



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

Rob Sand
Auditor of State

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NEWS RELEASE

Contact: Ernest Ruben
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FOR RELEASE

June 24, 2022

Auditor of State Rob Sand today released an audit report on O'Brien County, Iowa.

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$21,673,961 for the year ended June 30, 2021, a 46.6% increase over the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$14,832,413, an 8.3% increase over the prior year. The significant increase in the revenues is due primarily to an increase in secondary road infrastructure contributed by the Iowa Department of Transportation.

AUDIT FINDINGS:

Sand reported two findings related to the receipt and expenditure of taxpayer funds. They are found on pages 82 through 88 of this report. The findings address a lack of segregation of duties and material amounts of receivables not properly recorded.

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

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

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O'BRIEN COUNTY

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

JUNE 30, 2021

O'Brien County



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Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

June 7, 2022

Officials of O'Brien County
Primghar, Iowa

Dear Board Members:

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

Sincerely,

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

Rob Sand
Auditor of State

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O'Brien County

Officials

(Before January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Sherri Bootsma	Board of Supervisors	Jan 2021
Nancy McDowell	Board of Supervisors	Jan 2021
John Steensma	Board of Supervisors	Jan 2021
Daniel Friedrichsen	Board of Supervisors	Jan 2023
Dennis Vanden Hull	Board of Supervisors	Jan 2023
Barbara Rohwer	County Auditor	Jan 2021
Missy Hattermann	County Treasurer	Jan 2023
Susan Smith	County Recorder	Jan 2023
Allen Schuknecht	County Sheriff	Jan 2021
Rachael M. Becker	County Attorney	Jan 2023
Seth Postma	County Assessor	Jan 2022

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Daniel Friedrichsen	Board of Supervisors	Jan 2023
Dennis Vanden Hull	Board of Supervisors	Jan 2023
Sherri Bootsma	Board of Supervisors	Jan 2025
Nancy McDowell	Board of Supervisors	Jan 2025
John Steensma	Board of Supervisors	Jan 2025
Barbara Rohwer	County Auditor	Jan 2025
Missy Hattermann	County Treasurer	Jan 2023
Susan Smith	County Recorder	Jan 2023
Bruce Devereaux	County Sheriff	Jan 2025
Rachael M. Becker	County Attorney	Jan 2023
Seth Postma	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of O'Brien 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 O'Brien 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 O'Brien 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 17 to the financial statements, O'Brien County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. In addition, O'Brien County's beginning net position for governmental activities was restated to retroactively report the change in net position for material amounts of receivables which were not recorded in previous fiscal years. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 50 through 59 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.

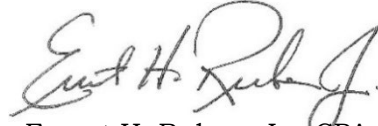
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise O'Brien 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 9, 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 June 7, 2022 on our consideration of O'Brien 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 O'Brien County's internal control over financial reporting and compliance.



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

June 7, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

O'Brien County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2021. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities, during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated by \$2,756,304 to retroactively report in accordance with the GASBS. In addition, the County's beginning net position for governmental activities was restated by \$517,032 due to material amounts of receivables which were not recorded in the prior year.
- Revenues of the County's governmental activities increased 46.6%, or approximately \$6,887,000, from fiscal year 2020 to fiscal year 2021. Property and other county tax increased approximately \$1,030,000. Capital grants, contributions and restricted interest increased approximately \$4,524,000. Operating grants, contributions and restricted interest increased approximately \$1,311,000. The increase in revenues was due, in part, to the increase in capital assets contributed by the Iowa Department of Transportation.
- Program expenses of the County's governmental activities were approximately \$14,833,000 in fiscal year 2021, approximately \$1,132,000 more than fiscal year 2020. Public safety and legal services, mental health and county environment and education expenses increased approximately \$434,000, \$493,000 and \$376,000, respectively, while roads and transportation expenses decreased approximately \$255,000.
- The County's net position increased 16.2%, or approximately \$6,842,000, 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 O'Brien 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 O'Brien 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 O'Brien 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 funds and the individual Custodial 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 soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

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

Fund Financial Statements

The County has three kinds of funds:

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

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

- 2) Proprietary funds account for the County's Internal Service, Employee Health Insurance and Workers' Compensation Self Insurance Funds. 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.

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 911 surcharges, 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 (Restated)
Current and other assets	\$ 26,128	21,795
Capital assets	36,005	31,009
Total assets	62,133	52,804
Deferred outflows of resources	1,277	1,045
Long-term liabilities	5,038	3,515
Other liabilities	1,920	364
Total liabilities	6,958	3,879
Deferred inflows of resources	7,378	7,738
Net position:		
Net investments in capital assets	36,005	31,009
Restricted	9,763	8,011
Unrestricted	3,306	3,212
Total net position	\$ 49,074	42,232

After restatement, net position of O’Brien County’s governmental activities increased 16.2% (approximately \$42.2 million to \$49.1 million).

The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased 16.1%, or approximately \$4,996,000, over the prior year.

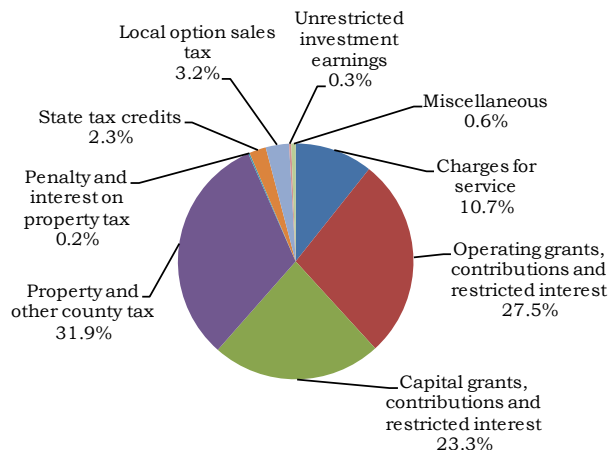
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$1,752,000, or 21.9%, over the prior year. This increase is primarily due to an increase in the amounts held at year end in the Special Revenue, Secondary Roads Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$3,212,000 at June 30, 2020 to approximately \$3,306,000 at the end of this year, a 2.9% increase.

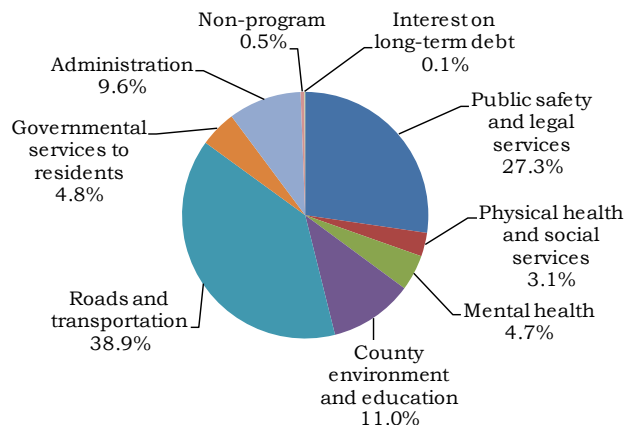
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	June 30,	
	2021	2020 (Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 2,313	2,058
Operating grants, contributions and restricted interest	5,951	4,640
Capital grants, contributions and restricted interest	5,041	517
General revenues:		
Property and other county tax	6,932	5,902
Penalty and interest on property tax	46	22
State tax credits	509	480
Local option sales tax	699	708
Unrestricted investment earnings	60	239
Miscellaneous	124	222
Total revenues	21,675	14,788
Program expenses:		
Public safety and legal services	4,045	3,611
Physical health and social services	464	408
Mental health	703	210
County environment and education	1,631	1,255
Roads and transportation	5,764	6,019
Governmental services to residents	711	619
Administration	1,423	1,478
Non-program	81	97
Interest on long-term debt	11	4
Total expenses	14,833	13,701
Change in net position	6,842	1,087
Net position beginning of year, as restated	42,232	41,145
Net position end of year	\$ 49,074	42,232

Revenues by Source



Expenses by Program



O'Brien County's net position of governmental activities increased approximately \$6,842,000 during the year. Revenues for governmental activities increased approximately \$6,887,000 over the prior year, including property tax revenue which increased over the prior year approximately \$1,030,000, or 17.5%.

