125,000 and interest of \$372,423 on the notes.

A summary of the general obligation courthouse restoration bonds indebtedness is as follows:

Year Ending June 30,	General Obligation Courthouse Repair Bonds, Series 2020 Issued Feb 19, 2020			
	Interest Rate	Principal	Interest	Total
	2022	5.00%	\$ 210,000	283,950
2023	5.00	225,000	273,450	498,450
2024	5.00	235,000	262,200	497,200
2025	5.00	245,000	250,450	495,450
2026	5.00	255,000	238,200	493,200
2027-2031	4.00-5.00	1,495,000	987,900	2,482,900
2032-2036	4.00-5.00	1,860,000	622,100	2,482,100
2037-2039	5.00	1,350,000	137,000	1,487,000
Total		5,875,000	3,055,250	8,930,250
Unamortized premium		1,238,004		
Bonds payable		\$ 7,113,004		

Drainage Warrants – Direct Borrowing

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

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

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

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

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

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

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

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

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

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.26% of covered payroll, for a total rate of 18.52%. Protection occupation members contributed 6.41% of covered payroll and the County contributed 9.61% of covered payroll, for a total rate of 16.02%.

The County's contributions to IPERS for the year ended June 30, 2021 totaled \$937,085.

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 \$7,084,648 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 0.100853%, which was an increase of 0.001151% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$1,228,667. 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	\$ 26,644	180,423
Changes of assumptions	448,645	110,529
Net difference between projected and actual earnings on IPERS' investments	534,474	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	74,634	226,245
County contributions subsequent to the measurement date	937,085	-
Total	<u>\$ 2,021,482</u>	<u>517,197</u>

\$937,085 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ 52,901
2023	128,287
2024	139,472
2025	266,998
2026	(20,458)
Total	<u>\$ 567,200</u>

There were no non-employer contributing entities to IPERS.

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated May 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:

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 13,127,104	7,084,648	2,019,182

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2021.

(8) Other Postemployment Benefits (OPEB)

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

OPEB Benefits – Individuals who are employed by Webster 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	3
Active employees	179
Total	<u>182</u>

Total OPEB Liability – The County's total OPEB liability of \$995,014 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)	3.00% per annum.
Rates of salary increase (effective June 30, 2021)	2.50% per annum, including inflation.
Discount rate (effective June 30, 2021)	3.50% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2021)	8.00% initial rate decreasing .5% annually to an ultimate rate of 5.00%

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP2014 annuitant distinct mortality table adjusted to 2006 with MP 2019 generational projection of future mortality improvement.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 919,329</u>
Changes for the year:	
Service cost	87,529
Interest	34,430
Benefit payments	<u>(46,274)</u>
Net changes	<u>75,685</u>
Total OPEB liability end of year	<u>\$ 995,014</u>

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 (2.50%) or 1% higher (4.50%) than the current discount rate.

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability	\$ 1,077,467	995,014	919,299

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

	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB liability	\$ 886,313	995,014	1,124,742

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 \$122,563. 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	\$ 48,460	34,275
Changes in assumptions	61,578	54,317
Total	\$ 110,038	88,592

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

Year ending June 30,	Amount
2022	\$ (604)
2023	(604)
2024	(604)
2025	(604)
2026	(604)
Thereafter	(18,426)
	\$ (21,446)

(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 \$388,068.

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

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County’s group health insurance plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Group Services. All benefits in excess of Plan deductibles are paid through the Iowa State Association of Counties (ISAC), which in turn provides for its own reinsurance stop/loss limits and submits its own required state filings.

The payments of plan contributions to the Internal Service, Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are made to Group Services into a Safe-T fund. Claims are processed from the Safe-T fund to ensure timely payment. The County’s contribution to the fund for the year ended June 30, 2021 was \$2,586,878.

Amounts payable from the Internal Service, Employee Group Health Fund at June 30, 2021 for incurred but not reported (IBNR) and reported but not paid claims has been estimated but has not been actuarially determined since the County is exempt from obtaining an actuarial opinion under Chapter 509A.15(4) of the Code of Iowa. The combined County liability for unpaid claims is as follows:

Unpaid claims beginning of year	\$ 28,610
Incurred claims (including claims incurred but not reported at June 30, 2021)	293,517
Payments on claims during the year	<u>299,910</u>
Unpaid claims end of year	<u>\$ 22,217</u>

(11) Industrial Development Revenue Bonds

The County has issued a total of \$670,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$198,564 is outstanding at June 30, 2021. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

(12) Development Agreements

In September 2012, the County entered into a development agreement with CJ Bio America, Inc. (the Developer). The Developer agreed to construct a facility within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$4,444,000 for reimbursement of costs to construct a rail spur to the facility and site preparation of the facility plus interest at 3.23% per annum. During the year ended June 30, 2021, the County made principal and interest payments of \$486,811 and \$51,421, respectively, to the Developer. At June 30, 2021 the balance owed on the agreement is \$2,481,134.

