



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

Rob Sand  
Auditor of State

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

**NEWS RELEASE**

Contact: Ernest Ruben  
515/281-5834

FOR RELEASE

September 2, 2022

---

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

**FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$11,863,193 for the year ended June 30, 2021, a 12.3% increase over the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$10,898,499, a 1.2% decrease from the prior year. The significant increase in the revenues is due primarily to increased receipts from local option sales tax, road use tax, reimbursements related to the CARES act and funds received from the Iowa Department of Transportation for road infrastructure projects.

**AUDIT FINDINGS:**

Sand reported five findings related to the receipt and expenditure of taxpayer funds. They are found on pages 78 through 83 of this report. The findings address issues such as lack of segregation of duties, lack of a written disaster recovery plan, lack of monthly Department of Public Health billing reconciliations and disbursements exceeding budgeted amounts by function. Sand provided the County with recommendations to address each of these findings.

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

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

###

**APPANOOSE COUNTY**

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

**JUNE 30, 2021**

**Appanoose County**



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

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

Rob Sand  
Auditor of State

August 22, 2022

Officials of Appanoose County, Iowa  
Centerville, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Appanoose County, Iowa, for the year ended June 30, 2021. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Appanoose County, Iowa, 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 that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand  
Auditor of State

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-7
Management’s Discussion and Analysis		8-14
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Proprietary Fund Financial Statements:		
Statement of Net Position	G	25
Statement of Revenues, Expenses and Changes in Fund Net Position	H	26
Statement of Cash Flows	I	27
Fiduciary Fund Financial Statement:		
Statement of Net Position – Custodial Funds	J	28
Statement of Changes in Fiduciary Net Position – Custodial Funds	K	29
Notes to Financial Statements		30-51
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		54
Budget to GAAP Reconciliation		55
Notes to Required Supplementary Information – Budgetary Reporting		57
Schedule of the County’s Proportionate Share of the Net Pension Liability		58-59
Schedule of County Contributions		60-61
Notes to Required Supplementary Information – Pension Liability		62
Schedule of Changes in the County’s Total OPEB Liability, Related Ratios and Notes		63
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	66-67
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	68-69
Custodial Funds:		
Combining Schedule of Fiduciary Net Position	3	70-71
Combining Schedule of Changes in Fiduciary Net Position	4	72-73
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	74-75
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		76-77
Schedule of Findings		78-83
Staff		84

**Appanoose County**

**Officials**

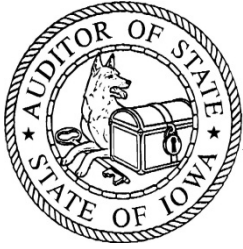
**(Before January 2021)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Linda Demry	Board of Supervisors	Jan 2021
Neal Smith	Board of Supervisors	Jan 2021
Mark Waits	Board of Supervisors	(Resigned Aug 2020)
Mark McGill (Appointed Aug 2020)	Board of Supervisors	Nov 2020
Kelly Howard	County Auditor	Jan 2021
Janet Davis	County Treasurer	Jan 2023
Teddy Walker	County Recorder	Jan 2023
Gary Anderson	County Sheriff	Jan 2021
Susan Scieszinski	County Attorney	Jan 2023
Michael Barth	County Assessor	Jan 2022

**(After January 2021)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jeff Kulmatycki (Elected Nov 2020)	Board of Supervisors	Jan 2023
Linda Demry	Board of Supervisors	Jan 2025
Mark McGill	Board of Supervisors	Jan 2025
Kelly Howard	County Auditor	Jan 2025
Janet Davis	County Treasurer	Jan 2023
Teddy Walker	County Recorder	Jan 2023
Gary Anderson	County Sheriff	Jan 2025
Susan Scieszinski	County Attorney	Jan 2023
Michael Barth	County Assessor	Jan 2022

**Appanoose County**



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

Rob Sand  
Auditor of State

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

Independent Auditor's Report

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

## Emphasis of a Matter

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

## 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 54 through 63 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.

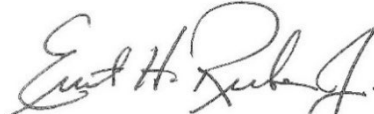
### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Appanoose County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

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



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

August 22, 2022

---

---

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

---

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

### **2021 FINANCIAL HIGHLIGHTS**

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated by \$1,381,353, to retroactively report in accordance with the GASBS.
- The County's governmental activities revenues increased 12.3%, or \$1,297,114, from fiscal year 2020 to fiscal year 2021. Charges for service increased approximately \$77,000 while operating grants, contributions and restricted interest, capital grants, contributions and restricted interest and property and local option sales tax increased approximately \$618,000, \$207,000 and \$254,000, respectively.
- The County's governmental activities expenses decreased 1.2%, or \$133,557, from fiscal year 2020 to fiscal year 2021.
- The County's net position increased 3.5%, or \$964,694, 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 Appanoose 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 Appanoose 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 Appanoose County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

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

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

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

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

The funds financial statements provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

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 and 3) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

Net Position of Governmental Activities		
	June 30,	
	2021	2020
Current and other assets	\$ 26,029,866	16,222,829
Capital assets	20,413,025	19,352,460
Total assets	46,442,891	35,575,289
Deferred outflows of resources	813,984	701,080
Long-term liabilities	12,234,070	3,014,570
Other liabilities	1,769,427	383,209
Total liabilities	14,003,497	3,397,779
Deferred inflows of resources	4,709,178	5,299,084
Net position:		
Net investment in capital assets	19,365,154	19,352,460
Restricted	8,470,497	7,503,573
Unrestricted	708,549	723,473
Total net position	\$ 28,544,200	27,579,506

The net positions of Appanoose County’s governmental activities increased 3.5% (approximately \$28.5 million compared to approximately \$27.6 million).

The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment). This net position category increased slightly over the prior year.

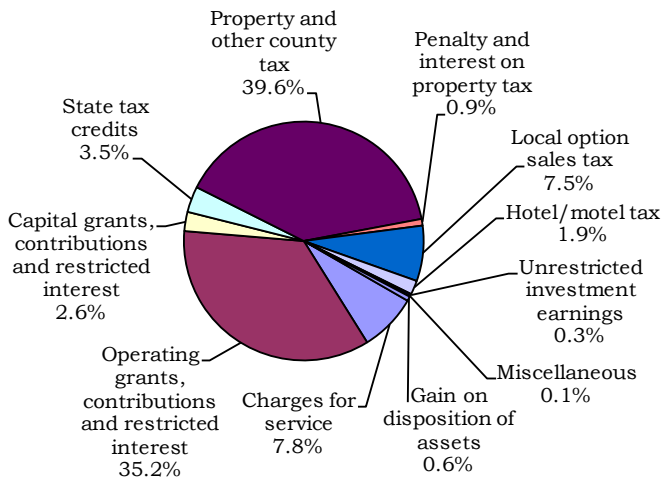
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased \$966,924, or 12.8% over the prior year due to bond proceeds received in the Capital Projects fund which will be used to construct a new law enforcement center.

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 – decreased from approximately \$723,000 at June 30, 2020 to approximately \$709,000 at June 30, 2021, a decrease of 2.1%.