The County increased property tax rates for fiscal year 2021 an average of 5%. This increase raised the County's property tax revenue approximately \$1,030,000 in fiscal year 2021. Based on increases in the total assessed valuation, property tax revenue is budgeted to increase an additional \$210,000 next year.

The County's capital grants, contributions and restricted interest increased approximately \$5,041,000 over fiscal year 2020 due to an increase of approximately \$5,041,000 in infrastructure assets contributed by the Iowa Department of Transportation. Operating grants, contributions and restricted interest increased approximately \$1,311,000, due primarily to an increase of \$377,000 in Road Use Tax funds and the receipt of \$279,000 from the Coronavirus Relief Fund and the issuance of \$471,000 of drainage district warrants that will be reimbursed by FEMA. Also, other general revenues increased approximately \$796,000, or 10.5%, over the fiscal year 2020 amount due to an increase in property tax revenues.

The cost of all governmental activities this year was approximately \$14.8 million compared to approximately \$13.7 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$1.0 million because some of the cost was paid by those who directly benefited from the programs (approximately \$2,784,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$11,038,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for services, increased in fiscal year 2021 from approximately \$6,698,000 to approximately \$13,823,000. As discussed above, the County received contributions of infrastructure paid for by the Iowa Department of Transportation.

INDIVIDUAL MAJOR FUND ANALYSIS

As O'Brien County completed the year, its governmental funds reported a combined fund balance of approximately \$13.6 million, an increase of approximately \$2,462,000 over last year's total of approximately \$11.1 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$1,076,000, or 18.3%, primarily due to an increase in property tax revenues. Expenditures increased approximately \$228,000 over the prior year to approximately \$6,436,000, an increase of 4.7%. The ending fund balance increased approximately \$330,000, or 7.8%, over the prior year to approximately \$4,534,000.
- Mental health expenditures for the year totaled approximately \$699,000, an increase of 237.8% over the prior year due to an increase in distributions expended to the regional fiscal agent. Revenues increased approximately \$223,000, an increase of 105.7%, primarily due to an increase in the property tax levy of 88.3%. The Special Revenue, Mental Health Fund balance decreased approximately \$265,000 from the prior year to approximately \$67,000.
- Special Revenue, Rural Services Fund revenues increased approximately \$264,000, or 8.1%. Expenditures increased approximately \$184,000 over the prior year to approximately \$1,030,000, an increase of 21.8%, due primarily to the purchase of equipment. The ending fund balance decreased approximately \$99,000 from the prior year to approximately \$1,072,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$1,109,000, or 25.2%, over the prior year, due principally to an increase in road use taxes and reimbursements from the State of Iowa for bridge replacements. Expenditures decreased approximately \$1,850,000 from the prior year to approximately \$5,772,000, a decrease of 24.3%. The decrease is primarily due to a decrease in capital projects expenditures. The ending fund balance increased approximately \$2,505,000 over the prior year to approximately \$7,443,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, O'Brien County amended its budget two times. The first amendment was made in March 2021 and resulted in changes in budgeted disbursements in most functions to an overall increase of \$55,542. The second amendment was made in April 2021 and resulted in increases in budgeted disbursements in the public safety and legal services function to an overall increase of \$20,000.

The County's receipts were \$3,515,534 more than budgeted, a variance of 24.4%. The most significant variance resulted from the County receiving more grant funds from the American Rescue Plan Act and the Federal Emergency Management Agency than anticipated.

Total disbursements were \$2,971,408, or 17.6%, less than the amended budget. Actual disbursements for the capital projects, roads and transportation and public safety and legal services functions were under budget by \$1,515,599, \$695,832, and \$318,045, respectively. This was primarily due to capital roads projects progressing slower than expected, fewer snow and ice control expenditures than anticipated and fewer salaries than anticipated.

The County did not exceed the budgeted amounts for the year ended June 30, 2021.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, O'Brien County had approximately \$36.0 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$4,996,000, or 16.1%, over the prior year.

Capital Assets of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2021	2020
Land	\$ 1,019	1,019
Construction in progress, road network	664	1,495
Buildings and improvements	3,244	3,369
Equipment and vehicles	5,037	5,036
Infrastructure	26,041	20,090
Total	<u>\$ 36,005</u>	<u>31,009</u>
This year's major additions included (in thousands):		
Infrastructure		\$ 6,074
Vehicles for Sheriff		100
Equipment for Secondary Roads		295
Tractor for Secondary Roads		110
Total		<u>\$ 6,579</u>

The County had depreciation expense of \$1,647,132 in fiscal year 2021 and total accumulated depreciation of \$19,442,160 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, O'Brien County had approximately \$631,000 of drainage warrants outstanding, compared to approximately \$141,000 at June 30, 2020.

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

O'Brien County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2022 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. According to information from Iowa Workforce Development, unemployment in the County stands at 3.3% versus 4.9% a year ago. This compares with the State's unemployment rate of 4.0% and the national rate of 5.9%.

These indicators were taken into account when adopting the budget for fiscal year 2022. Amounts available for appropriation (i.e., beginning balance plus revenues) in the operating budget were approximately \$21,127,000 million, a decrease of 11.8% from the final fiscal year 2021 budget. The approximate \$17,395,000 of budgeted disbursements is approximately \$520,000 more than the final fiscal year 2021 budget. Increased roads and transportation costs account for the large change. The County has added no new major new programs or initiatives to the fiscal year 2022 budget.

O'Brien County considered the current year's revenues, along with the historical revenues versus expenditures, when setting the levy rates for fiscal year 2022. A major factor in estimating many of the revenues from the State of Iowa was the current financial condition of the State and the history of the Iowa Legislature cutting funding for counties.

The County fee structure is based on state law. Therefore, any increases in revenues in this area would need to be legislated. It is O'Brien County's position to charge the highest rate allowable by law to recoup the actual cost of the programs.

O'Brien County has a tendency to underestimate revenues, resulting in higher than anticipated ending fund balances. The County's philosophy is to budget for the recommended, but not currently legislated, 25% ending fund balances. This percentage is based on total expenditures in the respective fund for the year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of O'Brien 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 O'Brien County Auditor's Office, O'Brien County Courthouse, 155 South Hayes, Primghar, Iowa 51245.

Basic Financial Statements

O'Brien County
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 16,773,525
Receivables:	
Property tax:	
Delinquent	1,750
Succeeding year	7,072,000
Interest and penalty on property tax	9,215
Accounts	38,624
Accrued interest	1,116
Drainage assessments	159,621
Due from other governments	1,143,607
Inventories	845,124
Prepaid expenses	83,337
Capital assets not being depreciated	1,683,201
Capital assets, net of accumulated depreciation	34,322,093
Total assets	62,133,213
Deferred Outflows of Resources	
Pension related deferred outflows	1,218,599
OPEB related deferred outflows	57,854
Total deferred outflows of resources	1,276,453
Liabilities	
Accounts payable	520,951
Salaries and benefits payable	52,063
Due to other governments	10,981
Unearned Revenues	1,335,680
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	277,179
Total OPEB liability	12,814
Portion due or payable after one year:	
Drainage district warrants	630,835
Compensated absences	21,984
Net pension liability	3,544,028
Total OPEB liability	551,070
Total liabilities	6,957,585
Deferred Inflows of Resources	
Unavailable property tax revenue	7,072,000
Pension related deferred inflows	191,207
OPEB related deferred inflows	115,256
Total deferred inflows of resources	7,378,463
Net Position	
Net investment in capital assets	36,005,294
Restricted for:	
Supplemental levy purposes	765,748
Mental health purposes	63,858
Rural services purposes	1,029,872
Secondary roads purposes	7,324,863
Drainage purposes	75,598
Other purposes	502,207
Unrestricted	3,306,178
Total net position	\$ 49,073,618

See notes to financial statements.

