



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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Des Moines, Iowa 50319-0006
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NEWS RELEASE

Contact: Ernest Ruben
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FOR RELEASE

October 6, 2022

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$17,840,141 for the year ended June 30, 2021, a 3.9% decrease from the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$14,261,502, a 9.4% decrease from the prior year. The decrease in revenues is due primarily to decreased contributions of roads and bridges paid for by the Iowa Department of Transportation. The decrease in expenditures is due primarily to a decrease in locally paid road projects.

AUDIT FINDINGS:

Sand reported nine findings related to the receipt and expenditure of taxpayer funds. They are found on pages 82 through 90 of this report. The findings address a lack of segregation of duties, material amounts of loan receivables and capital assets not properly recorded in the County's financial statements, monthly bank reconciliations not prepared from January 2021 through June 2021, expenditures exceeding the budget prior to the budget amendment, taxable fringe benefits not included in wages of employees, compliance with Chapter 331.554(6) pertaining to the cancellation of outstanding checks and compliance with Chapter 554D.114 pertaining to the retention of the front and back of each cancelled check. Sand provided the County with recommendations to address each of these findings.

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

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

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MONONA COUNTY

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

JUNE 30, 2021

Monona County



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

September 13, 2022

Officials of Monona County
Onawa, Iowa

Dear Board Members:

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

I appreciate the cooperation and courtesy extended by the officials and employees of Monona County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

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

Rob Sand
Auditor of State

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Monona County

Officials

(Before January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tammy Bramley	Board of Supervisors	Jan 2021
Michael Collison	Board of Supervisors	(Deceased Nov 2020)
Vince Phillips (Appointed Dec 2020)	Board of Supervisors	Nov 2021
Tom Brouillette	Board of Supervisors	Jan 2023
Peggy A. Rolph	County Auditor	Jan 2021
Laura Oliver	County Treasurer	(Resigned Dec 2020)
Abby Riesberg (Appointed Dec 2020)	County Treasurer	Nov 2021
Kelly Seward	County Recorder	Jan 2023
Jeffrey R. Pratt	County Sheriff	Jan 2021
Ian McConeghey	County Attorney	Jan 2023
Tim Peters	County Assessor	Jan 2022

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tom Brouillette	Board of Supervisors	Jan 2023
Vince Philips (Elected Mar 2021)	Board of Supervisors	Jan 2023
Bo Fox	Board of Supervisors	Jan 2025
Peggy A. Rolph	County Auditor	Jan 2025
Abby Riesberg (Elected Mar 2021)	County Treasurer	Jan 2023
Kelly Seward	County Recorder	Jan 2023
Jeffrey R. Pratt	County Sheriff	Jan 2025
Ian McConeghey	County Attorney	Jan 2023
Tim Peters	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Monona 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 Monona 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 Monona 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 14 to the financial statements, Monona County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. In addition, Monona County's beginning net position for governmental activities and the beginning fund balance for the Special Revenue, Secondary Roads Fund were restated to retroactively report the change in net position and fund balance for an overstatement of capital assets and a loan receivable, not recorded in the previous fiscal year. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 13, 2022 on our consideration of Monona 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 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 Monona County's internal control over financial reporting and compliance.



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

September 13, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Monona 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's net position and fund balance at June 30, 2020 was restated due to material amounts of construction in progress that should not have been reported and related loan receivable that should have been recorded for the City of Whiting bridge projects during the year ending June 30, 2020. The beginning net position for governmental activities was restated by \$1,239,094 and the beginning fund balance for the secondary roads fund was restated by \$84,919 to retroactively report the change.
- The County implemented Governmental Accounting Standards Board Statement (GASB) No. 84, Fiduciary Activities, during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated by \$3,359,067 to retroactively report in accordance with the GASB.
- Revenues of the County's governmental activities decreased 3.9%, or approximately \$729,000 from fiscal year 2020 to fiscal year 2021. Property tax revenues increased approximately \$831,000. Capital grants, contributions and restricted interest decreased approximately \$1,592,000.
- Program expenses of the County's governmental activities decreased 9.4% or approximately \$1,481,000 from fiscal year 2020 to fiscal year 2021. Roads and transportation expenses decreased approximately \$1,524,000.
- Prior to the restatement, the County's net position increased 6.0%, or approximately \$2,339,000, over the June 30, 2020 balance.