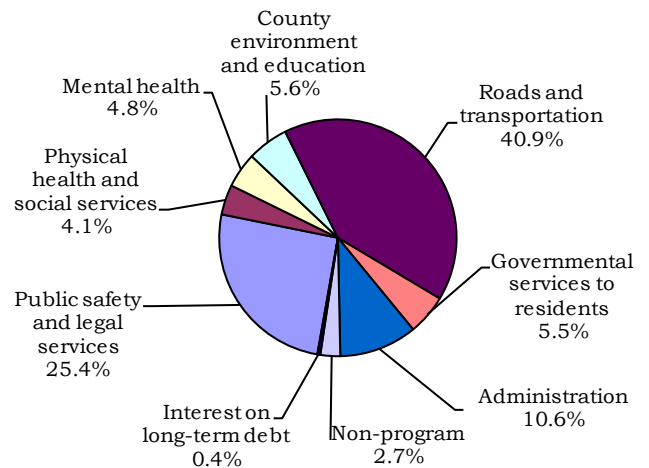
**Changes in Net Position of Governmental Activities**

	Year ended June 30,	
	2021	2020 (Not Restated)
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 921,342	844,230
Operating grants, contributions and restricted interest	4,177,129	3,559,015
Capital grants, contributions and restricted interest	304,164	96,667
<b>General revenues:</b>		
Property and other county tax	4,698,871	4,576,097
Penalty and interest on property tax	103,715	48,158
State tax credits	420,272	460,158
Local option sales tax	890,987	637,261
Hotel/motel tax	221,922	204,220
Unrestricted investment earnings	33,756	112,046
Gain on disposition of assets	77,056	11,000
Miscellaneous	13,979	17,227
<b>Total revenues</b>	<b>11,863,193</b>	<b>10,566,079</b>
<b>Program expenses:</b>		
Public safety and legal services	2,772,964	2,436,574
Physical health and social services	450,140	458,678
Mental health	528,054	778,966
County environment and education	605,023	721,404
Roads and transportation	4,451,742	4,732,038
Governmental services to residents	603,234	563,235
Administration	1,156,122	1,079,038
Non-program	291,678	245,023
Interest on long-term debt	39,542	17,100
<b>Total expenses</b>	<b>10,898,499</b>	<b>11,032,056</b>
Change in net position	964,694	(465,977)
Net position beginning of year, as restated	27,579,506	28,045,483
Net position end of year	\$ 28,544,200	27,579,506

**Revenues by Source**



**Expenses by Program**



Appanoose County's governmental activities net position increased approximately \$965,000. Revenues for governmental activities increased approximately \$1,297,000 over the prior year. Charges for service increased approximately \$77,000 while operating grants, contributions and restricted interest, capital grants, contributions and restricted interest and property and local option sales tax increased approximately \$618,000, \$207,000 and \$254,000, respectively.

The increase in operating grant, contributions and restricted interest was primarily due to the County receiving CARES funding used to reimburse payroll expense for public safety and physical health and social services personnel. The increase in capital grant, contributions and restricted interest was primarily due to funds received from the Iowa Department of Transportation for road infrastructure projects. The increase in local option sales tax is related to the COVID-19 pandemic slowing down allowing the economy to stabilize.

For fiscal year 2021, taxable property valuation increased approximately \$66.1 million, and the tax levy rate decreased \$1.60893 per \$1,000 of taxable valuation. These changes resulted in an increase in property tax revenue of approximately \$123,000. The total Appanoose County assessed taxable property valuation for property tax payable in fiscal year 2021 increased approximately \$12.1 million and the tax levy rate is set to decrease \$0.66557 per \$1,000 of taxable valuation. Property tax revenue is budgeted to decrease approximately \$205,000 next year.

The cost of all governmental activities this year was approximately \$10.9 million compared to approximately \$11.0 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these projects was approximately \$5.5 million because some of the cost was paid by those directly benefiting from the programs (approximately \$921,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,481,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2021 from approximately \$4,500,000 to approximately \$5,403,000, principally due to increased operating and capital grants for payroll reimbursement from the CARES Act and bridge projects in fiscal year 2021. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Appanoose County completed the year, its governmental funds reported a combined fund balance of approximately \$19.6 million, an increase of approximately \$8.8 million over last year's total. 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 \$448,000, or 10.3%, over the prior year partly due to an increase in intergovernmental revenues. Expenditures increased approximately \$427,000 or 9.7% over the prior year. The ending fund balance decreased \$23,289 during the year to \$5,461,470.
- The Special Revenue, Mental Health Fund balance increased \$78,375 during the year to \$212,018. Revenues increased approximately \$50,000, or 8.9% over the prior year. Expenditures decreased approximately \$248,000, or 31.9%, from the prior year due to a decrease in distributions to the region.
- Special Revenue, Rural Services Fund expenditures decreased approximately \$190,000 from the prior year and revenues remained consistent when compared to the prior year. The fund balance increased \$135,333 over the prior year to \$771,643.

- Special Revenue, Secondary Roads Fund expenditures increased approximately \$55,000 while revenues increased approximately \$429,000, or 11.7%, when compared to the prior year primarily due to intergovernmental receipts for infrastructure projects. The fund balance at June 30, 2021 was \$4,367,380 compared to the prior year ending fund balance of \$3,856,397, an increase of \$510,983.
- Capital Projects Fund was created in fiscal year 2021 for the purpose of constructing the new law enforcement center. Expenditures were \$1,047,957 and included costs associated with issuing the G.O. bond and payments made for the construction of the new law enforcement center. Other financing sources included long-term debt proceeds of \$7,500,000 and a premium on the bond issuance of \$1,128,308.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, Appanoose County amended its budget two times. The first amendment was made in December 2020 related to COVID related grant revenue and expenses, expenses to design a law enforcement center which was offset by a G.O. bond issuance in March 2021. The second amendment was made in April 2021. This amendment was made to add expenses and revenues for the veterans walk, expenses for REAP for the Conservation Department, to add COVID grant revenue and expenses for Public Health and additional expenses for the medical examiner.

The County’s total receipts were \$2,319,410 more than budgeted, a variance of 22.0%. The most significant variances resulted from the County receiving more in intergovernmental revenue than anticipated due to the receipt of American Rescue Act funds.

Total disbursements were \$2,227,928 less than the amended budget. Actual disbursements for the debt service and roads and transportation function were \$1,450,000 and \$436,901 respectively, less than budgeted. The actual disbursement for the capital project function exceeded budgeted amounts by \$693,229. This was primarily due to an error in the published amended budget. The second budget amendment was supposed to increase capital projects function expenditures by \$1,450,000 but was incorrectly placed on the debt service function line. Overall, the actual disbursements were less than budgeted due to construction and capital projects not being completed as anticipated during the fiscal year.

Even with the budget amendments, the County exceeded the budgeted amounts in the capital projects function for the year ended June 30, 2021.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2021, Appanoose County had approximately \$20.4 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2021	2020
Land	\$ 598,093	598,093
Buildings and improvements	884,532	946,295
Equipment and vehicles	2,943,204	2,564,275
Infrastructure	14,854,155	15,243,797
Construction in progress	1,133,041	-
Total	\$ 20,413,025	19,352,460



The County had depreciation expense of \$1,329,900 in fiscal year 2021 and total accumulated depreciation of \$15,091,290 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, Appanoose County had \$9,118,308 of long-term debt outstanding, compared to \$575,000 at June 30, 2020, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2021	2020
General obligation bonds	\$ 8,628,308	-
General obligation refunding capital loan notes	490,000	575,000
Total	<u>\$ 9,118,308</u>	<u>575,000</u>

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Appanoose County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$44 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

From fiscal year 2020 to fiscal year 2021, the countywide property taxable valuation increased approximately \$66,093,000 while the rural services property taxable valuation increased approximately \$60,274,000. From fiscal year 2021 to fiscal year 2022, the countywide property taxable valuation increased approximately \$12,074,000 while the rural services property taxable valuation increased approximately \$8,158,000.

These factors were taken into account when adopting the budget for fiscal year 2022. Revenues in the operating budget are approximately \$9,842,000, a 6.59% decrease from the final fiscal year 2021 budget. Budgeted disbursements increased approximately \$5,213,000 over the final fiscal year 2021 budget, primarily in the capital projects function. If these estimates are realized, the County's budgetary operating balance is expected to decrease 48.96% by the close of fiscal year 2022.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Appanoose 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 Appanoose County Auditor's Office, 201 N 12<sup>th</sup> Street, Centerville, Iowa 52544.