O'Brien County
Statement of Activities
Year ended June 30, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 4,044,999	1,234,102	186,160	-	(2,624,737)
Physical health and social services	463,579	35,374	419,522	-	(8,683)
Mental health	702,559	-	-	-	(702,559)
County environment and education	1,631,043	236,144	604,100	-	(790,799)
Roads and transportation	5,764,061	271,569	4,724,752	5,041,432	4,273,692
Governmental services to residents	711,375	382,100	16,270	-	(313,005)
Administration	1,423,278	25,763	-	-	(1,397,515)
Non-program	80,530	127,995	-	-	47,465
Interest on long-term debt	10,989	-	-	-	(10,989)
Total	<u>\$ 14,832,413</u>	<u>2,313,047</u>	<u>5,950,804</u>	<u>5,041,432</u>	<u>(1,527,130)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					6,932,278
Penalty and interest on property tax					46,303
State tax credits					509,046
Local option sales tax					698,972
Unrestricted investment earnings					59,713
Gain on disposition of capital assets					44,933
Miscellaneous					<u>77,433</u>
Total general revenues					<u>8,368,678</u>
Change in net position					6,841,548
Net position beginning of year, as restated					<u>42,232,070</u>
Net position end of year					<u>\$ 49,073,618</u>

See notes to financial statements.

O'Brien County
Balance Sheet
Governmental Funds

June 30, 2021

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 5,754,491	68,043	999,230	6,518,911
Receivables:				
Property tax:				
Delinquent	1,362	136	252	-
Succeeding year	4,314,000	276,000	2,482,000	-
Interest and penalty on property tax	9,215	-	-	-
Accounts	22,760	-	-	8,151
Accrued interest	566	-	-	-
Drainage assesments	-	-	-	-
Due from other governments	103,460	-	81,064	487,869
Inventories	-	-	-	845,124
Prepaid expenditures	83,337	-	-	-
Total assets	\$ 10,289,191	344,179	3,562,546	7,860,055
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 55,575	-	6,251	385,328
Salaries and benefits payable	21,660	833	2,108	27,462
Due to other governments	10,981	-	-	-
Unearned revenues	1,335,680	-	-	-
Total liabilities	1,423,896	833	8,359	412,790
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	4,314,000	276,000	2,482,000	-
Other	17,483	126	172	4,564
Total deferred inflows of resources	4,331,483	276,126	2,482,172	4,564
Fund balances:				
Nonspendable:				
Inventories	-	-	-	845,124
Prepaid expenditures	83,337	-	-	-
Restricted for:				
Supplemental levy purposes	765,245	-	-	-
Mental health purposes	-	67,220	-	-
Rural services purposes	-	-	1,072,015	-
Secondary roads purposes	-	-	-	6,597,577
Drainage purposes	-	-	-	-
Other purposes	140,730	-	-	-
Committed for ambulance replacement	235,041	-	-	-
Unassigned	3,309,459	-	-	-
Total fund balances	4,533,812	67,220	1,072,015	7,442,701
Total liabilities, deferred inflows of resources and fund balances	\$ 10,289,191	344,179	3,562,546	7,860,055

See notes to financial statements.

<u>Nonmajor</u>	<u>Total</u>
437,075	13,777,750
-	1,750
-	7,072,000
-	9,215
-	30,911
-	566
159,621	159,621
471,214	1,143,607
-	845,124
-	83,337
<u>1,067,910</u>	<u>23,123,881</u>
-	447,154
-	52,063
-	10,981
-	1,335,680
-	<u>1,845,878</u>
-	7,072,000
<u>630,835</u>	<u>653,180</u>
<u>630,835</u>	<u>7,725,180</u>
-	845,124
-	83,337
-	765,245
-	67,220
-	1,072,015
-	6,597,577
75,598	75,598
361,477	502,207
-	235,041
-	3,309,459
<u>437,075</u>	<u>13,552,823</u>
<u>1,067,910</u>	<u>23,123,881</u>

O'Brien County

O'Brien County
 Reconciliation of the Balance Sheet –
 Governmental Funds to the Statement of Net Position

June 30, 2021

Total governmental fund balances (page 19) \$ 13,552,823

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 \$55,447,454 and the accumulated depreciation is \$19,442,160. 36,005,294

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. 653,180

The Internal Service Funds are used by management to charge the costs of partial self-funding of the County's health insurance benefit plan and workers' compensation self insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. 2,930,241

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	\$ 1,276,453	
Deferred inflows of resources	<u>(306,463)</u>	969,990

Long-term liabilities, including drainage district warrants payable, compensated absences payable, net pension liability and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. (5,037,910)

Net position of governmental activities (page 16) \$ 49,073,618

See notes to financial statements.

O'Brien County

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

Year ended June 30, 2021

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,041,185	402,490	2,502,202	-
Local option sales tax	-	-	698,972	-
Interest and penalty on property tax	64,282	-	-	-
Intergovernmental	1,784,077	31,777	303,271	5,241,784
Licenses and permits	14,500	-	-	111,124
Charges for service	734,559	-	-	-
Use of money and property	226,865	-	-	1,500
Miscellaneous	83,078	-	30	154,381
Total revenues	<u>6,948,546</u>	<u>434,267</u>	<u>3,504,475</u>	<u>5,508,789</u>
Expenditures:				
Operating:				
Public safety and legal services	3,095,719	-	866,817	-
Physical health and social services	456,243	-	-	-
Mental health	1,026	698,735	-	-
County environment and education	815,703	-	162,382	-
Roads and transportation	-	-	-	4,564,411
Governmental services to residents	675,459	-	945	-
Administration	1,378,716	-	-	-
Non-program	7,792	-	-	-
Debt service	-	-	-	-
Capital projects	5,312	-	-	1,207,867
Total expenditures	<u>6,435,970</u>	<u>698,735</u>	<u>1,030,144</u>	<u>5,772,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>512,576</u>	<u>(264,468)</u>	<u>2,474,331</u>	<u>(263,489)</u>
Other financing sources (uses):				
Transfers in	-	-	-	2,756,704
Transfers out	(182,936)	-	(2,573,768)	-
Drainage warrants issued	-	-	-	-
Sale of capital assets	-	-	-	11,433
Total other financing sources (uses)	<u>(182,936)</u>	<u>-</u>	<u>(2,573,768)</u>	<u>2,768,137</u>
Change in fund balances	329,640	(264,468)	(99,437)	2,504,648
Fund balances beginning of year	4,204,172	331,688	1,171,452	4,938,053
Fund balances end of year	<u>\$ 4,533,812</u>	<u>67,220</u>	<u>1,072,015</u>	<u>7,442,701</u>

See notes to financial statements.