In March 2019, the County entered into a development agreement with Cargill Incorporated (the Developer). The Developer constructed a bio-refinery campus located in the Iowa Crossroads of Global Innovation ag-industrial center (ICGI). As part of the construction the Developer is paying certain costs related to the sanitary sewer system and waterworks system infrastructure which will serve the Developer and other property situated within the ICGI. The County agreed to make five annual tax increment financing rebate payments to the Developer of \$271,534 each, not to exceed a cumulative total of \$1,357,670. During the year ended June 30, 2021, the County paid \$271,534. At June 30, 2021 the balance owed on the agreement is \$543,068.

In March 2019, the County entered into a development agreement with Crimmins Investments LLC (the Developer). The Developer agreed to construct a warehouse facility within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$200,000 for reimbursement of costs to construct a warehouse facility for use in its business operations. During the year ended June 30, 2021, the County paid \$19,775. At June 30, 2021 the balance owed on the agreement is \$180,225.

These agreements are not general obligations of the County. However, the agreements are subject to the constitutional debt limitation of the County, except for \$1,984,427 which has not been appropriated by the Board of Supervisors at June 30, 2021.

(13) Tax Abatements

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

County Tax Abatements

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

For the year ended June 30, 2021, \$442,147 of property tax was diverted from the County under the urban renewal and economic development projects.

Tax Abatements of Other Entities

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

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Fort Dodge	Urban renewal and economic development projects	\$ 90,388
City of Gowrie	Urban renewal and economic development projects	3,435
City of Duncombe	Urban renewal and economic development projects	1,673

(14) County Financial Information Included in County Social Services

County Social Services (CSS), a jointly governed organization formed pursuant to the provisions of Chapter 28E and Chapter 331.390 of the Code of Iowa, included the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth and Wright counties. The financial activity of the County's Special Revenue, Mental Health Fund is included in CSS for the year ended June 30, 2021, as follows:

Revenues:	
Property and other county tax	\$ 1,041,178
Intergovernmental revenues:	
State tax credits	<u>81,914</u>
Total revenues	<u>1,123,092</u>
Expenditures:	
General administration:	
Distribution to regional fiscal agent	<u>1,088,310</u>
Total expenditures	<u>1,088,310</u>
Excess of expenditures over revenues	34,782
Fund balance beginning of year	<u>296,671</u>
Fund balance end of year	<u>\$ 331,453</u>

(15) COVID-19

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

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

(16) Accounting Change/Restatement

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

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

	Governmental Activities	Fiduciary Activities
Net position June 30, 2020, as previously reported	\$ 84,340,790	-
Change to implement GASBS No. 84	231,485	2,907,000
Net position July 1, 2020, as restated	<u>\$ 84,572,275</u>	<u>2,907,000</u>

(17) Prospective Accounting Change

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

(18) Special Investigation

The County requested the Office of Auditor of State perform a special investigation of the County as a result of concerns identified with the former Public Health Director. A separate report will be issued upon completion of the special investigation. Once issued, the report will be available on the Office of Auditor of State's website.

Required Supplementary Information

Webster 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	\$ 19,269,102	-	19,269,102
Interest and penalty on property tax	173,772	-	173,772
Intergovernmental	17,037,924	25,721	17,012,203
Licenses and permits	78,578	-	78,578
Charges for service	1,428,111	-	1,428,111
Use of money and property	741,056	11,984	729,072
Miscellaneous	942,182	220,842	721,340
Total receipts	39,670,725	258,547	39,412,178
Disbursements:			
Public safety and legal services	6,016,449	-	6,016,449
Physical health and social services	4,115,196	-	4,115,196
Mental health	1,088,310	-	1,088,310
County environment and education	2,025,547	19,562	2,005,985
Roads and transportation	8,479,488	-	8,479,488
Governmental services to residents	1,018,396	-	1,018,396
Administration	3,370,284	-	3,370,284
Non-program	674,498	673,704	794
Debt service	3,125,157	208,520	2,916,637
Capital projects	7,567,339	-	7,567,339
Total disbursements	37,480,664	901,786	36,578,878
Excess (deficiency) of receipts over (under) disbursements	2,190,061	(643,239)	2,833,300
Other financing sources, net	905,033	587,354	317,679
Deficiency of receipts and other financing sources over (under) disbursements and other financing uses	3,095,094	(55,885)	3,150,979
Balance beginning of year	23,970,689	576,551	23,394,138
Balance end of year	\$ 27,065,783	520,666	26,545,117