## **Basic Financial Statements**

Appanoose County  
Statement of Net Position  
June 30, 2021

	Governmental Activities
<b>Assets</b>	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 19,444,694
Receivables:	
Property tax:	
Delinquent	43,430
Succeeding year	4,351,000
Interest and penalty on property tax	105,253
Accounts	7,721
Loans	613,125
Accrued interest	1,881
Due from other governments	547,215
Inventories	870,903
Prepaid expenses	44,644
Capital assets not being depreciated	1,731,134
Capital assets, net of accumulated depreciation/amortization	18,681,891
<b>Total assets</b>	46,442,891
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	803,869
OPEB related deferred outflows	10,115
<b>Total deferred outflows of resources</b>	813,984
<b>Liabilities</b>	
Accounts payable	342,852
Salaries and benefits payable	126,745
Accrued interest payable	25,040
Due to other governments	67,987
Unearned revenue	1,206,803
Long-term liabilities:	
Portion due or payable within one year:	
General obligation refunding capital loan notes	90,000
General obligation bonds	265,000
Compensated absences	198,970
Portion due or payable after one year:	
General obligation refunding capital loan notes	400,000
General obligation bonds	8,363,308
Compensated absences	70,198
Total OPEB liability	244,512
Net pension liability	2,602,082
<b>Total liabilities</b>	14,003,497
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	4,351,000
Pension related deferred inflows	159,739
OPEB related deferred inflows	198,439
<b>Total deferred inflows of resources</b>	4,709,178
<b>Net Position</b>	
Net investment in capital assets	19,365,154
Restricted for:	
Supplemental levy purposes	2,055,386
Mental health purposes	213,036
Rural services purposes	772,572
Secondary roads purposes	4,214,143
Other purposes	1,215,360
Unrestricted	708,549
<b>Total net position</b>	\$ 28,544,200

See notes to financial statements.

Appanoose 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	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 2,772,964	167,220	334,674	-	(2,271,070)
Physical health and social services	450,140	24,387	166,014	-	(259,739)
Mental health	528,054	-	-	-	(528,054)
County environment and education	605,023	21,106	15,341	-	(568,576)
Roads and transportation	4,451,742	67,679	3,637,867	304,164	(442,032)
Governmental services to residents	603,234	324,637	22,802	-	(255,795)
Administration	1,156,122	28,904	216	-	(1,127,002)
Non-program	291,678	287,409	215	-	(4,054)
Interest on long-term debt	39,542	-	-	-	(39,542)
<b>Total</b>	<b>\$ 10,898,499</b>	<b>921,342</b>	<b>4,177,129</b>	<b>304,164</b>	<b>(5,495,864)</b>
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					4,698,871
Penalty and interest on property tax					103,715
State tax credits					420,272
Local option sales tax					890,987
Hotel/motel tax					221,922
Unrestricted investment earnings					33,756
Gain on sale of assets					77,056
Miscellaneous					13,979
<b>Total general revenues</b>					<b>6,460,558</b>
Change in net position					964,694
Net position beginning of year					27,579,506
Net position end of year					<b>\$ 28,544,200</b>

See notes to financial statements.

Appanoose County  
Balance Sheet  
Governmental Funds

June 30, 2021

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ 6,214,418	213,581	783,448	3,225,881
Receivables:				
Property tax:				
Delinquent	35,357	2,677	5,396	-
Succeeding year	3,173,000	240,000	938,000	-
Interest and penalty on property tax	105,253	-	-	-
Accounts	7,721	-	-	-
Loan	490,000	-	-	-
Accrued interest	1,811	-	-	-
Due from other governments	71,613	-	-	391,564
Inventories	-	-	-	870,903
Prepaid expenditures	44,644	-	-	-
<b>Total assets</b>	<b>\$ 10,143,817</b>	<b>456,258</b>	<b>1,726,844</b>	<b>4,488,348</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 21,941	-	4,895	75,129
Salaries and benefits payable	73,515	1,592	6,927	44,711
Due to other governments	66,859	-	-	1,128
Unearned revenue	1,206,803	-	-	-
Total liabilities	1,369,118	1,592	11,822	120,968
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,173,000	240,000	938,000	-
Other	140,229	2,648	5,379	-
Total deferred inflows of resources	3,313,229	242,648	943,379	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	870,903
Prepaid expenditures	44,644	-	-	-
Restricted for:				
Supplemental levy purposes	2,020,994	-	-	-
Mental health purposes	-	212,018	-	-
Rural services purposes	-	-	771,643	-
Secondary roads purposes	-	-	-	3,496,477
Debt service	490,000	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Unassigned	2,905,832	-	-	-
Total fund balances	5,461,470	212,018	771,643	4,367,380
<b>Total liabilities, deferred inflows of resources     and fund balances</b>	<b>\$ 10,143,817</b>	<b>456,258</b>	<b>1,726,844</b>	<b>4,488,348</b>

See notes to financial statements.

Capital Projects	Nonmajor	Total
7,808,520	1,008,197	19,254,045
-	-	43,430
-	-	4,351,000
-	-	105,253
-	-	7,721
-	123,125	613,125
70	-	1,881
-	84,038	547,215
-	-	870,903
-	-	44,644
<u>7,808,590</u>	<u>1,215,360</u>	<u>25,839,217</u>
228,153	-	330,118
-	-	126,745
-	-	67,987
-	-	1,206,803
<u>228,153</u>	<u>-</u>	<u>1,731,653</u>
-	-	4,351,000
-	-	148,256
-	-	4,499,256
-	-	870,903
-	-	44,644
-	-	2,020,994
-	-	212,018
-	-	771,643
-	-	3,496,477
-	-	490,000
7,580,437	-	7,580,437
-	1,215,360	1,215,360
-	-	2,905,832
<u>7,580,437</u>	<u>1,215,360</u>	<u>19,608,308</u>
<u>7,808,590</u>	<u>1,215,360</u>	<u>25,839,217</u>

**Appanoose County**

Appanoose County

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

June 30, 2021

**Total governmental fund balances (page 19)** \$ 19,608,308

**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 \$35,504,315 and the accumulated depreciation is \$15,091,290. 20,413,025

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. 148,256

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 177,915

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 fund, as follows:

Deferred outflows of resources	\$ 813,984	
Deferred inflows of resources	<u>(358,178)</u>	455,806

Long-term liabilities, including loans, notes, compensated absences, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (12,259,110)

**Net position of governmental activities (page 16)** \$ 28,544,200

See notes to financial statements.



Appanoose 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	\$ 3,362,729	552,855	961,721	-
Local option sales and services tax	-	-	288,482	96,160
Interest and penalty on property tax	103,211	-	-	-
Intergovernmental	815,544	53,921	113,786	3,968,940
Licenses and permits	238	-	-	5,551
Charges for service	425,401	-	-	327
Use of money and property	32,805	-	-	-
Miscellaneous	65,620	-	80	34,892
Total revenues	4,805,548	606,776	1,364,069	4,105,870
Expenditures:				
Operating:				
Public safety and legal services	2,310,104	-	349,679	-
Physical health and social services	400,524	-	45,000	-
Mental health	-	528,401	-	-
County environment and education	436,636	-	42,662	-
Roads and transportation	-	-	-	3,639,048
Governmental services to residents	582,352	-	2,957	-
Administration	998,446	-	-	-
Debt service	100,775	-	-	-
Capital projects	-	-	-	744,277
Total expenditures	4,828,837	528,401	440,298	4,383,325
Excess (deficiency) of revenues over (under) expenditures	(23,289)	78,375	923,771	(277,455)
Other financing sources (uses):				
General obligation bonds issued	-	-	-	-
Premium on bond issuance	-	-	-	-
Transfers in	-	-	-	788,438
Transfers out	-	-	(788,438)	-
Total other financing sources (uses)	-	-	(788,438)	788,438
Change in fund balances	(23,289)	78,375	135,333	510,983
Fund balances beginning of year, as restated	5,484,759	133,643	636,310	3,856,397
Fund balances end of year	\$ 5,461,470	212,018	771,643	4,367,380

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	125,279	5,002,584
-	506,345	890,987
-	-	103,211
-	66,425	5,018,616
-	-	5,789
-	3,424	429,152
86	4,173	37,064
-	-	100,592
<u>86</u>	<u>705,646</u>	<u>11,587,995</u>
-	93,487	2,753,270
-	-	445,524
-	-	528,401
-	136,894	616,192
-	-	3,639,048
-	3,000	588,309
-	-	998,446
-	-	100,775
<u>1,047,957</u>	<u>-</u>	<u>1,792,234</u>
<u>1,047,957</u>	<u>233,381</u>	<u>11,462,199</u>
<u>(1,047,871)</u>	<u>472,265</u>	<u>125,796</u>
7,500,000	-	7,500,000
1,128,308	-	1,128,308
-	-	788,438
-	-	(788,438)
<u>8,628,308</u>	<u>-</u>	<u>8,628,308</u>
7,580,437	472,265	8,754,104
-	743,095	10,854,204
<u>7,580,437</u>	<u>1,215,360</u>	<u>19,608,308</u>

Appanoose 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)** \$ 8,754,104

**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. Depreciation expense exceeded capital outlay expenditures and contributed capital assets in the current year, as follows:

Expenditures for capital assets	\$ 2,313,409	
Depreciation expense	<u>(1,329,900)</u>	983,509

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 77,056

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	(81,791)	
Other	<u>504</u>	(81,287)

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	(8,628,308)	
Repaid	<u>85,000</u>	(8,543,308)

The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 353,648

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	(37,174)	
Pension expense	(473,584)	
OPEB expense	(30,272)	
Interest on long-term debt	<u>(23,767)</u>	(564,797)

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. (14,231)

**Change in net position of governmental activities (page 17)** \$ 964,694

See notes to financial statements.