Nonmajor	Total
-	6,945,877
-	698,972
-	64,282
102,760	7,463,669
-	125,624
4,127	738,686
1,966	230,331
35,512	273,001
<u>144,365</u>	<u>16,540,442</u>
-	3,962,536
-	456,243
-	699,761
617,483	1,595,568
-	4,564,411
13,991	690,395
-	1,378,716
-	7,792
96,016	96,016
-	1,213,179
<u>727,490</u>	<u>14,664,617</u>
<u>(583,125)</u>	<u>1,875,825</u>
-	2,756,704
-	(2,756,704)
574,512	574,512
-	11,433
<u>574,512</u>	<u>585,945</u>
(8,613)	2,461,770
445,688	11,091,053
<u>437,075</u>	<u>13,552,823</u>

O'Brien County

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

Year ended June 30, 2021

Change in fund balances - Total governmental funds (page 23) \$ 2,461,770

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

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

Expenditures for capital assets	\$ 1,568,743	
Capital assets contributed by the Iowa Department of Transportation	5,041,432	
Depreciation expense	<u>(1,647,132)</u>	4,963,043

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. 33,500

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	(13,599)	
Other	<u>(40,571)</u>	(54,170)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Issued	(574,512)	
Repaid	<u>85,027</u>	(489,485)

The current year County share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position. 522,726

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	(11,915)	
OPEB expense	(55,818)	
Pension expense	<u>(704,596)</u>	(772,329)

The Internal Service Funds are used by management to charge the costs of partial self-funding of the County's health insurance benefit plan and workers' compensation self insurance to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities. 176,493

Change in net position of governmental activities (page 17) **\$ 6,841,548**

See notes to financial statements.

O'Brien County
 Statement of Net Position
 Proprietary Funds

June 30, 2021

	Internal Service
Current Assets	
Cash and cash equivalents	\$ 1,245,675
Investments	1,750,100
Receivables:	
Accounts	7,713
Accrued interest receivable	550
Total current assets	3,004,038
Current Liabilities	
Accounts payable	73,797
Net Position	
Unrestricted	\$ 2,930,241

See notes to financial statements.

O'Brien County
Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Funds

Year ended June 30, 2021

	<u>Internal Service</u>
Operating revenues:	
Reimbursements from operating funds	\$ 1,517,570
Reimbursements from others	<u>10,896</u>
Total operating revenues	<u>1,528,466</u>
Operating expenses:	
Health claims	1,033,892
Administrative fees	<u>339,029</u>
	<u>1,372,921</u>
Operating income	155,545
Non-operating revenues:	
Interest income	<u>20,948</u>
Net income	176,493
Net position beginning of year	<u>2,753,748</u>
Net position end of year	<u>\$ 2,930,241</u>

See notes to financial statements.

O'Brien County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2021

	Internal Service
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,514,031
Cash received from others	10,896
Cash paid to suppliers for services	(1,330,914)
Net cash provided by operating activities	194,013
Cash flows from investing activities:	
Interest on investments	22,692
Cash paid for investments in certificates of deposit	2,890
Net cash provided by investing activities	25,582
Increase in cash and cash equivalents	219,595
Cash and cash equivalents beginning of year	1,026,080
Cash and cash equivalents end of year	\$ 1,245,675
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 155,545
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Accounts receivable	(3,539)
Accounts payable	42,007
Net cash provided by operating activities	\$ 194,013

See notes to financial statements.

O'Brien County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2021

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,557,122
Other County officials	71,654
Receivables:	
Property tax:	
Delinquent	7,554
Succeeding year	22,716,000
Accounts	9,331
Special assessments	208,384
Due from other governments	<u>65,290</u>
Total assets	<u>24,635,335</u>

Liabilities

Accounts payable	11,957
Due to other governments	762,626
Trusts payable	50,478
Compensated absences	<u>41,369</u>
Total liabilities	<u>866,430</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>22,716,000</u>
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Net Position

Restricted for individuals, organizations and other governments	<u>\$ 1,052,905</u>
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See notes to financial statements.

O'Brien County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 21,224,756
911 surcharge	232,299
State tax credits	2,132,072
Office fees and collections	1,484,234
Auto licenses, use tax and postage	5,937,691
Assessments	3,086
Trusts	403,946
Miscellaneous	<u>197,546</u>
Total additions	<u>31,615,630</u>
Deductions:	
Agency remittances:	
To other funds	1,340,531
To other governments	31,574,750
Trusts paid out	<u>403,748</u>
Total deductions	<u>33,319,029</u>
Change in net position	(1,703,399)
Net position beginning of year, as restated	<u>2,756,304</u>
Net position end of year	<u><u>\$ 1,052,905</u></u>

See notes to financial statements.

O'Brien County

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies

O'Brien 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, O'Brien 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 O'Brien County (the primary government) and eleven drainage districts (the component units). These component units 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.

Eleven 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 O'Brien County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the O'Brien County Auditor's Office.

The Little Sioux Valley Conservation Association has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the O'Brien County Conservation Board. These donations are to be used for development and enhancement of County conservation and activities which are not included in the County's budget. The financial transactions of the Association are reported as a Special Revenue Fund.

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

The County also participates in the following jointly governed organizations: Northwest Iowa Multi-County Regional Juvenile Detention Center, Northwest Iowa Area Solid Waste Agency, Synergy Center, Iowa Great Lakes Drug Task Force and Sioux Rivers Regional Mental Health and Disability Services. In addition, the County is involved in the following jointly governed organizations: Northwest Iowa Planning and Development Commission, Compass Pointe, Family Crisis Center, Private Industries Council, Seasons Mental Health Center, Third Judicial District Department of Correctional Services, Upper Des Moines Opportunity, Inc., Iowa County Engineers Association Service Bureau, Regional Transit Authority/RIDES, Inc., O'Brien County Health Care Coalition and O'Brien County Economic Development Corporation.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County 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, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable 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 receivable has been recorded, the related revenue reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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. 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.

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

Due from 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, 2003 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>
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment	2 - 20
Vehicles	3 - 10

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the 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, 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 Special Revenue, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the O'Brien 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, Rural Services and Secondary Roads Funds.

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

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

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

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

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

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year-end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Insurance 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.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$7,443,149. There were no limitations or restrictions on withdrawals for the IPAIT investments. The investment in the IPAIT is unrated for credit risk purposes.

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 182,936
	Special Revenue: Rural Services	<u>2,573,768</u>
Total		<u>\$ 2,756,704</u>

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

(4) Capital Assets

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,019,401	-	-	1,019,401
Construction in progress, road network	1,494,814	6,074,926	6,905,940	663,800
Total capital assets not being depreciated	<u>2,514,215</u>	<u>6,074,926</u>	<u>6,905,940</u>	<u>1,683,201</u>
Capital assets being depreciated:				
Buildings	5,354,193	-	-	5,354,193
Improvements other than buildings	30,697	-	-	30,697
Equipment and vehicles	10,670,706	568,749	279,856	10,959,599
Infrastructure, road network	30,513,824	6,905,940	-	37,419,764
Total capital assets being depreciated	<u>46,569,420</u>	<u>7,474,689</u>	<u>279,856</u>	<u>53,764,253</u>
Less accumulated depreciation for:				
Buildings	2,000,191	110,452	-	2,110,643
Improvements other than buildings	15,897	592	-	16,489
Equipment and vehicles	5,634,808	581,464	279,856	5,936,416
Infrastructure, road network	10,423,988	954,624	-	11,378,612
Total accumulated depreciation	<u>18,074,884</u>	<u>1,647,132</u>	<u>279,856</u>	<u>19,442,160</u>
Total capital assets being depreciated, net	<u>28,494,536</u>	<u>5,827,557</u>	<u>-</u>	<u>34,322,093</u>
Governmental activities capital assets, net	<u>\$ 31,008,751</u>	<u>11,902,483</u>	<u>6,905,940</u>	<u>36,005,294</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 131,928
Physical health and social services	253
County environment and education	53,510
Roads and transportation	1,396,509
Governmental services to residents	9,586
Administration	<u>55,346</u>
Total depreciation expense – governmental activities	<u>\$ 1,647,132</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	\$ 10,981
Custodial		
County Offices	Collections	\$ 33,989
Schools		112,317
Community Colleges		10,554
Corporations		47,265
Auto License, Use Tax and Driver's License		478,298
All other		80,203
Total for custodial funds		\$ 762,626

(6) Long-Term Liabilities

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

	Drainage District Warrants	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 141,350	287,248	2,619,617	466,342	3,514,557
Increases	574,512	300,313	924,411	110,356	1,909,592
Decreases	85,027	288,398	-	12,814	386,239
Balance end of year	\$ 630,835	299,163	3,544,028	563,884	5,037,910
Due within one year	\$ -	277,179	-	12,814	289,993

(7) Industrial Development Revenue Bonds

The County has issued a total of \$8,100,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. At June 30, 2021, the outstanding principal balance was \$5,661,010. 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.