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
19,607,748	19,607,748	(338,646)
125,959	125,959	47,813
12,790,812	13,410,634	3,601,569
69,500	69,500	9,078
1,078,250	1,078,250	349,861
375,442	375,442	353,630
332,981	374,859	346,481
34,380,692	35,042,392	4,369,786
6,147,857	6,406,403	389,954
4,656,243	4,806,243	691,047
1,088,310	1,088,310	-
2,352,140	2,352,140	346,155
9,281,200	9,281,200	801,712
1,178,620	1,179,363	160,967
3,373,512	3,562,615	192,331
-	2,000	1,206
3,038,350	3,038,350	121,713
13,022,538	13,022,538	5,455,199
44,138,770	44,739,162	8,160,284
(9,758,078)	(9,696,770)	12,530,070
-	(12,500)	330,179
(9,758,078)	(9,709,270)	12,860,249
24,764,353	24,764,353	(1,370,215)
15,006,275	15,055,083	11,490,034

Webster 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	\$ 39,670,725	(3,242,823)	36,427,902
Expenditures	37,480,664	(752,498)	36,728,166
Net	2,190,061	(2,490,325)	(300,264)
Other financing sources, net	905,033	(317,679)	587,354
Beginning fund balances	23,970,689	1,823,504	25,794,193
Ending fund balances	\$ 27,065,783	(984,500)	26,081,283

See accompanying independent auditor's report.

Webster County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$600,392. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2021, disbursements did not exceed the amounts budgeted by function. However, disbursements in the certain departments exceeded the amounts appropriated at year end.

Webster 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 proportionate share of the net pension liability (asset)	0.100853%	0.099702%	0.103020%	0.105401%
County's proportionate share of the net pension liability (asset)	\$ 7,085	5,773	6,519	7,021
County's covered payroll	\$ 9,826	9,841	9,712	9,328
County's proportionate share of the net pension liability as a percentage of its covered payroll	72.10%	58.66%	67.12%	75.27%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%

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

See accompanying independent auditor's report.

2017	2016	2015
0.106089%	0.102962%	0.098849%
6,677	5,087	3,920
9,033	8,896	8,651
73.92%	57.18%	45.31%
81.82%	85.19%	87.61%

Webster County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 937	933	940	881
Contributions in relation to the statutorily required contribution	<u>(937)</u>	<u>(933)</u>	<u>(940)</u>	<u>(881)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 9,928	9,826	9,841	9,712
Contributions as a percentage of covered payroll	9.44%	9.50%	9.55%	9.07%

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
849	824	814	792	741	683
(849)	(824)	(814)	(792)	(741)	(683)
-	-	-	-	-	-
9,328	9,033	8,896	8,651	8,265	8,094
9.10%	9.12%	9.15%	9.16%	8.97%	8.44%

Webster County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Webster 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	\$ 87,529	85,394	53,450	52,147
Interest cost	34,430	31,823	25,466	24,222
Difference between expected and actual experiences	-	57,038	-	(48,411)
Changes in assumptions	-	72,476	-	(76,717)
Benefit payments	(46,274)	(43,415)	(41,557)	(44,337)
Net change in total OPEB liability	75,685	203,316	37,359	(93,096)
Total OPEB liability beginning of year	919,329	716,013	678,654	771,750
Total OPEB liability end of year	\$ 995,014	919,329	716,013	678,654
Covered-employee payroll	\$ 9,910,580	9,668,859	9,138,309	8,915,423
Total OPEB liability as a percentage of covered-employee payroll	10.04%	9.51%	7.84%	7.61%

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	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.25%

Webster County

Supplementary Information

Webster County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2021

			Special
	County Recorder's Records Management	Resource Enhancement and Protection	Urban Renewal Tax Increment Financing
Assets			
Cash, cash equivalents and pooled investments	\$ 43,392	54,834	1,095,843
Receivables:			
Succeeding year tax increment financing	-	-	2,240,000
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	-	-	-
Total assets	43,392	54,834	3,335,843
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	-	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year tax increment financing	-	-	2,240,000
Other	-	-	-
Total deferred inflows of resources	-	-	2,240,000
Fund balances:			
Restricted for:			
Debt service	-	-	1,095,843
Drainage warrants	-	-	-
Other purposes	43,392	54,834	-
Total fund balances	43,392	54,834	1,095,843
Total liabilities, deferred inflows of resources and fund balances	\$ 43,392	54,834	3,335,843

See accompanying independent auditor's report.