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

	<u>Internal Service - Employee Group Health</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 190,649
<b>Liabilities</b>	
Accounts payable	<u>12,734</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 177,915</u>

See notes to financial statements.

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

Year ended June 30, 2021

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Contributions from operating funds		\$ 740,054
Reimbursements from employees and others		<u>232,380</u>
Total operating revenues		972,434
Operating expenses:		
Medical and health services	\$ 974,367	
Supplemental insurance	12,125	
Miscellaneous	<u>388</u>	<u>986,880</u>
Operating income		(14,446)
Non-operating revenues:		
Interest income		<u>215</u>
Net income		(14,231)
Net position beginning of year		<u>192,146</u>
Net position end of year		<u>\$ 177,915</u>

See notes to financial statements.

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

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 740,054
Cash received from employees and others	232,380
Cash paid to suppliers for services	(977,031)
Net cash provided by operating activities	(4,597)
Cash flows from investing activities:	
Interest on investments	215
Increase in cash and cash equivalents	(4,382)
Cash and cash equivalents beginning of year	195,031
Cash and cash equivalents end of year	\$ 190,649
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ (14,446)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	9,849
Net cash provided by operating activities	\$ (4,597)

See notes to financial statements.

Appanoose County  
Statement of Fiduciary Net Position  
Custodial Funds

June 30, 2021

**Assets**

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 1,666,193
Other County officials	66,497

Receivables:

Property tax:

Delinquent	148,951
Succeeding year	11,232,000

Accounts	6
----------	---

Assessments	71,620
-------------	--------

Due from other governments	<u>41,937</u>
----------------------------	---------------

<b>Total assets</b>	<u>13,227,204</u>
---------------------	-------------------

**Liabilities**

Accounts payable	34,826
------------------	--------

Salaries and benefits payable	7,545
-------------------------------	-------

Due to other governments	683,317
--------------------------	---------

Trusts payable	67,029
----------------	--------

Compensated absences	<u>10,558</u>
----------------------	---------------

<b>Total liabilities</b>	<u>803,275</u>
--------------------------	----------------

**Deferred Inflows of Resources**

Unavailable property tax revenue	<u>11,232,000</u>
----------------------------------	-------------------

**Net position**

Restricted for individuals, organizations and other governments	<u>\$ 1,191,929</u>
--	---------------------

See notes to financial statements.

Appanoose County

Statement of Changes in Fiduciary Net Position  
Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 11,346,881
911 surcharge	187,296
State tax credits	1,302,950
Drivers license fees	60,840
Office fees and collections	438,009
Auto licenses, use tax and postage	4,544,277
Assessments	23,325
Trusts	403,371
Miscellaneous	<u>702,349</u>
Total additions	<u>19,009,298</u>
Deductions:	
Agency remittances:	
To other funds	354,198
To other governments	18,492,726
Trusts paid out	<u>361,303</u>
Total deductions	<u>19,208,227</u>
Change in net position	(198,929)
Net position beginning of year, as restated	<u>1,390,858</u>
Net position end of year	<u>\$ 1,191,929</u>

See notes to financial statements.



Appanoose County

Notes to Financial Statements

June 30, 2021

**(1) Summary of Significant Accounting Policies**

Appanoose 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, Appanoose County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Appanoose County Assessor's Conference Board and Appanoose County Joint 911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Custodial Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Appanoose County Service Agency, South Iowa Area Detention Service Agency, Rathbun Area Solid Waste Management Commission, ADLM Emergency Management Commission, ADLM Counties Environmental Public Health Agency, ADLM Facilities Management Systems Commission and South Iowa Area Crime Commission Service Agency.

B. Basis of Presentation

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization 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, the proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust 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 is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2020.

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

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

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

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

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
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 contributions from the County after the measurement date but before the end of the County's reporting period.

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is generally paid upon retirement and shall not exceed 90 days or a total of \$2,000 for noncontract employees at least age 62 and \$4,000 for Secondary Roads contract employees. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements during the year ended June 30, 2021 exceeded the amounts budgeted in the capital projects function. Also, disbursements exceeded amounts budgeted in the physical health and social service function prior to amendment. In addition, disbursement in certain departments exceeded the amounts appropriated.

**(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.

At June 30, 2021, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$10,832,974. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

**(3) Interfund Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services	<u>\$ 788,438</u>

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



(4) **Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 598,093	-	-	598,093
Construction in progress, road network	-	736,192	534,348	201,844
Construction in progress	-	931,197	-	931,197
Total capital assets not being depreciated	598,093	1,667,389	534,348	1,731,134
Capital assets being depreciated:				
Buildings	1,443,378	-	-	1,443,378
Improvements other than buildings	97,928	-	33,692	64,236
Equipment and vehicles	6,501,656	754,799	409,541	6,846,914
Infrastructure, other	1,109,642	-	-	1,109,642
Infrastructure, road network	23,774,663	534,348	-	24,309,011
Total capital assets being depreciated	32,927,267	1,289,147	443,233	33,773,181
Less accumulated depreciation for:				
Buildings	575,425	26,421	-	601,846
Improvements other than buildings	19,586	11,758	10,108	21,236
Equipment and vehicles	3,937,381	367,731	401,402	3,903,710
Infrastructure, other	510,264	26,752	-	537,016
Infrastructure, road network	9,130,244	897,238	-	10,027,482
Total accumulated depreciation	14,172,900	1,329,900	411,510	15,091,290
Total capital assets being depreciated, net	18,754,367	(40,753)	31,723	18,681,891
Governmental activities capital assets, net	\$ 19,352,460	1,626,636	566,071	20,413,025

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 48,055
Physical health and social services	323
County environment and education	51,675
Roads and transportation	1,212,331
Governmental services to residents	1,713
Administration	15,803
Total depreciation expense - governmental activities	\$ 1,329,900

**(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:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 66,859
Special Revenue:		
Secondary Roads	Services	<u>1,128</u>
Total for governmental funds		<u>\$ 67,987</u>
Custodial:		
County Offices	Collections	\$ 350
Agricultural Extension Education		2,644
Schools		143,184
Community Colleges		8,808
Corporations		58,492
Townships		4,718
Auto License and Use Tax		378,129
ADLM Empowerment		17,214
All other		<u>69,778</u>
Total for agency funds		<u>\$ 683,317</u>

**(6) Long-Term Liabilities**

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

	<u>General Obligation Law Enforcement Center Bonds</u>	<u>General Obligation Refunding Capital Loan Notes</u>	<u>Compensated Absences</u>	<u>Net Pension Liability</u>	<u>Total OPEB Liability</u>	<u>Total</u>
Balance beginning of year	\$ -	575,000	231,994	1,982,982	224,594	3,014,570
Increases	8,628,308	-	241,526	619,100	64,027	9,552,961
Decreases	-	85,000	204,352	-	44,109	333,461
Balance end of year	<u>\$ 8,628,308</u>	<u>* 490,000</u>	<u>269,168</u>	<u>2,602,082</u>	<u>244,512</u>	<u>12,234,070</u>
Due within one year	<u>\$ 265,000</u>	<u>90,000</u>	<u>198,970</u>	<u>-</u>	<u>-</u>	<u>553,970</u>

\* The unamortized premium on the bonds was \$1,128,308 as of June 30, 2021.