USING THIS ANNUAL REPORT

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2021	2020 (Not Restated)
Current and other assets	\$ 16,646	16,138
Capital assets	35,260	34,600
Total assets	51,906	50,738
Deferred outflows of resources	853	800
Long-term liabilities	3,569	3,094
Other liabilities	374	1,929
Total liabilities	3,943	5,023
Deferred inflows of resources	7,492	7,530
Net position:		
Net investment in capital assets	35,189	34,505
Restricted	6,880	5,670
Unrestricted	(745)	(1,190)
Total net position	\$ 41,324	38,985

Prior to restatement, net position of Monona County’s governmental activities increased 6% (approximately \$41.3 million compared to approximately \$39 million).

The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased 2%, or approximately \$684,000, over the prior year.

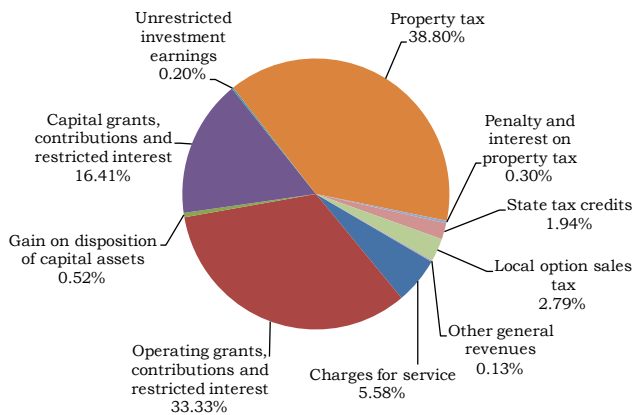
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$1,210,000, or 21.3% over the prior year. This increase is primarily due to an increase in the amounts held at year end in the Special Revenue, Secondary Roads Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of approximately \$1,190,000 at June 30, 2020 to a deficit of approximately \$745,000 at the end of this year, an increase of 37.4%. This increase is primarily due to an increase in property tax and an overall decrease in expenses.

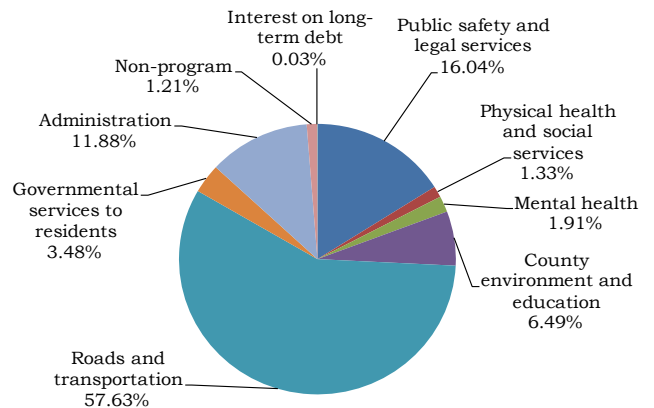
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2021	2020 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 995	802
Operating grants, contributions and restricted interest	5,947	5,984
Capital grants, contributions and restricted interest	2,927	4,519
General revenues:		
Property tax	6,922	6,091
Penalty and interest on property tax	54	19
State tax credits	346	385
Local option sales tax	498	394
Unrestricted investment earnings	36	171
Gain on disposition of capital assets	91	97
Other general revenues	24	107
Total revenues	17,840	18,569
Program expenses:		
Public safety and legal services	2,287	2,192
Physical health and social services	190	230
Mental health	273	219
County environment and education	926	916
Roads and transportation	8,217	9,741
Governmental services to residents	497	494
Administration	1,695	1,719
Non-program	173	226
Interest on long-term debt	4	6
Total expenses	14,262	15,743
Change in net position	3,578	2,826
Net position beginning of year, as restated	37,746	36,159
Net position end of year	\$ 41,324	38,985

Revenues by Source



Expenses by Function



Monona County's governmental activities net position prior to restatement increased approximately \$2,339,000 during the year. Revenues for governmental activities decreased approximately \$729,000 from the prior year, including property tax revenue which increased over the prior year approximately \$831,000, or 13.6%.

The County increased property tax rates for fiscal year 2021 an average of 0.4%. This increase, combined with a 12.7% increase in taxable valuations, raised the County's property tax revenue approximately \$831,000 in fiscal year 2021.

The County's capital grants, contributions and restricted interest decreased 35.2%, or approximately \$1,592,000, from the prior fiscal year, primarily due to a decrease of approximately \$1,310,000 in infrastructure assets contributed by the Iowa Department of Transportation.