Revenue				
Local Option Sales and Services Tax	Drainage Districts	Friends of Webster County Conservation	Webster County Trails	Total
1,811,817	426,249	94,417	120,870	3,647,422
-	-	-	-	2,240,000
-	471,384	-	-	471,384
-	331,363	-	-	331,363
78,376	20,558	-	-	98,934
<u>1,890,193</u>	<u>1,249,554</u>	<u>94,417</u>	<u>120,870</u>	<u>6,789,103</u>
-	768	-	1,575	2,343
-	-	-	-	2,240,000
-	823,305	-	-	823,305
-	823,305	-	-	3,063,305
-	-	-	-	1,095,843
-	425,481	-	-	425,481
<u>1,890,193</u>	<u>-</u>	<u>94,417</u>	<u>119,295</u>	<u>2,202,131</u>
<u>1,890,193</u>	<u>425,481</u>	<u>94,417</u>	<u>119,295</u>	<u>3,723,455</u>
<u>1,890,193</u>	<u>1,249,554</u>	<u>94,417</u>	<u>120,870</u>	<u>6,789,103</u>

Webster County

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

Year ended June 30, 2021

	County Recorder's Records Management	Resource Enhancement and Protection	Special Urban Renewal Tax Increment Financing
Revenues:			
Tax increment financing	\$ -	-	1,776,368
Local option sales and services tax	-	-	-
Intergovernmental	-	25,271	94,271
Charges for service	7,092	-	-
Use of money and property	371	479	8,363
Miscellaneous	-	-	-
Total revenues	<u>7,463</u>	<u>25,750</u>	<u>1,879,002</u>
Expenditures:			
Operating:			
County environment and education	-	14,473	-
Non-program	-	-	-
Debt service	-	-	829,541
Capital projects	-	-	-
Total expenditures	<u>-</u>	<u>14,473</u>	<u>829,541</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,463</u>	<u>11,277</u>	<u>1,049,461</u>
Other financing sources (uses):			
Transfer in	-	-	-
Transfers out	-	-	(119,354)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(119,354)</u>
Change in fund balances	7,463	11,277	930,107
Fund balances beginning of year	<u>35,929</u>	<u>43,557</u>	<u>165,736</u>
Fund balances end of year	<u>\$ 43,392</u>	<u>54,834</u>	<u>1,095,843</u>

See accompanying independent auditor's report.

Revenue				
Local Option Sales and Services Tax	Drainage Districts	Friends of Webster County Conservation	Webster County Trails	Total
-	-	-	-	1,776,368
974,625	-	-	-	974,625
-	25,721	-	-	145,263
-	-	-	-	7,092
-	-	11,984	-	21,197
-	200,163	20,679	-	220,842
974,625	225,884	32,663	-	3,145,387
-	-	19,562	-	34,035
-	657,423	-	-	657,423
-	208,520	-	-	1,038,061
-	-	-	186,025	186,025
-	865,943	19,562	186,025	1,915,544
974,625	(640,059)	13,101	(186,025)	1,229,843
-	-	-	100,000	100,000
(785,676)	-	-	-	(905,030)
-	587,354	-	-	587,354
(785,676)	587,354	-	100,000	(217,676)
188,949	(52,705)	13,101	(86,025)	1,012,167
1,701,244	478,186	81,316	205,320	2,711,288
1,890,193	425,481	94,417	119,295	3,723,455

Webster 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	\$ -	2,805	820,084	264,760
Other County officials	214,029	-	-	-
Receivables:				
Property tax:				
Delinquent	-	917	1,556	87,809
Succeeding year	-	292,000	574,000	26,564,000
Accounts	45,172	-	-	-
Special assessments	-	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
Total assets	259,201	295,722	1,395,640	26,916,569
Liabilities				
Accounts payable	-	-	3,203	-
Salaries and benefits payable	-	-	15,630	-
Due to other governments	109,033	2,805	-	264,760
Trusts payable	150,168	-	-	-
Stamped warrants payable	-	-	-	-
Compensated absences	-	-	15,351	-
Total liabilities	259,201	2,805	34,184	264,760
Deferred Inflows of Resources				
Unavailable revenues	-	292,000	574,000	26,564,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	917	787,456	87,809