### Refunding Capital Loan Notes

On May 2, 2013, the County issued \$990,000 of general obligation refunding capital loan notes, with interest at rates ranging from 0.80% to 3.30% per annum, for the Rathbun Area Solid Waste Management Commission (RASWMC). The notes will be paid from the General Fund from the loan repayments from RASWMC, as discussed in Note 7 of the Notes to the Financial Statements. During the year ended June 30, 2021, the County paid principal of \$85,000 and interest of \$15,275 on the notes. A summary of the County's June 30, 2021 refunding capital loan note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2022	2.00%	\$ 90,000	13,830	103,830
2023	2.00	90,000	12,030	102,030
2024	3.30	90,000	10,230	100,230
2025	3.30	95,000	7,260	102,260
2026	3.30	95,000	4,125	99,125
2027	3.30	30,000	990	30,990
Total		<u>\$ 490,000</u>	<u>48,465</u>	<u>538,465</u>

### General Obligation Law Enforcement Center Bonds

On May 25, 2021, the County issued 7,500,000 of general obligation bonds, Series 2021A, with interest rates ranging from 3.00-5.00% per annum. The bonds were issued to pay for the cost of constructing and equipping a law enforcement center.

A summary of the future principal and interest payments is as follows:

Year Ending June 30,	Interest Rates	Law Enforcement Center Issued May 25, 2021		
		Principal	Interest	Total
2022	4.00%	\$ 265,000	282,023	547,023
2023	4.00	280,000	266,800	546,800
2024	4.00	295,000	255,600	550,600
2025	5.00	305,000	243,800	548,800
2026	5.00	320,000	228,550	548,550
2027-2031	3.00-5.00	1,850,000	893,800	2,743,800
2032-2036	3.00	2,185,000	552,200	2,737,200
2037-2040	3.00-4.00	2,000,000	188,400	2,188,400
Total		<u>\$ 7,500,000</u>	<u>2,911,173</u>	<u>10,411,173</u>
Unamortized premium		<u>1,128,308</u>		
Total payable		<u>\$ 8,628,308</u>		

The County also has an unused line of credit in the amount of \$300,000.

**(7) Loans Receivable**

The County entered into an agreement with RASWMC for the loan of note proceeds detailed in Note 6 of the Notes to the Financial Statements. Under the agreement, the RASWMC is to make annual payments to the County equal to the annual note payments required on the revenue notes. The annual principal and interest payments from RASWMC are credited to the General Fund. The loan receivable is reported in the General Fund and totals \$490,000 at June 30, 2021.

The County entered into an economic development agreement with RMA Armament, Inc. on April 18, 2016 for a loan of \$150,000 from the Special Revenue, Economic Development fund. During Fiscal Year 2021, RMA requested and was granted a two-month deferment in payments due to the COVID-19 pandemic. As a result, the two monthly payments were added to the end of the loan and altered the payment schedule as shown below when compared to prior year. Under the agreement, RMA Armament, Inc. is to repay the loan at a rate of 3.00% per annum over ten years, based on the following schedule:

Year					
Ending	Interest				
June 30,	Rates	Principal	Interest	Total	
2022	3.00%	\$ 15,095	2,287	17,382	
2023	3.00	15,555	1,828	17,383	
2024	3.00	16,024	1,358	17,382	
2025	3.00	16,515	867	17,382	
2026	3.00	17,017	365	17,382	
2027	3.00	2,888	11	2,899	
Total		\$ 83,094	6,716	89,810	

The County entered into an economic development agreement with S & L Enterprises, Inc. on February 7, 2017 for a loan of \$60,000 from the Special Revenue, Economic Development fund. During the year an additional monthly payment was made causing the payment schedule to be adjusted when compared to the prior year. Under the agreement, S&L is to repay the loan at a rate of 3% per annum over ten years, based on the following schedule:

Year					
Ending	Interest				
June 30,	Rates	Principal	Interest	Total	
2022	3.00%	\$ 5,445	927	6,372	
2023	3.00	6,114	839	6,953	
2024	3.00	6,300	653	6,953	
2025	3.00	6,491	461	6,952	
2026	3.00	6,689	264	6,953	
2027	3.00	5,150	64	5,214	
Total		\$ 36,189	3,208	39,397	

The County entered into an economic development agreement Avid Aviation on April 2, 2018 for a loan of \$10,000 from the Special Revenue, Economic Development fund. Under the agreement, Avid is to repay the loan at a rate of 3% per annum over five years, based on the following schedule:

Year	Interest	Principal	Interest	Total
Ending June 30,	Rates			
2022	3.00%	\$ 2,069	87	2,156
2023	3.00	1,773	24	1,797
Total		\$ 3,842	111	3,953

These three economic development loans receivable total \$123,125 at June 30, 2021 and are reported in the Special Revenue, Economic Development Fund.

**(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](http://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 more than 22 years of service but not more than 30 years of service.
- The member’s highest three-year average salary.

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

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

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

Contributions – Contributions 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 \$353,648.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the County reported a liability of \$2,602,082 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 0.037042%, which was an increase of 0.002797% over its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$473,584. 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	\$ 9,587	67,774
Changes of assumptions	167,989	52,588
Net difference between projected and actual earnings on IPERS' investments	200,484	-
Changes in proportion and differences between County contributions and proportionate share of contributions	72,161	39,377
County contributions subsequent to the measurement date	353,648	-
Total	<u>\$ 803,869</u>	<u>159,739</u>

\$353,648 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	\$ 29,675
2023	52,295
2024	76,539
2025	128,157
2026	3,816
Total	<u>\$ 290,482</u>

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

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

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) 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 (asset) would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset):	\$ 4,860,553	2,602,082	708,745

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](http://www.ipers.org).

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



**(9) Other Postemployment Benefits (OPEB)**

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

OPEB Benefits – Individuals who are employed by Appanoose County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	77
Total	<u>77</u>

Total OPEB Liability – The County’s total OPEB liability of \$244,512 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 Pub-2010 total dataset mortality table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 224,594
Changes for the year:	
Service cost	50,806
Interest	7,326
Differences between expected and actual experiences	(44,109)
Changes in assumptions	<u>5,895</u>
Net changes	<u>19,918</u>
Total OPEB liability end of year	<u>\$ 244,512</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	\$ 257,310	244,512	232,079

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 (8.5%) 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	\$ 214,753	244,512	280,098

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized OPEB expense of \$30,272. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	195,599
Changes in assumptions	10,115	2,840
Total	<u>\$ 10,115</u>	<u>198,439</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	\$ (27,860)
2023	(27,860)
2024	(27,862)
2025	(25,783)
2026	(25,783)
Thereafter	(53,176)
	<u>\$ (188,324)</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. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Auxiant. The agreement is subject to automatic renewal provisions. The County assumes liability for claims between \$500 and \$1,500 for single coverage and \$1,000 and \$3,000 for family coverage.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Auxiant from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2021 was \$740,054.