The cost of all governmental activities this year was approximately \$14.3 million compared to approximately \$15.7 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$4.4 million because some of the cost was paid by those who directly benefited from the programs (approximately \$995,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$8,873,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2021 from approximately \$11,305,000 to approximately \$9,869,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Monona County completed the year, its governmental funds reported a combined fund balance of approximately \$7.5 million, an increase of approximately \$2,200,000 over last year's total of approximately \$5.3 million, prior to the restatement. 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 \$807,000 or 16.4%, primarily due to an increase in property tax revenues. Expenditures decreased approximately \$150,000, or 3.0%. The ending fund balance increased approximately \$883,000, or 46.6%, over the prior year to \$2,778,472.
- The Special Revenue, Mental Health Fund balance decreased approximately \$51,000 from the prior year to \$13,605. For the year, expenditures totaled approximately \$273,000, an increase of 24.8% over the prior year, due to an increase in the amount distributed to the region fiscal agent during the year.
- Special Revenue, Rural Services Fund revenues increased approximately \$439,000, or 20.4% over the prior year, primarily due to an increase in property tax revenues. Expenditures increased approximately \$63,000, or 21.1%. The ending fund balance increased approximately \$196,000 over the prior year to \$1,329,107.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$1,438,000, or 23.8%, primarily due to bridge replacement funds received from the Iowa Department of Transportation and federal emergency management assistance funds received from the Iowa Department of Homeland Security in fiscal year 2021. Expenditures decreased approximately \$2,425,000, or 22.4%, from the prior year, primarily due a decrease in roadway construction and bridge projects during the year. The fund balance at June 30, 2021 increased approximately \$1,165,000, or 61.4%, over the prior year restated balance to \$3,063,292.

BUDGETARY HIGHLIGHTS

Over the course of the year, Monona County amended its budget two times. The first amendment was made in April 2021 and resulted in an increase in budgeted disbursements in the public safety and legal service, physical health and social services and roads and transportation functions. The second amendment was made in May 2021 and resulted in an increase in budgeted disbursements in the public safety and legal services, mental health, and roads and transportation functions.

The County's receipts were \$230,294 more than budgeted, a variance of 1.35%. The most significant variance resulted in the County collecting more intergovernmental receipts than anticipated, including \$179,578 in CARES Act funds.

Total disbursements were \$1,044,073 less than the amended budget. Actual disbursements for the roads and transportation, administration and public safety and legal services functions were \$680,561, \$450,905 and \$153,019, respectively, less than budgeted. This was primarily due to costs being less than anticipated.

Even with the budget amendments, the County exceeded the budgeted amounts in the roads and transportation and capital projects functions prior to the amendments and in the capital projects function for the year ended June 30, 2021. In addition, disbursements in the secondary roads department exceeded the amounts appropriated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, Monona County had approximately \$35.3 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1,984,000, or 6.0%, over last year, prior to restatement.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2021	2020 (As Restated)
Land	\$ 275	275
Construction in progress, road network	452	1,742
Buildings and improvements	2,942	2,958
Equipment and vehicles	5,126	5,424
Infrastructure	26,465	22,877
Total	<u>\$ 35,260</u>	<u>33,276</u>

The County had depreciation expense of \$2,103,362 in fiscal year 2021 and total accumulated depreciation of \$19,803,564 at June 30, 2021. More detailed information about the County's capital assets is presented in Note 3 to the financial statements.

Long-Term Debt

At June 30, 2021, Monona County had approximately \$190,000 of debt outstanding, compared to approximately \$254,000 at June 30, 2020, as follows:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2021	2020
Drainage warrants	\$ 76	103
Capital lease purchase agreements	114	151
Total	\$ 190	254

Additional information about the County’s long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Monona County’s elected and appointed officials and citizens considered many factors when setting the fiscal year 2022 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 4.7% versus 5.1% a year ago. This compares with the State’s unemployment rate of 4.8% and the national rate of 5.9%.

These indicators were taken into account when adopting the fiscal year 2022 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars).