(8) Pension Plan

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

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

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

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

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally 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 or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 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 \$522,726.

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 \$3,544,028 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 0.050451%, which was an increase of 0.005212% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$704,596. 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	\$ 17,174	91,374
Changes of assumptions	238,208	66,360
Net difference between projected and actual earnings on IPERS' investments	290,286	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	150,205	33,473
County contributions subsequent to the measurement date	522,726	-
Total	<u>\$ 1,218,599</u>	<u>191,207</u>

\$522,726 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	\$ 71,952
2023	115,502
2024	120,690
2025	187,153
2026	9,369
Total	<u>\$ 504,666</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 as follows:

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

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

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

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

<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 that is 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	\$ 6,788,843	3,544,028	824,043

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

(9) Other Postemployment Benefits (OPEB)

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

OPEB Benefits – Individuals who are employed by O'Brien 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:

Active employees	97
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Total OPEB Liability – The County's total OPEB liability of \$563,884 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

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

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

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

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 466,342
Changes for the year:	
Service cost	62,677
Interest	13,903
Differences between expected and actual experiences	17,035
Changes in assumptions	16,741
Benefit payments	<u>(12,814)</u>
Net changes	<u>97,542</u>
Total OPEB liability end of year	<u>\$ 563,884</u>

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

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

	<u>1% Decrease (1.19%)</u>	<u>Discount Rate (2.19%)</u>	<u>1% Increase (3.19%)</u>
Total OPEB liability	\$ 600,843	563,884	528,781

Sensitivity of the County’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rates.

	<u>1% Decrease (6.50%)</u>	<u>Healthcare Cost Trend Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Total OPEB liability	\$ 497,528	563,884	643,408

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized OPEB expense of \$68,632. At June 30, 2021, the County reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,610	115,256
Changes in assumptions	40,244	-
Total	<u>\$ 57,854</u>	<u>115,256</u>

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

Year ending June 30,	Amount
2022	\$ (7,948)
2023	(7,948)
2024	(7,949)
2025	(11,197)
2026	(11,197)
Thereafter	<u>(11,163)</u>
	<u>\$ (57,402)</u>

(10) Risk Management

The County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Employee Health Insurance Plan

The Internal Service, Employee Health Insurance Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark Blue Cross Blue Shield. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark Blue Cross Blue Shield from the Employee Health Insurance Fund. The County's contribution to the fund for the year ended June 30, 2021 was \$1,517,570.

Amounts payable from the Employee Health Insurance Fund at June 30, 2021 total \$73,797, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$2,916,476 at June 30, 2021 and is reported as a designation of the Internal Service, Employee Health Insurance Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 31,790
Incurred claims (including claims incurred but not reported at June 30, 2021)	1,033,892
Payment on claims during the fiscal year	<u>991,885</u>
Unpaid claims end of year	<u>\$ 73,797</u>

(12) Contingent Liability

The County has provided a local government guarantee for a portion of the closure and postclosure care costs of the Northwest Iowa Area Solid Waste Agency required by Chapter 567-113.14 of the Iowa Administrative Code. The County’s financial assurance obligation is \$306,000.

(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.

Tax Abatements of Other Entities

Other entities within the County also provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Anywhere offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Paullina	Urban renewal and economic development projects	\$ 5,750
City of Primghar	Urban renewal and economic development projects	4,654
City of Sheldon	Urban renewal and economic development projects	6,351

(14) O'Brien County Financial Information Included in Sioux Rivers Regional Mental Health and Disability Services

Sioux Rivers Mental Health and Disabilities Services, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Emmet County, Dickinson County, Lyon County, O'Brien County, Plymouth County and Sioux County. The financial activity of O'Brien County's Special Revenue, Mental Health Fund is included in Sioux Rivers Regional Mental Health and Disability Services for the year ended June 30, 2021, as follows:

Revenues:		
Property and other county tax		\$ 402,490
Intergovernmental revenues:		
State tax credits		<u>31,777</u>
Total revenues		<u>434,267</u>
Expenditures:		
Services to persons with:		
Mental illness		74,917
General administration:		
Direct administration	\$ 2,248	
Distribution to regional fiscal agent	<u>621,570</u>	<u>623,818</u>
Total expenditures		698,735
Excess of expenditures over revenues		(264,468)
Fund balance beginning of the year		<u>331,688</u>
Fund balance end of the year		<u>\$ 67,220</u>

(15) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ended 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.

(16) 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 O'Brien County, remains uncertain.

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

(17) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. In addition, material amounts of receivables were not recorded during the year ended June 30, 2020.

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	\$ 41,715,038	-
Change to correct receivables	517,032	-
Change to implement GASBS No. 84	-	2,756,304
Net position July 1, 2020, as restated	<u>\$ 42,232,070</u>	<u>2,756,304</u>

Required Supplementary Information

O'Brien 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	\$ 7,641,124	-	7,641,124
Interest and penalty on property tax	64,282	-	64,282
Intergovernmental	8,957,993	92,068	8,865,925
Licenses and permits	122,918	-	122,918
Charges for service	721,841	-	721,841
Use of money and property	236,639	808	235,831
Miscellaneous	277,149	30,652	246,497
Total receipts	18,021,946	123,528	17,898,418
Disbursements:			
Public safety and legal services	3,953,159	-	3,953,159
Physical health and social services	454,951	-	454,951
Mental health	699,579	-	699,579
County environment and education	1,588,441	599,836	988,605
Roads and transportation	4,665,659	-	4,665,659
Governmental services to residents	690,738	-	690,738
Administration	1,391,280	-	1,391,280
Non-program	7,792	-	7,792
Debt service	96,016	96,016	-
Capital projects	1,068,365	-	1,068,365
Total disbursements	14,615,980	695,852	13,920,128
Excess (deficiency) of receipts over (under) disbursements	3,405,966	(572,324)	3,978,290
Other financing sources, net	585,945	574,512	11,433
Change in balances	3,991,911	2,188	3,989,723
Balance beginning of year	9,785,839	168,123	9,617,716
Balance end of year	\$ 13,777,750	170,311	13,607,439

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,468,568	7,528,344	112,780
28,600	22,628	41,654
5,395,461	5,806,161	3,059,764
114,500	114,500	8,418
540,725	584,415	137,426
279,373	198,191	37,640
98,700	128,645	117,852
<u>13,925,927</u>	<u>14,382,884</u>	<u>3,515,534</u>
4,266,396	4,271,204	318,045
483,517	520,365	65,414
738,382	740,382	40,803
1,201,929	1,201,929	213,324
5,361,491	5,361,491	695,832
694,456	716,913	26,175
1,458,059	1,482,496	91,216
12,800	12,792	5,000
-	-	-
<u>2,598,964</u>	<u>2,583,964</u>	<u>1,515,599</u>
<u>16,815,994</u>	<u>16,891,536</u>	<u>2,971,408</u>
(2,890,067)	(2,508,652)	6,486,942
5,000	5,000	6,433
(2,885,067)	(2,503,652)	6,493,375
9,557,098	9,557,098	60,618
<u>6,672,031</u>	<u>7,053,446</u>	<u>6,553,993</u>

O'Brien 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	\$ 18,021,946	(1,481,504)	16,540,442
Expenditures	14,615,980	48,637	14,664,617
Net	3,405,966	(1,530,141)	1,875,825
Other financing sources, net	585,945	-	585,945
Beginning fund balances	9,785,839	1,305,214	11,091,053
Ending fund balances	<u>\$ 13,777,750</u>	<u>(224,927)</u>	<u>13,552,823</u>

See accompanying independent auditor's report.