Amounts payable from the Employee Group Health Fund at June 30, 2021 total \$12,734, 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 \$177,915 at June 30, 2021 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 2,885
Incurred claims (including claims incurred but not reported at June 30, 2021)	974,367
Payments:	
Payments on claims during the fiscal year	<u>964,518</u>
Unpaid claims end of year	<u>\$ 12,734</u>

**(12) Early Childhood Iowa Area Board**

Appanoose County is the fiscal agent for the 4 Counties 4 Kids Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Custodial Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2021 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early childhood	\$ 74,348	-	74,348
Quality improvement	-	54,662	54,662
Allocation for administration	3,913	12,631	16,544
School ready general use	-	353,966	353,966
Total state grants	<u>78,261</u>	<u>421,259</u>	<u>499,520</u>
Interest on investments	4	13	17
Total revenues	<u>78,265</u>	<u>421,272</u>	<u>499,537</u>
Expenditures:			
Program services:			
Quality improvement	-	62,452	62,452
Other program services	80,662	359,639	440,301
Total program services	<u>80,662</u>	<u>422,091</u>	<u>502,753</u>
Administration	5,060	22,364	27,424
Total expenditures	<u>85,722</u>	<u>444,455</u>	<u>530,177</u>
Change in fund balances	(7,457)	(23,183)	(30,640)
Fund balance beginning of year	7,461	24,258	31,719
Fund balance end of year	<u>\$ 4</u>	<u>1,075</u>	<u>1,079</u>

**(13) Appanoose County Financial Information Included in the South Central Behavioral Health Region**

South Central Behavioral Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, included the following member counties: Appanoose, Davis and Wapello County. The financial activity of Appanoose County's Special Revenue, Mental Health Fund is included in the South Central Behavioral Health Region for the year ended June 30, 2021 as follows:

Revenues:		
Property and other county tax		\$ 552,855
Intergovernmental revenues:		
State tax credits	\$ 53,471	
Other	450	53,921
Total revenues		<u>606,776</u>
Expenditures:		
Services to persons with:		
Mental illness		<u>76,903</u>
General administration		
Direct administration	2,799	
Distribution to regional fiscal agent	448,699	451,498
Total expenditures		<u>528,401</u>
Excess of expenditures over revenues		78,375
Fund balance beginning of the year		<u>133,643</u>
Fund balance end of the year		<u>\$ 212,018</u>

**(14) Construction Commitment**

The County has entered into multiple contracts in March 2021 for work on the law enforcement center totaling \$6,977,939. Payments were made of \$225,921 as of June 30, 2021. The balance of \$6,752,018 will be paid as work on the project progresses.

**(15) COVID-19**

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

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

**(16) Accounting Change/Restatement**

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

The restatement to retroactively report the change in net position, is as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>1,390,858</u>
Net position July 1, 2020, as restated	<u>\$ 1,390,858</u>

**(17) Prospective Accounting Change**

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

**Appanoose County**

**Required Supplementary Information**



Appanoose County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances –  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2021

	Actual	Budgeted Amounts		Final to
		Original	Final	Net Variance
<b>Receipts:</b>				
Property and other county tax	\$ 5,923,407	5,450,673	5,493,953	429,454
Interest and penalty on property tax	103,211	6,000	6,000	97,211
Intergovernmental	6,273,465	4,337,437	4,550,282	1,723,183
Licenses and permits	5,824	3,650	3,650	2,174
Charges for service	434,360	335,885	335,885	98,475
Use of money and property	30,073	100,800	100,800	(70,727)
Miscellaneous	84,684	39,310	45,044	39,640
<b>Total receipts</b>	<b>12,855,024</b>	<b>10,273,755</b>	<b>10,535,614</b>	<b>2,319,410</b>
<b>Disbursements:</b>				
Public safety and legal services	2,760,525	3,002,586	3,150,589	390,064
Physical health and social services	443,495	525,850	574,726	131,231
Mental health	529,298	557,304	557,304	28,006
County environment and education	614,775	877,113	930,393	315,618
Roads and transportation	3,972,042	4,408,943	4,408,943	436,901
Governmental services to residents	587,219	598,511	625,211	37,992
Administration	1,003,830	1,135,175	1,135,175	131,345
Debt service	100,775	100,775	1,550,775	1,450,000
Capital projects	1,443,229	750,000	750,000	(693,229)
<b>Total disbursements</b>	<b>11,455,188</b>	<b>11,956,257</b>	<b>13,683,116</b>	<b>2,227,928</b>
Excess (deficiency) of receipts over (under) disbursements	1,399,836	(1,682,502)	(3,147,502)	4,547,338
Other financing sources, net	8,612,323	100,775	7,600,775	1,011,548
Changes in balances	10,012,159	(1,581,727)	4,453,273	5,558,886
Balance beginning of year	9,241,886	7,601,405	7,601,405	1,640,481
Balance end of year	\$ 19,254,045	6,019,678	12,054,678	7,199,367

See accompanying independent auditor's report.

---

Appanoose County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation  
Required Supplementary Information

Year ended June 30, 2021

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	Basis	Adjustments	Accrual
			Basis
Revenues	\$ 12,855,024	(1,267,029)	11,587,995
Expenditures	11,455,188	7,011	11,462,199
Net	1,399,836	(1,274,040)	125,796
Other financing sources, net	8,612,323	15,985	8,628,308
Beginning fund balances, as restated	9,241,886	1,612,318	10,854,204
Ending fund balances	<u>\$ 19,254,045</u>	<u>354,263</u>	<u>19,608,308</u>

See accompanying independent auditor's report.

**Appanoose County**

Appanoose County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund and the 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 \$1,726,859. The budget amendments are reflected in the final budgeted amounts.

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

Disbursements during the year ended June 30, 2021 exceeded the amounts budgeted in the capital projects function. Also, disbursements exceeded amounts budgeted in the physical health and social service function prior to amendment. In addition, disbursement in certain departments exceeded the amounts appropriated.

---

Appanoose 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	0.037042%	0.034245%	0.034782%	0.038547%
County's proportionate share of the net pension liability	\$ 2,602	1,983	2,201	2,568
County's covered payroll	\$ 3,639	3,496	3,392	3,416
County's proportionate share of the net pension liability as a percentage of its covered payroll	71.50%	56.72%	64.89%	75.18%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%

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

See accompanying independent auditor's report.

---

2017	2016	2015
0.038329%	0.036537%	0.032988%
2,412	1,805	1,308
3,292	3,177	2,934
73.27%	56.81%	44.58%
81.82%	85.19%	87.61%

---

Appanoose County

Schedule of County Contributions

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

Required Supplementary Information

	2021	2020	2019	2018
Statutorily required contribution	\$ 354	345	334	305
Contributions in relation to the statutorily required contribution	(354)	(345)	(334)	(305)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 3,753	3,639	3,496	3,392
Contributions as a percentage of covered payroll	9.43%	9.48%	9.55%	8.99%

See accompanying independent auditor's report.

---

2017	2016	2015	2014	2013	2012
311	301	291	271	258	249
(311)	(301)	(291)	(271)	(258)	(249)
-	-	-	-	-	-
3,416	3,292	3,177	2,934	2,873	2,939
9.10%	9.14%	9.16%	9.24%	8.98%	8.47%



Appanoose 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.

---

Appanoose 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	\$ 50,806	45,109	43,749	30,027
Interest cost	7,326	13,382	13,411	10,968
Difference between expected and actual experiences	(44,109)	(166,403)	(31,125)	(14,503)
Changes in assumptions	5,895	(3,628)	7,314	(38)
Net change in total OPEB liability	19,918	(111,540)	33,349	26,454
Total OPEB liability beginning of year	224,594	336,134	302,785	276,331
Total OPEB liability end of year	\$ 244,512	224,594	336,134	302,785
Covered-employee payroll	\$ 3,793,684	3,376,022	3,520,480	3,409,666
Total OPEB liability as a percentage of covered-employee payroll	6.4%	6.7%	9.5%	8.9%

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

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

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

Year ended June 30, 2021	2.19%
Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

**Appanoose County**

**Supplementary Information**

Appanoose County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2021

				Special
	County Recorder's Records Management	Local Option Sales Tax	Resource Enhancement and Protection	Law Enforcement Forfeiture
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ 14,563	344,064	39,009	1,710
Receivables:				
Loan	-	-	-	-
Due from other governments	325	61,776	-	-
<b>Total assets</b>	<b>\$ 14,888</b>	<b>405,840</b>	<b>39,009</b>	<b>1,710</b>
<b>Fund Balances</b>				
Fund balance:				
Restricted for other purposes	\$ 14,888	405,840	39,009	1,710
<b>Total fund balances</b>	<b>\$ 14,888</b>	<b>405,840</b>	<b>39,009</b>	<b>1,710</b>

See accompanying independent auditor's report.