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Special Districts	Other	Total
20,333	198,994	4,474	1,209,718	56,516	1,273,275	3,850,959
-	-	-	-	-	-	214,029
6,631	77,968	827	-	815	16	176,539
2,176,000	19,303,000	568,000	-	61,000	5,000	49,543,000
-	-	-	-	-	8,698	53,870
-	-	-	-	649,838	-	649,838
-	-	-	-	-	4,981	4,981
-	-	-	-	-	58,219	58,219
-	-	-	-	-	7,576	7,576
2,202,964	19,579,962	573,301	1,209,718	768,169	1,357,765	54,559,011
-	-	-	-	-	65,220	68,423
-	-	-	-	-	3,307	18,937
20,333	198,994	4,474	1,209,718	56,516	10,417	1,877,050
-	-	-	-	-	256,429	406,597
-	-	-	-	-	5,965	5,965
-	-	-	-	-	2,357	17,708
20,333	198,994	4,474	1,209,718	56,516	343,695	2,394,680
2,176,000	19,303,000	568,000	-	61,000	5,000	49,543,000
6,631	77,968	827	-	650,653	1,009,070	2,621,331

Webster County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2021

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	290,843	492,248	26,761,831
911 surcharge	-	-	-	-
State tax credits	-	23,051	39,109	2,243,838
Office fees and collections	962,027	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	712,441	-	-	-
Miscellaneous	-	-	-	-
Total additions	1,674,468	313,894	531,357	29,005,669
Deductions:				
Agency remittances:				
To other funds	239,450	-	-	-
To other governments	722,577	316,039	562,407	29,205,541
Trusts paid out	712,441	-	-	-
Total deductions	1,674,468	316,039	562,407	29,205,541
Changes in net position	-	(2,145)	(31,050)	(199,872)
Net position beginning of year, as restated	-	3,062	818,506	287,681
Net position end of year	\$ -	917	787,456	87,809

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Special Districts	Other	Total
2,160,017	18,687,691	560,937	-	115,056	5,106	49,073,729
-	-	-	-	-	118,100	118,100
170,226	2,031,728	28,054	-	3,507	405	4,539,918
-	-	-	-	-	-	962,027
-	-	-	13,941,159	-	-	13,941,159
-	-	-	-	11,494	809	12,303
-	-	-	-	-	445,279	1,157,720
-	-	-	-	-	1,003,353	1,003,353
2,330,243	20,719,419	588,991	13,941,159	130,057	1,573,052	70,808,309
-	-	-	387,414	-	-	626,864
2,343,786	20,901,913	591,809	13,553,745	118,828	992,749	69,309,394
-	-	-	-	-	445,279	1,157,720
2,343,786	20,901,913	591,809	13,941,159	118,828	1,438,028	71,093,978
(13,543)	(182,494)	(2,818)	-	11,229	135,024	(285,669)
20,174	260,462	3,645	-	639,424	874,046	2,907,000
6,631	77,968	827	-	650,653	1,009,070	2,621,331

Webster 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	\$ 15,545,366	14,033,971	13,135,752	12,255,571
Tax increment financing	1,776,368	1,369,676	1,384,122	1,370,552
Local option sales and services tax	1,949,215	2,113,742	1,494,866	1,749,933
Interest and penalty on property tax	173,772	53,361	119,760	110,590
Intergovernmental	13,943,344	12,960,204	12,550,541	12,290,062
Licenses and permits	78,903	63,216	85,740	77,036
Charges for service	1,656,849	1,074,005	1,092,290	1,122,508
Use of money and property	610,612	473,315	537,066	405,766
Miscellaneous	693,473	1,502,166	849,279	1,296,784
Total	<u>\$ 36,427,902</u>	<u>33,643,656</u>	<u>31,249,416</u>	<u>30,678,802</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 6,292,367	5,582,239	5,430,317	5,152,249
Physical health and social services	4,313,492	4,060,593	4,276,750	4,430,820
Mental health	1,088,310	1,476,052	1,989,906	2,204,611
County environment and education	2,056,725	1,976,590	1,876,277	1,834,569
Roads and transportation	7,681,168	8,947,306	8,200,607	8,107,736
Governmental services to residents	1,037,706	844,880	950,137	975,435
Administration	3,520,816	2,853,469	3,051,288	3,008,404
Non-program	658,267	410,054	535,690	686,322
Debt service	3,125,107	2,940,378	2,498,665	2,664,960
Capital projects	6,954,208	5,736,762	3,673,402	5,931,899
Total	<u>\$ 36,728,166</u>	<u>34,828,323</u>	<u>32,483,039</u>	<u>34,997,005</u>