O'Brien County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, and the Special Revenue Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$75,542. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2021, disbursements did not exceed the amounts budgeted by function.

O'Brien County

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

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

Required Supplementary Information

	2021	2020	2019	2018
County's proportion of the net pension liability	0.050451%	0.045239%	0.047371%	0.048382%
County's proportionate share of the net pension liability	\$ 3,544	2,620	2,998	3,223
County's covered payroll	\$ 5,246	4,939	4,874	4,589
County's proportionate share of the net pension liability as a percentage of its covered payroll	67.56%	53.05%	61.51%	70.23%
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
0.049687%	0.045775%	0.042809%
3,127	2,262	1,698
4,546	4,374	4,237
68.79%	51.71%	40.08%
81.82%	85.19%	87.61%

O'Brien 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	\$ 523	499	474	444
Contributions in relation to the statutorily required contribution	<u>(523)</u>	<u>(499)</u>	<u>(474)</u>	<u>(444)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 5,537	5,246	4,939	4,874
Contributions as a percentage of covered payroll	9.45%	9.51%	9.60%	9.11%

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
420	418	404	391	368	339
(420)	(418)	(404)	(391)	(368)	(339)
-	-	-	-	-	-
4,589	4,546	4,374	4,237	4,065	3,947
9.15%	9.19%	9.24%	9.23%	9.05%	8.59%

O'Brien 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.

O'Brien 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	\$ 62,677	45,412	44,525	28,297
Interest cost	13,903	18,093	20,022	15,557
Difference between expected and actual experiences	17,035	(80,258)	(79,249)	5,756
Changes in assumptions	16,741	13,026	11,931	16,986
Benefit payments	(12,814)	-	-	-
Net change in total OPEB liability	97,542	(3,727)	(2,771)	66,596
Total OPEB liability beginning of year	466,342	470,069	472,840	406,244
Total OPEB liability end of year	\$ 563,884	466,342	470,069	472,840
Covered-employee payroll	\$ 5,596,045	4,985,358	4,742,285	4,593,012
Total OPEB liability as a percentage of covered-employee payroll	10.1%	9.4%	9.9%	10.3%

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, 2020	2.19%
Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	4.00%

O'Brien County

Supplementary Information

O'Brien County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2021

			Special
	Resource Enhancement and Protection	County Recorder's Records Management	Federal Drug Reimbursement
Assets			
Cash, cash equivalents and pooled investments	\$ 207,824	28,092	4,477
Receivables:			
Drainage assessments	-	-	-
Due From Other Governments	-	-	-
Total assets	\$ 207,824	28,092	4,477
Liabilities, Deferred Inflows of Resources and Fund Balances			
Deferred inflows of resources:			
Unavailable revenues:			
Other	-	-	-
Fund balances:			
Restricted for:			
Drainage purposes	-	-	-
Other purpose	207,824	28,092	4,477
Total fund balances	207,824	28,092	4,477
Total liabilities, deferred inflows of resources and fund balances	\$ 207,824	28,092	4,477

See accompanying independent auditor's report.

Revenue					
County Attorney Forfeiture	Housing Rehab	Special Environment	Little Sioux Valley Conservation Association	Drainage Districts	Total
4,524	16,506	5,341	94,713	75,598	437,075
-	-	-	-	159,621	159,621
-	-	-	-	471,214	471,214
4,524	16,506	5,341	94,713	706,433	1,067,910
-	-	-	-	630,835	630,835
-	-	-	-	75,598	75,598
4,524	16,506	5,341	94,713	-	361,477
4,524	16,506	5,341	94,713	75,598	437,075
4,524	16,506	5,341	94,713	706,433	1,067,910

O'Brien County

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

Year ended June 30, 2021

	Resource Enhancement and Protection	County Recorder's Records Management	Special Federal Drug Reimbursement
Revenues:			
Intergovernmental	\$ 10,692	-	-
Charges for service	-	4,127	-
Use of money and property	924	188	-
Miscellaneous	-	-	-
Total revenues	<u>11,616</u>	<u>4,315</u>	<u>-</u>
Expenditures:			
Operating:			
County environment and education	12,809	-	-
Government services to residents	-	13,991	-
Debt service	-	-	-
Total expenditures	<u>12,809</u>	<u>13,991</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(1,193)	(9,676)	-
Other financing sources:			
Drainage warrants issued	-	-	-
Changes in fund balances	(1,193)	(9,676)	-
Fund balances beginning of year	<u>209,017</u>	<u>37,768</u>	<u>4,477</u>
Fund balances end of year	<u>\$ 207,824</u>	<u>28,092</u>	<u>4,477</u>

See accompanying independent auditor's report.

Revenue						
County			Little Sioux			
Attorney	Housing	Special	Valley	Conservation	Drainage	
Forfeiture	Rehab	Environment	Association		Districts	Total
-	-	-	-	-	92,068	102,760
-	-	-	-	-	-	4,127
-	35	11	207	601		1,966
1,481	3,379	-	22,815	7,837		35,512
1,481	3,414	11	23,022	100,506		144,365
-	4,838	-	8,805	591,031		617,483
-	-	-	-	-		13,991
-	-	-	-	96,016		96,016
-	4,838	-	8,805	687,047		727,490
1,481	(1,424)	11	14,217	(586,541)		(583,125)
-	-	-	-	574,512		574,512
1,481	(1,424)	11	14,217	(12,029)		(8,613)
3,043	17,930	5,330	80,496	87,627		445,688
4,524	16,506	5,341	94,713	75,598		437,075

Schedule 3

O'Brien County

Combining Schedule of Net Position
Internal Service Funds

June 30, 2021

	Employee Health Insurance	Workers' Compensation Self Insurance	Total
Current Assets			
Cash and cash equivalents	\$ 1,231,910	13,765	1,245,675
Investments	1,750,100	-	1,750,100
Receivables:			
Accounts	7,713	-	7,713
Accrued interest receivable	550	-	550
Total current assets	2,990,273	13,765	3,004,038
Current Liabilities			
Accounts payable	73,797	-	73,797
Net Position			
Unrestricted	\$ 2,916,476	13,765	2,930,241

See accompanying independent auditor's report.

O'Brien County

Combining Schedule of Revenues, Expenses and
Changes in Fund Net Position
Internal Service Funds

Year ended June 30, 2021

	Employee Health Insurance	Workers' Compensation Self Insurance	Total
Operating revenues:			
Reimbursements from operating funds	\$ 1,517,570	-	1,517,570
Reimbursements from others	10,896	-	10,896
Total operating revenues	1,528,466	-	1,528,466
Operating expenses:			
Health claims	1,033,892	-	1,033,892
Administrative services	338,383	646	339,029
Total operating expenses	1,372,275	646	1,372,921
Operating income (loss)	156,191	(646)	155,545
Non-operating revenues:			
Interest income	20,948	-	20,948
Net income (loss)	177,139	(646)	176,493
Net position beginning of year	2,739,337	14,411	2,753,748
Net position end of year	\$ 2,916,476	13,765	2,930,241

See accompanying independent auditor's report.