---

Revenue

---

<u>Economic Development</u>	<u>HazMat</u>	<u>Flood and Erosion</u>	<u>Total</u>
448,318	137,194	23,339	1,008,197
123,125	-	-	123,125
21,937	-	-	84,038
<u>593,380</u>	<u>137,194</u>	<u>23,339</u>	<u>1,215,360</u>

<u>593,380</u>	<u>137,194</u>	<u>23,339</u>	<u>1,215,360</u>
<u>593,380</u>	<u>137,194</u>	<u>23,339</u>	<u>1,215,360</u>

Appanoose County

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

Year ended June 30, 2021

	County Recorder's Records Management	Local Option Sales Tax	Resource Enhancement and Protection	Special Law Enforcement Forfeiture
Revenues:				
Property and other county tax	\$ -	-	-	-
Local option sales and services tax	-	405,840	-	-
Intergovernmental	-	-	10,335	-
Charges for service	3,424	-	-	-
Use of money and property	2	-	6	-
Total revenues	3,426	405,840	10,341	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	3,000	-
Government services to residents	3,000	-	-	-
Total expenditures	3,000	-	3,000	-
Excess (deficiency) of revenues over (under) expenditures	426	405,840	7,341	-
Fund balances beginning of year	14,462	-	31,668	1,710
Fund balances end of year	\$ 14,888	405,840	39,009	1,710

See accompanying independent auditor's report.

Revenue				
Economic Development	HazMat	Emergency Medical Services	Flood and Erosion	Total
44,229	-	81,050	-	125,279
100,505	-	-	-	506,345
45,780	10,310	-	-	66,425
-	-	-	-	3,424
4,165	-	-	-	4,173
194,679	10,310	81,050	-	705,646
-	12,437	81,050	-	93,487
133,894	-	-	-	136,894
-	-	-	-	3,000
133,894	12,437	81,050	-	233,381
60,785	(2,127)	-	-	472,265
532,595	139,321	-	23,339	743,095
593,380	137,194	-	23,339	1,215,360



Appanoose County  
Combining Schedule of Fiduciary Net Position  
Custodial Funds

June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,644	176,928	143,184	8,808
Other County officials	66,497	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	1,611	2,983	82,558	5,326
Succeeding year	-	145,000	268,000	6,937,000	478,000
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 66,497</b>	<b>149,255</b>	<b>447,911</b>	<b>7,162,742</b>	<b>492,134</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	1,465	-	-
Salaries and benefits payable	-	-	5,628	-	-
Due to other governments	350	2,644	-	143,184	8,808
Trusts payable	66,147	-	-	-	-
Compensated absences	-	-	8,696	-	-
<b>Total liabilities</b>	<b>\$ 66,497</b>	<b>2,644</b>	<b>15,789</b>	<b>143,184</b>	<b>8,808</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	\$ -	145,000	268,000	6,937,000	478,000
<b>Net Position</b>					
Restricted for individuals, organizations and other governments	\$ -	1,611	164,122	82,558	5,326

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Tax Sale Redemption	ADLM Empowerment	Other	Total
58,492	4,718	378,129	882	45,786	846,622	1,666,193
-	-	-	-	-	-	66,497
54,970	1,490	-	-	-	13	148,951
2,705,000	291,000	-	-	-	408,000	11,232,000
-	-	-	-	1	5	6
-	-	-	-	-	71,620	71,620
-	-	-	-	-	41,937	41,937
<b>2,818,462</b>	<b>297,208</b>	<b>378,129</b>	<b>882</b>	<b>45,787</b>	<b>1,368,197</b>	<b>13,227,204</b>
-	-	-	-	27,494	5,867	34,826
-	-	-	-	-	1,917	7,545
58,492	4,718	378,129	-	17,214	69,778	683,317
-	-	-	882	-	-	67,029
-	-	-	-	-	1,862	10,558
<b>58,492</b>	<b>4,718</b>	<b>378,129</b>	<b>882</b>	<b>44,708</b>	<b>79,424</b>	<b>803,275</b>
<b>2,705,000</b>	<b>291,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>408,000</b>	<b>11,232,000</b>
<b>54,970</b>	<b>1,490</b>	<b>-</b>	<b>-</b>	<b>1,079</b>	<b>880,773</b>	<b>1,191,929</b>

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

Year ended June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Additions:</b>					
Property and other county tax	\$ -	138,222	273,361	7,209,138	460,573
911 surcharge	-	-	-	-	-
State tax credits	-	13,590	26,896	759,719	45,287
Drivers license fees	-	-	-	-	-
Office fees and collections	438,009	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	81,252	-	-	-	-
Miscellaneous	-	114	679	6,929	381
Total additions	<u>519,261</u>	<u>151,926</u>	<u>300,936</u>	<u>7,975,786</u>	<u>506,241</u>
<b>Deductions:</b>					
Agency remittances:					
To other funds	190,914	-	-	-	-
To other governments	236,290	155,117	286,535	8,145,392	516,920
Trusts paid out	92,057	-	-	-	-
Total deductions	<u>519,261</u>	<u>155,117</u>	<u>286,535</u>	<u>8,145,392</u>	<u>516,920</u>
Changes in net position	-	(3,191)	14,401	(169,606)	(10,679)
Net position beginning of year, as restated	-	4,802	149,721	252,164	16,005
Net position end of year	<u>\$ -</u>	<u>1,611</u>	<u>164,122</u>	<u>82,558</u>	<u>5,326</u>

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Tax Sale Redemption	ADLM Empowerment	Other	Total
2,570,390	289,953	-	-	-	405,244	11,346,881
-	-	-	-	-	187,296	187,296
433,434	17,651	-	-	-	6,373	1,302,950
-	-	60,840	-	-	-	60,840
-	-	-	-	-	-	438,009
-	-	4,544,277	-	-	-	4,544,277
-	-	-	-	-	23,325	23,325
-	-	-	269,246	-	52,873	403,371
6,501	-	-	-	499,537	188,208	702,349
<b>3,010,325</b>	<b>307,604</b>	<b>4,605,117</b>	<b>269,246</b>	<b>499,537</b>	<b>863,319</b>	<b>19,009,298</b>
-	-	163,284	-	-	-	354,198
3,067,887	314,223	4,441,833	-	530,177	798,352	18,492,726
-	-	-	269,246	-	-	361,303
<b>3,067,887</b>	<b>314,223</b>	<b>4,605,117</b>	<b>269,246</b>	<b>530,177</b>	<b>798,352</b>	<b>19,208,227</b>
(57,562)	(6,619)	-	-	(30,640)	64,967	(198,929)
112,532	8,109	-	-	31,719	815,806	1,390,858
<b>54,970</b>	<b>1,490</b>	<b>-</b>	<b>-</b>	<b>1,079</b>	<b>880,773</b>	<b>1,191,929</b>

Appanoose County

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

For the Last Ten Years

	2021	2020	2019	2018
<b>Revenues:</b>				
Property and other county tax	\$ 5,002,584	4,700,291	4,683,693	4,188,009
Local option sales and services tax	890,987	637,261	743,616	557,675
Interest and penalty on property tax	103,211	33,570	70,350	68,769
Intergovernmental	5,018,616	4,235,076	4,155,704	4,297,769
Licenses and permits	5,789	4,375	2,975	4,180
Charges for service	429,152	352,842	437,662	436,769
Use of money and property	37,064	120,300	168,883	77,121
Miscellaneous	100,592	131,323	188,330	252,557
<b>Total</b>	<b>\$ 11,587,995</b>	<b>10,215,038</b>	<b>10,451,213</b>	<b>9,882,849</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 2,753,270	2,406,734	2,531,443	2,511,077
Physical health and social services	445,524	451,141	441,894	537,548
Mental health	528,401	776,020	719,734	436,255
County environment and education	616,192	677,883	847,015	609,222
Roads and transportation	3,639,048	4,174,711	3,979,978	3,142,121
Governmental services to residents	588,309	554,240	507,586	531,680
Administration	998,446	1,065,448	975,324	1,037,141
Debt service	100,775	102,220	116,110	150,591
Capital projects	1,792,234	158,751	336,635	298,744
<b>Total</b>	<b>\$ 11,462,199</b>	<b>10,367,148</b>	<b>10,455,719</b>	<b>9,254,379</b>

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
4,011,476	4,159,544	4,224,240	4,240,825	3,790,795	4,296,204
608,401	561,228	617,942	537,244	605,534	515,706
61,433	70,040	74,798	79,906	75,668	88,430
4,322,795	4,462,362	3,937,632	4,822,728	4,109,315	4,997,948
6,602	4,190	2,535	2,195	2,620	2,375
409,959	463,989	366,995	372,690	374,804	329,692
28,841	24,431	54,519	15,149	17,031	21,828
196,275	427,361	378,935	257,297	408,303	214,822
<u>9,645,782</u>	<u>10,173,145</u>	<u>9,657,596</u>	<u>10,328,034</u>	<u>9,384,070</u>	<u>10,467,005</u>
2,207,127	2,136,494	2,111,976	2,001,614	1,950,127	1,896,588
705,355	731,769	878,427	777,826	690,490	720,646
381,523	776,487	652,199	668,395	600,136	1,211,520
591,596	912,655	1,129,135	951,392	574,827	602,435
3,179,003	3,629,236	3,066,876	3,737,613	3,413,239	3,243,128
550,997	577,376	457,776	464,875	440,916	404,590
982,558	877,579	915,899	1,116,712	965,137	918,495
156,272	332,380	212,920	221,934	304,978	200,995
359,731	117,029	6,447	747,768	337,204	481,853
<u>9,114,162</u>	<u>10,091,005</u>	<u>9,431,655</u>	<u>10,688,129</u>	<u>9,277,054</u>	<u>9,680,250</u>



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

Rob Sand  
Auditor of State

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

**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 Appanoose 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 Appanoose 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 August 22, 2022.