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
11,651,553	12,223,187	12,009,411	12,342,342	11,930,834	12,113,554
1,390,596	1,353,646	375,985	381,131	340,508	385,208
1,918,718	1,573,301	1,880,690	1,893,684	1,687,493	1,649,410
114,251	123,915	107,475	108,693	101,378	110,909
12,102,947	12,158,839	10,258,645	9,588,387	11,016,312	12,498,776
87,438	81,105	69,125	151,144	81,387	111,405
1,142,131	1,211,296	950,787	1,053,980	1,031,580	995,824
300,931	337,041	331,122	311,746	306,804	390,636
1,841,685	1,452,109	3,295,467	1,919,319	1,168,167	1,526,016
30,550,250	30,514,439	29,278,707	27,750,426	27,664,463	29,781,738
5,099,100	5,051,463	4,881,381	5,021,524	5,019,591	5,047,832
3,730,307	3,263,395	3,783,515	3,172,397	2,725,211	2,508,348
2,277,648	2,107,003	2,560,537	2,632,711	3,522,224	5,741,501
1,902,326	1,598,699	1,617,169	1,431,400	1,434,580	1,183,265
8,047,880	8,474,864	7,934,669	6,908,561	6,615,707	7,028,654
918,915	1,253,737	872,026	852,146	878,055	763,062
2,800,582	2,754,503	2,682,624	2,833,233	2,668,289	2,451,572
1,311,801	477,174	1,034,739	1,929,837	1,998,639	1,516,230
2,157,024	2,631,987	3,743,804	2,122,573	1,549,368	2,431,117
5,746,569	1,448,661	1,807,581	1,473,512	3,803,829	6,329,798
33,992,152	29,061,486	30,918,045	28,377,894	30,215,493	35,001,379

Webster County

Webster County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2021

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
Direct:			
OJP Bureau of Justice Assistance:			
COVID-19, Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0576	\$ 42,516
U. S. Department of Treasury:			
COVID-19, Provider Relief Fund and American Resuce Plan (ARP)			
Rural Distribution	93.498	75-0140-0-1-550	<u>81,417</u>
Total direct			<u>123,933</u>
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Public Health:			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5880A050	147,858
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5881A050	362,865
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5880A084	15,478
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5881A084	<u>25,736</u>
			<u>551,937</u>
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5880NU10	5,726
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5881NU10	11,024
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>26,522</u>
			<u>43,272</u>
Iowa Department of Agriculture and Land:			
Stewardship:			
WIC Farmers' Market Nutrition Program (FMNP)	10.572		<u>772</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance	16.575	VP-20-141-VWC	4,560
Crime Victim Assistance	16.575	VP-21-141-VWC	<u>35,000</u>
			<u>39,560</u>
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	PAP 21-402-MOPT, Task 74-10-00	<u>1,404</u>
U.S. Department of Treasury:			
Iowa Department of Revenue:			
COVID-19, Coronavirus Relief Fund	21.019		<u>724,866</u>
Election Assistance Commission:			
Iowa Secretary of State:			
2018 HAVA Election Security Grants	90.404	394-6220-HAVACARES	3,000
2018 HAVA Election Security Grants	90.404	394-11320-HAVACARES	<u>27,440</u>
			<u>30,440</u>
U.S. Department of Health and Human Services:			
Elderbridge Agency on Aging			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Citizens	93.044		<u>1,989</u>