O'Brien County

O'Brien County

Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2021

	Employee Health Insurance	Workers' Compensation Self Insurance	Total
Cash flows from operating activities:			
Cash received from operating fund reimbursements	\$ 1,514,031	-	1,514,031
Cash received from others	10,896	-	10,896
Cash paid to suppliers for services	(1,330,268)	(646)	(1,330,914)
Net cash provided (used) by operating activities	194,659	(646)	194,013
Cash flows from investing activities:			
Interest on investments	22,692	-	22,692
Cash received from investments in certificates of deposit	2,890	-	2,890
Net cash provided by investing activities	25,582	-	25,582
Increase (decrease) in cash and cash equivalents	220,241	(646)	219,595
Cash and cash equivalents beginning of year	1,011,669	14,411	1,026,080
Cash and cash equivalents end of year	\$ 1,231,910	13,765	1,245,675
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 156,191	(646)	155,545
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Accounts receivable	(3,539)	-	(3,539)
Accounts payable	42,007	-	42,007
Net cash provided (used) by operating activities	\$ 194,659	(646)	194,013

See accompanying independent auditor's report.

O'Brien County

Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,312	273,231	112,317	10,554
Other County officials	71,654	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	77	91	5,111	360
Succeeding year	-	254,000	389,000	13,256,000	1,234,000
Accounts	1,511	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	73,165	256,389	662,322	13,373,428	1,244,914
Liabilities					
Accounts payable	-	-	3,515	-	-
Due to other governments	33,989	2,312	-	112,317	10,554
Trusts payable	39,176	-	-	-	-
Compensated absences	-	-	16,772	-	-
Total liabilities	73,165	2,312	20,287	112,317	10,554
Deferred inflows of resources					
Unavailable revenues	-	254,000	389,000	13,256,000	1,234,000
Net Position					
Restricted for individuals, organizations and other governments	\$ -	77	253,035	5,111	360

See accompanying independent auditor's report.

Corporations	Townships	Auto License, Use Tax and Driver's License	911 Surcharges	Other	Total
47,265	2,923	478,298	480,834	149,388	1,557,122
-	-	-	-	-	71,654
1,879	35	-	-	1	7,554
7,208,000	372,000	-	-	3,000	22,716,000
-	-	-	7,425	395	9,331
-	-	-	-	208,384	208,384
-	-	-	62,290	3,000	65,290
7,257,144	374,958	478,298	550,549	364,168	24,635,335
-	-	-	695	7,747	11,957
47,265	2,923	478,298	95	74,873	762,626
-	-	-	-	11,302	50,478
-	-	-	-	24,597	41,369
47,265	2,923	478,298	790	118,519	866,430
7,208,000	372,000	-	-	3,000	22,716,000
1,879	35	-	549,759	242,649	1,052,905

O'Brien 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	Community Colleges
Additions:					
Property and other county tax	\$ -	256,367	311,591	12,452,578	1,185,006
911 surcharge	-	-	-	-	-
State tax credits	-	20,294	24,662	1,012,731	95,651
Office fees and collections	1,484,234	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Special assessments	-	-	-	-	-
Trusts	339,774	-	-	-	-
Miscellaneous	-	-	3,520	-	-
Total additions	<u>1,824,008</u>	<u>276,661</u>	<u>339,773</u>	<u>13,465,309</u>	<u>1,280,657</u>
Deductions:					
Agency remittances:					
To other funds	1,152,850	-	-	-	-
To other governments	331,582	277,341	329,097	13,493,027	1,283,239
Trusts paid out	339,576	-	-	-	-
Total deductions	<u>1,824,008</u>	<u>277,341</u>	<u>329,097</u>	<u>13,493,027</u>	<u>1,283,239</u>
Changes in net position	-	(680)	10,676	(27,718)	(2,582)
Net position beginning of year, as restated	-	757	242,359	32,829	2,942
Net position end of year	<u>\$ -</u>	<u>77</u>	<u>253,035</u>	<u>5,111</u>	<u>360</u>

See accompanying independent auditor's report.

Corporations	Townships	Auto License, Use Tax and Driver's License	911 Surcharges	Regional Mental Health	Other	Total
6,709,463	306,850	-	-	-	2,901	21,224,756
-	-	-	232,299	-	-	232,299
962,383	16,121	-	-	-	230	2,132,072
-	-	-	-	-	-	1,484,234
-	-	5,937,691	-	-	-	5,937,691
-	-	-	-	-	3,086	3,086
-	-	-	-	-	64,172	403,946
-	-	-	2,325	-	191,701	197,546
7,671,846	322,971	5,937,691	234,624	-	262,090	31,615,630
-	-	187,681	-	-	-	1,340,531
7,707,330	323,225	5,750,010	207,188	1,562,240	310,471	31,574,750
-	-	-	-	-	64,172	403,748
7,707,330	323,225	5,937,691	207,188	1,562,240	374,643	33,319,029
(35,484)	(254)	-	27,436	(1,562,240)	(112,553)	(1,703,399)
37,363	289	-	522,323	1,562,240	355,202	2,756,304
1,879	35	-	549,759	-	242,649	1,052,905

O'Brien 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	\$ 6,945,877	5,890,979	5,855,926	6,678,801
Local option sales tax	698,972	708,500	629,051	593,784
Tax increment financing	-	-	-	-
Interest and penalty on property tax	64,282	23,088	36,951	42,262
Intergovernmental	7,463,669	5,924,140	5,652,202	5,647,010
Licenses and permits	125,624	85,325	121,992	121,359
Charges for service	738,686	622,826	598,909	627,722
Use of money and property	230,331	368,469	427,533	293,350
Miscellaneous	273,001	431,217	554,900	222,578
Total	\$ 16,540,442	14,054,544	13,877,464	14,226,866
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,962,536	3,462,733	3,385,615	3,171,369
Physical health and social services	456,243	408,596	435,469	489,779
Mental health	699,761	209,917	139,997	409,869
County environment and education	1,595,568	1,225,173	1,163,616	1,052,900
Roads and transportation	4,564,411	5,448,753	5,012,030	4,417,507
Governmental services to residents	690,395	618,506	606,356	579,165
Administration	1,378,716	1,563,944	1,192,553	1,383,603
Non-program	7,792	28,488	47,034	98,740
Debt service	96,016	170,561	189,649	272,458
Capital projects	1,213,179	2,172,791	859,459	1,961,307
Total	\$ 14,664,617	15,309,462	13,031,778	13,836,697

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
7,070,274	7,070,445	5,647,504	5,643,094	5,507,469	5,370,568
674,321	571,246	496,833	464,700	501,867	502,532
-	21,775	263,343	586,956	597,052	454,053
41,381	40,146	47,003	37,618	64,261	36,263
6,181,575	5,308,263	5,018,196	5,650,951	4,726,524	5,439,839
160,281	272,402	104,028	309,211	112,510	115,771
544,145	560,990	517,915	557,920	504,716	471,117
221,935	217,321	194,059	179,802	177,478	170,412
447,082	173,763	225,334	228,701	193,632	116,155
15,340,994	14,236,351	12,514,215	13,658,953	12,385,509	12,676,710
3,034,429	2,959,086	2,946,246	3,053,886	2,855,852	2,744,927
426,730	415,653	432,384	425,074	385,576	416,749
607,257	750,298	917,950	951,114	907,760	1,928,652
1,214,268	908,779	858,867	908,450	904,547	890,612
4,254,380	5,130,878	4,351,451	3,996,617	3,713,831	3,533,717
534,193	547,206	522,927	640,455	524,493	516,709
1,517,055	1,340,722	1,174,974	1,282,709	1,058,352	978,377
832,092	30,160	6,958	6,676	6,456	5,944
284,710	277,585	862,618	736,770	2,502,239	732,305
1,416,266	686,432	342,107	1,360,912	1,189,761	288,466
14,121,380	13,046,799	12,416,482	13,362,663	14,048,867	12,036,458