**Internal Control Over Financial Reporting**

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

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Appanoose 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of non-compliance or other matters which is described in the accompanying Schedule of Findings.

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

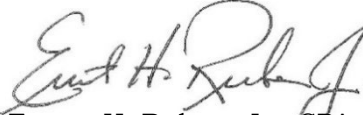
### Appanoose County's Responses to the Findings

Appanoose County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Appanoose 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 Appanoose 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

August 22, 2022



Appanoose County

Schedule of Findings

Year ended June 30, 2021

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties

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

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

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A strong control is provided when an independent mail opener prepares a listing of cash and checks received in the mail, passes the mail and receipts on to accounting staff to process/record, and later tests the receipts listing against the proper recording and deposit of those receipts.	Treasurer, Public Health Nurse, Recorder, Engineer, and Conservation
(2) Generally, one individual may have control over collecting, depositing, posting and daily reconciling of receipts for which no compensating control exists.	Treasurer, Public Health Nurse, Recorder, Engineer and Conservation
(3) The person responsible for the detailed record keeping of investments is also the custodian of the investments. Investments are not periodically inspected or reconciled to investment records by an independent person and an independent verification of interest earnings is not performed.	Treasurer
(4) Depositing, reconciling and recording of receipts is done by the custodian of the change funds for which no compensating controls exist.	Treasurer
(5) Cash drawers are shared between employees.	Treasurer
(6) All individuals in tax, motor vehicle and driver’s license have the ability to void receipts in Solutions, including individuals who perform daily balancing.	Treasurer

Appanoose County

Schedule of Findings

Year ended June 30, 2021

- |     |   |  |
|-----|---|--|
| (7) | Monthly reports of voided receipts are not generated in Solutions. While daily voided transactions are emailed to the treasurer and reviewed, the review is performed by individuals with the ability to void receipts. | Treasurer                              |
| (8) | Responsibilities for maintaining detailed accounts receivable records are not segregated from collecting and posting receipts.  | Public Health<br>Nurse and<br>Engineer |
| (9) | Journal entries are not reviewed and approved.  | 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 office's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize 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. Current personnel, including elected officials and personnel from other County offices, should be used to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons and the review should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

Recorder – We try our best to segregate duties. It is very hard when you only have two people in the office, the Recorder and Deputy Recorder.

Treasurer – We are a small office, and it is difficult to have segregation of duties and responsibilities. We all share duties in balance and daily processing. We understand the importance of segregating duties and monitoring all revenue collections and disbursements. We will have two people check daily balancing of tax, motor vehicle and driver's license. Also, two people will check each month's reconciliations. We will check tax voids daily and motor vehicle voids on a monthly basis. We cross train our employees to fill in when someone is out of the office.

Public Health Nurse – We have a small office with two office employees handling financial information and documentation. We will attempt to segregate duties as much as possible. We will continue to have two employees handle financial information and documentation.

Engineer – With limited staff, segregation of duties is difficult. We will continue to identify ways to segregate duties.

Appanoose County

Schedule of Findings

Year ended June 30, 2021

Conservation – With limited staff, segregation of duties is difficult. We will look into ways to segregate duties.

Conclusion – Responses acknowledged. Each official should continue to review their control activities to obtain maximum internal controls possible.

(B) Computer System

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

Condition – The County does not have written policies for password privacy and confidentiality. Also, the County does not have a written disaster recovery plan.

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

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

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

Response – The County is in the final stages of getting the Disaster Recovery Plan completed and approved. Our Computer Policy will be updated to meet current requirements

Conclusion – Response accepted.

(C) Public Health

Criteria – An effective internal control system provides for internal controls related to reconciling nursing service billings, collections and receivables to ensure the accuracy of nursing service collections and receivables.

Condition – Monthly reconciliations of billings, collections and receivables were not prepared.

Cause – Policies have not been established and procedures have not been implemented to reconcile nursing service billings, collections and receivables. Public Health nurses are not familiar with this reconciliation process.

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

Appanoose County

Schedule of Findings

Year ended June 30, 2021

Recommendation – The Public Health Department should develop procedures to reconcile billings, collections and receivables.

Response – We will work towards developing procedures for recording billings, collections and receivables.

Conclusion – Response accepted.

(D) Payroll Approval

Criteria – An effective internal control system provides for internal controls related to preparation of timesheets by all employees. Timesheets support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days and provide an accurate record of hours. Supervisory review of timesheet can help ensure the accuracy of recorded hours worked.

Condition – County policy requires each department head to approve all employee timesheets at the end of each pay period. In the County Engineer Department, each employee prepares and signs their own individual timesheets. The County Engineer does not review and sign off on individual timesheets. The timesheets are submitted to the administrator who then uses them to process payroll and prepare a payroll summary for the County Engineer to review and sign. The payroll summary includes only the hours worked, the gross pay received, and the deductions taken. It does not include vacation hours or sick leave hours taken.

Cause – Policies have not been established and procedures have not been implemented to require timesheets be reviewed and approved by supervisory personnel. Policies do not specifically address the practice of using payroll summaries.

Effect – The lack of a documented supervisory review process increases the probability of staff errors in recording of hours or leave will go undetected. The use of summary reports increases the probability of errors because the information reviewed is not the source document.

Recommendation – Timesheets should be submitted to an appropriate supervisor for approval and should be signed by the employee and supervisor prior to the preparation of payroll.

Response – We have started having the Board of Supervisors review our timesheets. We will work towards review of each and every timesheet by the immediate supervisor.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Appanoose County

Schedule of Findings

Year ended June 30, 2021

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2021 exceeded the amounts budgeted in the capital projects function. Also, disbursements exceeded amounts budgeted in the physical health and social service function prior to amendment. In addition, disbursement in certain departments exceeded the amounts appropriated.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

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

Response – Expenses will be closely monitored and prevented until a budget amendment can be completed.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Blue Sun Graphics, John Wiltamuth owner, husband of Hannah Wiltamuth, Conservation Naturalist	Conservation uniforms and shirts	\$ 1,185
Stateline Refrigeration, Richard Lasely owner, husband of Hannah Wiltamuth, Conservation Naturalist	Vaccine freezer maintenance	680

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

- (5) Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

Appanoose County

Schedule of Findings

Year ended June 30, 2021

- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (9) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (10) Early Childhood Iowa Area Board – Appanoose County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions for Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County’s financial statements as part of the Other Agency Funds because of the County’s fiduciary relationship with the organization.

No instances of non-compliance were noted as a result of the audit procedures performed.

Appanoose County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy  
Ryan J. Pithan, CPA, Manager  
Erin J. Sietstra, Senior Auditor  
Allison L. Carlon, Staff Auditor  
Corey D. Hauptmann, Staff Auditor  
Laurel D. Hoogenson, Staff Auditor  
Ashley A. Kraber, Staff Auditor  
Steven D. Rater, Staff Auditor  
Tristan J. Swiggum, Staff Auditor  
Thomas G. Engquist, Assistant Auditor