Schedule 6

Webster County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
Indirect (continued):			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT11	206,181
Maternal and Child Health Federal Consolidated Programs	93.110	5880MH24	<u>8,000</u>
Grants to State to Support Oral Health Workforce Activities	93.236	5880DH34	12,004
Grants to State to Support Oral Health Workforce Activities	93.236	5881DH34	<u>57,788</u>
			<u>69,792</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5885BT494	<u>54,534</u>
Immunization Cooperative Agreements	93.268	5881I489	16,545
Immunization Cooperative Agreements	93.268	5885BT494	<u>77,824</u>
			<u>94,369</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	5885BT494	<u>30,303</u>
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366	5881MH24	<u>5,000</u>
CCDF Cluster:			
Child Care and Development Block Grant	93.575	5881MH24	<u>4,954</u> ***
Children's Health Insurance Program	93.767	5880MH24	8,933
Children's Health Insurance Program	93.767	5881MH24	<u>27,079</u>
			<u>36,012</u> *
Medicaid Cluster:			
Medical Assistance Program	93.778	5880MH24	37,482
Medical Assistance Program	93.778	5881MH24	93,158
Medical Assistance Program	93.778	5881MH18	<u>126,507</u>
			<u>257,147</u> **
National Bioterrorism Hospital Preparedness Program	93.889	5881BHP18	<u>106,697</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	5881NB32	<u>1,750</u>
Maternal and Child Health Services Block Grant to the States	93.994	5880MH24	65,590
Maternal and Child Health Services Block Grant to the States	93.994	5881MH24	<u>121,932</u>
			<u>187,522</u>
Iowa Department of Human Services:			
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	ACFS 20-058	<u>62,850</u>
Child Support Enforcement	93.563	BOC-19-007	<u>412,436</u>
Human Services Administrative Reimbursements:			
Title IV-E Prevention Program	93.472		<u>1,259</u>
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>5,825</u> ***
Foster Care Title IV-E	93.658		<u>6,966</u>
Adoption Assistance	93.659		<u>3,407</u>
Social Services Block Grant	93.667		<u>6,356</u>
Children's Health Insurance Program	93.767		<u>570</u> *
Medicaid Cluster:			
Medical Assistance Program	93.778		<u>23,139</u> **
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4421 DR IA	658,795
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4386 DR IA	<u>72,425</u>
			<u>731,220</u>
Total indirect			<u>3,710,529</u>
Total			<u>\$ 3,834,462</u>

* Total Children's Health Insurance Program \$36,582

** Total Medicaid Cluster \$280,286

*** Total CCDF Cluster \$10,779

Webster County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Webster County under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Webster County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Webster County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Webster County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor’s report.



**OFFICE OF AUDITOR OF STATE
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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Webster 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 Webster 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 May 13, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Webster 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 Webster County's internal control. Accordingly, we do not express an opinion on the effectiveness of Webster County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-21 and II-B-21 to be material weaknesses.

Compliance and Other Matters

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

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

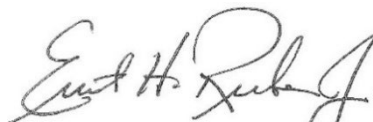
Webster County's Responses to the Findings

Webster County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Webster 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

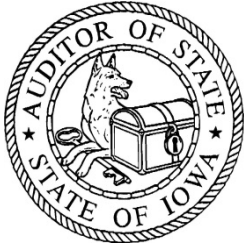
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance 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 Webster 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

May 13, 2022



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Officials of Webster County:

Report on Compliance for Each Major Federal Program

We have audited Webster County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal programs for the year ended June 30, 2021. Webster County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Webster County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Webster County's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of Webster County's compliance.

Opinion on Each Major Federal Program

In our opinion, Webster County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

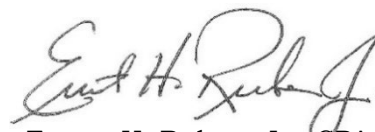
The management of Webster County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Webster County's internal control over compliance with the types of requirements that could have a direct and material effect on each of the major federal programs to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Webster County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance we consider to be a material weakness. However, we identified a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item III-A-21, we consider to be a significant deficiency.

Webster County's responses to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Webster County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

May 13, 2022

Webster County
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Part I: Summary of the Independent Auditor's Results:

- a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) A significant deficiency in internal control over the major programs was disclosed by the audit of the financial statements.
- e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed an audit finding which is required to be reported in accordance with Uniform Guidance, Section 200.516.
- g) The major programs were as follows:
 - Assistance Listing Number 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children
 - Assistance Listing Number 21.019 – COVID-19, Coronavirus Relief Fund
 - Assistance Listing Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i) Webster County did not qualify as a low-risk auditee.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-21 Segregation of Duties

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

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

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. Consequently, a listing of cash and checks received is not prepared by an independent mail opener and traced to the general ledger and bank deposit. An independent mail opener testing mail receipts in this manner adds a strong control over the receipts cycle.	County Recorder, County Treasurer and County Sheriff
(2) Bank reconciliations are not prepared by someone who doesn't sign checks, handle or record cash.	County Recorder and County Treasurer
(3) Bank reconciliations are not reviewed periodically by an independent person for propriety.	County Recorder
(4) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash.	County Recorder and County Treasurer
(5) The person who signs checks is not independent of the person preparing the checks, approving disbursements, recording cash disbursements and handling cash.	County Recorder and County Sheriff

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

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 official'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. These reviews should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

County Treasurer – Staffing size limits the amount of segregation. When there are cash transactions in the final count of the day we have a second person checking the totals.

County Recorder – We continue to look at internal controls to eliminate segregation of duties issues.

County Sheriff – Issues are due to lack of staffing; with additional staffing our department would be able to comply with the concerns listed.