Schedule 9

O'Brien County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY21	<u>\$ 11,771</u>
U.S. Department of the Treasury:			
Iowa Department of Revenue:			
COVID-19, Coronavirus Relief Fund	21.019		<u>279,246</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	588BT10	<u>14,068</u>
COVID-19, Immunization Cooperative Agreements	93.268	58811467	<u>11,959</u>
COVID-19, Immunization Cooperative Agreements	93.268	5885BT471	<u>8,626</u>
			<u>20,585</u>
U.S. Election Assistance Commission:			
Iowa Secretary of State:			
HAVA Election Security Grants	90.404	371-11320-HAVACARES	<u>16,083</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Title IV-E Prevention Program	93.472	FY21	<u>462</u>
Foster Care Title IV-E	93.658	FY21	<u>3,086</u>
Adoption Assistance	93.659	FY21	<u>1,511</u>
Social Services Block Grant	93.667	FY21	<u>2,812</u>
State Children's Insurance Program	93.767	FY21	<u>250</u>
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY21	<u>2,575</u>
Medicaid Cluster:			
Medical Assistance Program	93.778	FY21	<u>10,218</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense - Homeland Security			
Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4386 DRIA	428,855
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4421 DRIA	220,501
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4483 DRIA	<u>43,405</u>
			<u>692,761</u>
Total Indirect			<u>\$ 1,055,428</u>

O'Brien 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 O'Brien County under programs of the federal Revigovernment 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 O'Brien County, it is not intended to and does not present the financial position, changes in financial position or cash flows of O'Brien 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 – O'Brien 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 O'Brien 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 O'Brien 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 June 7, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered O'Brien County's internal control over financial reporting as a basis for designing the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of O'Brien County's internal control. Accordingly, we do not express an opinion on the effectiveness of O'Brien 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiencies described in Part II to the accompanying Schedule of Findings and Questioned Costs as items II-A-21 and II-B-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether O'Brien 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.

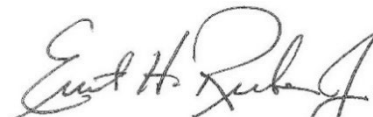
O'Brien County's Responses to the Findings

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

June 7, 2022



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

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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 O'Brien County:

Report on Compliance for Each Major Federal Program

We have audited O'Brien 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 program for the year ended June 30, 2021. O'Brien County's major federal program is 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 O'Brien County's major federal program 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 O'Brien 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 program. However, our audit does not provide a legal determination of O'Brien County's compliance.

Opinion on the Major Federal Program

In our opinion, O'Brien 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 program for the year ended June 30, 2021.

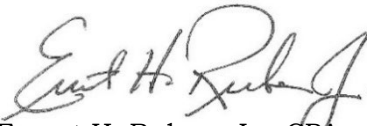
Report on Internal Control Over Compliance

The management of O'Brien 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 O'Brien County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 O'Brien 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 noncompliance 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 noncompliance 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 preceding paragraph 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 weaknesses in internal control over compliance we consider to be material weaknesses.

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

June 7, 2022

O'Brien 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) No material weaknesses in internal control over the major program was noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was 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) O'Brien County did not qualify as a low-risk auditee.

O'Brien 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
(2021-001)

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

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

	Applicable Offices
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Treasurer, Recorder, Public Health
(2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash. In addition, for the Sheriff's office, responsibilities for receipts are not being performed during employee's absence.	Treasurer, Recorder, Sheriff, Public Health, and Conservation
(3) Bank reconciliations are not performed by a person who does not record cash receipts or prepare checks. In addition, bank reconciliations are not reviewed periodically by an independent person for propriety	Sheriff Civil and Commissary Account
(4) Accounts receivable – collecting, posting and reconciling.	Treasurer

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 offices' 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.

O'Brien County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, 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. Such reviews should be performed by independent persons and the reviews should be documented by the signature of initials of the reviewer and the date of the review.

Responses –

County Treasurer – With a limited staff, it is hard to segregate duties, but we will try to comply with the recommendations that were made.

County Recorder – With limited staff, we will continue to segregate duties as much as possible.

County Sheriff – With limited staff, we will continue to segregate duties whenever possible.

County Public Health – We are a very small office which makes it very hard to segregation duties. We will continue to look for alternate ways to segregate duties with our limited staff.

Conservation – With limited staff, we do the best we can to segregate duties, whenever possible.

Conclusion – Responses acknowledged. The Offices should also consider utilizing personnel from other offices or departments to provide additional internal control.

II-B-21 Financial Reporting
(2021-002)

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 were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – County policies do not require, and procedures have not been established to require independent review of year end cut-off transactions including reimbursements for completed construction projects 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.

O'Brien County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

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

Response – We shall attempt to comply in the future by having a dialogue with the various departments regarding anticipated revenues.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

O'Brien 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:

No material weaknesses in internal control over the major program was noted.

O'Brien 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.
- 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 – The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Dan Friedrichsen, Board of Supervisors, employee of Neal Chase Lumber Company	Repairs, hardware and maintenance supplies	\$ 7,217
Kari Kathman, spouse of Conservation Ranger	Cleaning services	5,400
Wetherell Sand & Gravel, owner is spouse of County employee	Maintenance supplies	1,547
Mary Helfter, sister-in-law of Deputy Auditor	Election assistance	873
Dalton Lode, son of Secondary Roads employee	Administrative services	765
Joshua Hicks, son of Conservation employee	Administrative services	729
Mary Newell, sister of Deputy Auditor	Election assistance	721
Joan Thompson, sister-in-law of Deputy Auditor	Election assistance	700
Beverly Brouwer, mother of Deputy Recorder	Election assistance	487
Molly Hicks, Conservation employee	Cleaning services	450
Buck's Lawn Services, owner is spouse of County Recorder	Lawn services	450
Abby Wallin, County employee	Election assistance	329
Gavin Heeren, Son of Secondary Roads employee	Mowing	295
Carol McDowell, mother of County Supervisor	Election assistance	291
Ellen Meerdink, niece of Deputy Auditor	Administrative services	278
Sarah Rohwer, daughter of County Auditor	Election assistance	259
Aimee Jenness, Recorder's Clerk	Election assistance	242
Seth Hobson, Secondary Roads employee	Mowing	225
Bode Baily, son of Secondary Roads employee	Mowing	225
Janelle Schuknect, spouse of County Sheriff	Cleaning services	199
Ryan Jenness, brother of Recorder's Clerk	Election assistance	74
Brenton Thomas, son of Deputy Assessor	Administrative services	68

O'Brien County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

The transactions with Neal Chase Lumber Company do not appear to represent a conflict in accordance with Chapter 331.342(2)(d) since the employee has an interest solely by reason of employment.

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the remaining transactions do not represent a conflict of interest since the total transactions with each were less than \$6,000 during the fiscal year.

- IV-E-21 Restricted Donor Activity – Per Chapter 68B of the Code of Iowa, County officials are prohibited from receiving or soliciting gifts from a restricted donor. A restricted donor per Chapter 68B.2(24)(a) is a “party to any one or any combination of sales, purchases, leases or contracts to, from, or with the agency in which the donee holds office or is employed.” No restricted donor activity was identified.
- 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).

O'Brien County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Cole L. Hocker, CPA, Manager
Ethan M. Snedigar, Staff Auditor
Joe G. Timmons, Staff Auditor
Matthew W. Beerman, Assistant Auditor
Jared M. Ernst, Assistant Auditor
Brett A. Logsdon, Assistant Auditor
Zachary T. Shaw, Assistant Auditor