Conclusions – Responses acknowledged. Each official should utilize current personnel, including elected officials, and continue to review their control activities to obtain maximum internal controls possible.

II-B-21 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 asset additions and deletions were not properly recorded in the County's financial statements. Adjustments were subsequently made 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 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.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Recommendation – The County should establish procedures to ensure all receivables and capital additions and deletions are identified and properly reported in the County’s financial statements. This is a repeat comment.

Responses –

Auditor – We will address the concern with the capital asset additions and deletions and work on training staff to understand how these work.

Treasurer – We will continue to explain to other departments the importance of identifying receivables in a timely manner. We will continue to send emails to the department heads when we have not received them on time.

Conclusions – Responses accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

Assistance Listing Number 21.019: COVID-19, Coronavirus Relief Fund
Pass-through Entity Identifying Number: N/A
Federal Award Year: 2021
Prior Year Finding Number: N/A
U.S Department of Treasury
Passed through the Iowa Department of Revenue

III-A-21 Timesheet Approval
(2021-001)

Criteria – An effective internal control system provides for controls related to the approval of payroll expenses for employees. Proper supervisory review of timesheets can help ensure the accuracy of recorded hours worked and proper payment of payroll expenses.

Condition – According to County policy, County department heads approve timesheets at the end of each pay period. For Sheriff's Office employees' payroll expenses funded by the Coronavirus Relief Fund, timesheets were prepared. However, for 78 of the 80 timesheets tested, there was no documentation of the Sheriff's Office supervisory approval of the timesheets. Timesheets should be reviewed and approved by a supervisor and/or department head to ensure the proper payment of payroll expenses.

Cause – Policies and procedures have not been implemented to ensure Sheriff's Office employees' timesheets are reviewed and approved by supervisory personnel prior to processing payroll.

Effect – The lack of documentation of Sheriff's Office supervisor and/or department head review and approval of timesheets increases the probability of staff errors in recording hours or leave going undetected.

Recommendation – The County Sheriff's Office should ensure all timesheets are reviewed and approved by supervisory personnel or the Department head.

Response – This has been corrected. We had a change in administration and they were unaware that these needed to be signed. Timesheets will be reviewed going forward.

Conclusion – Response accepted.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-21 Certified Budget – Disbursements during the year ended June 30, 2021, did not exceed the amounts budgeted by function. However, disbursements in one department exceeded the amount appropriated at year end.

In addition, there were two department appropriation changes that were not approved by a budget amendment or appropriation resolution.

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 – We have implemented a rule change in our office that will not allow for appropriation changes without the amendment first being approved by the Board of Supervisors.

Conclusion – Response accepted.

IV-B-21 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.

IV-C-21 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-21 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Krystal Lloyd, Auditor's Office Drainage Clerk, daughter of Dan Rasmussen, owner of Rasmussen Tiling	Tiling	\$ 6,343

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions with Rasmussen Tiling do not appear to represent conflicts of interest since the Auditor’s office employees’ remuneration of employment is not directly affected as a result of the contract and the duties of employment do not directly involve the procurement or preparation of any part of the contract.

IV-E-21 Restricted Donor Activity – No transactions were noted between the County, County officials, or County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

- IV-F-21 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.
- IV-G-21 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-H-21 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.
- IV-I-21 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).
- IV-J-21 Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1. The County understated the amount reported as TIF debt outstanding by \$88,701.

Recommendation – The County should ensure the correct debt amounts are reported.

Response – We will implement a standard where this is reviewed by our Financial Director prior to submission.

Conclusion – Response accepted.

- IV-K-21 Emergency Management Budget – Disbursements during the year ended June 30, 2021 exceeded the amount budgeted prior to approval of the budget amendment. In addition, the notice for the public hearing on the budget amendment was not published in a newspaper ten to twenty days prior to the hearing as required by Chapter 24.9 of the Code of Iowa.

Recommendation – The budget should have been amended by the Emergency Management Commission in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget. The notice of the budget amendment hearing should have been published in accordance with Chapter 24.9 of the Code of Iowa.

Response – I have made the EMA Director aware of this and we will strive to ensure this will not happen again.

Conclusion – Response accepted.

Webster County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Tammy A. Hollingsworth, CIA, Manager
Premnarayan Gobin, Senior Auditor II
Charles P. Duff, Staff Auditor
Molly N. Kalkwarf, Staff Auditor
Edward G. Mollohan, Staff Auditor
Jon D. Hedgecock, Assistant Auditor
Jessie R. McBroom, Assistant Auditor
Benjamin D. Wong, Audit Intern