	2022	2021	Percentage Change
	Dollars Certified	Dollars Certified	
General basic levy	\$ 3,016,617	2,786,960	8.24%
General supplemental levy	1,726,625	1,622,026	6.45%
Mental health levy	180,376	214,564	-15.93%
Rural services basic levy	2,584,228	2,527,466	2.25%
Total	\$ 7,507,846	7,151,016	4.99%

Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for fiscal year 2022 and fiscal year 2021 are as follows:

	2022	2021	Percentage Change
	General basic levy	\$ 3.50000	3.50000
General supplemental levy	2.00330	2.03702	-1.66%
Mental health levy	0.20928	0.26946	-22.33%
Rural services basic levy	3.76486	3.80000	-0.92%
Total	\$ 9.47744	9.60648	-1.34%

Budgeted disbursements in the fiscal year 2022 budget are \$14,429,274, a 12.8% decrease from the fiscal year 2021 final amended budgeted disbursements. The countywide taxable valuation increased approximately \$65.6 million. Monona County has not added any major programs to the fiscal year 2022 budget.

If these estimates are realized, the County's budgetary operating balance is expected to remain consistent at approximately \$5.6 million 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 Monona 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 Monona County Auditor's Office, 620 Iowa Avenue, Onawa, Iowa 51040-1695 or by contacting the Monona County Auditor's Office at mocoaud1@mononacounty.org.

Monona County

Basic Financial Statements

Monona County
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 6,844,119
Health Plan Trustee	223,562
Receivables:	
Property tax:	
Delinquent	4,885
Succeeding year	7,219,000
Interest and penalty on property tax	3,381
Accounts	88,467
Accrued interest	5,508
Drainage assessments	
Current	10,140
Future	9,330
Loan	1,014
Due from other governments	1,682,771
Inventories	400,255
Prepaid expense	152,989
Capital assets, not being depreciated	727,153
Capital assets, net of accumulated depreciation	34,533,078
Total assets	51,905,652
Deferred Outflows of Resources	
Pension related deferred outflows	842,827
OPEB related deferred outflows	10,464
Total deferred outflows of resources	853,291
Liabilities	
Accounts payable	309,498
Due to other governments	31,418
Advances from grantor	33,182
Long-term liabilities:	
Portion due or payable within one year:	
Drainage warrants	19,470
Capital lease purchase agreements	23,694
Compensated absences	203,514
Portion due or payable after one year:	
Drainage warrants	56,178
Capital lease purchase agreements	90,523
Compensated absences	42,954
Net pension liability	2,968,628
Total OPEB liability	164,079
Total liabilities	3,943,138
Deferred Inflows of Resources	
Unavailable property tax revenue	7,219,000
Pension related deferred inflows	252,647
OPEB related deferred inflows	19,884
Total deferred inflows of resources	7,491,531
Net Position	
Net investment in capital assets	35,189,149
Restricted for:	
Supplemental levy purposes	1,175,917
Mental health purposes	13,785
Rural services purposes	1,330,115
Secondary roads purposes	4,040,178
Drainage purposes	106,295
Debt service	1,447
Capital projects	62,642
Other purposes	149,594
Unrestricted	(744,848)
Total net position	\$ 41,324,274

See notes to financial statements.

Monona County
Statement of Activities
Year ended June 30, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,286,584	233,216	98,234	-	(1,955,134)
Physical health and social services	190,141	9,900	134,318	-	(45,923)
Mental health	272,581	-	-	-	(272,581)
County environment and education	925,927	117,689	34,587	-	(773,651)
Roads and transportation	8,216,910	95,996	5,607,359	2,926,695	413,140
Governmental services to residents	497,043	206,215	-	-	(290,828)
Administration	1,695,698	190,589	72,166	-	(1,432,943)
Non-program	172,643	141,510	-	-	(31,133)
Interest on long-term debt	3,975	-	-	-	(3,975)
Total	\$ 14,261,502	995,115	5,946,664	2,926,695	(4,393,028)
General Revenues:					
Property and other county tax levied for general purposes					6,922,400
Penalty and interest on property tax					53,661
State tax credits					346,368
Local option sales tax					497,744
Unrestricted investment earnings					35,753
Gain on disposition of capital assets					91,590
Miscellaneous					24,151
Total general revenues					7,971,667
Change in net position					3,578,639
Net position beginning of year, as restated					37,745,635
Net position end of year					\$ 41,324,274

See notes to financial statements.

Monona County
Balance Sheet
Governmental Funds

June 30, 2021

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 2,700,939	13,605	1,336,648
Receivables:			
Property tax:			
Delinquent	3,697	180	1,008
Succeeding year	4,538,000	173,000	2,508,000
Interest and penalty on property tax	3,381	-	-
Accounts	39,097	-	-
Accrued interest	2,927	-	-
Loan	-	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	26,218	-	-
Inventories	-	-	-
Prepaid expenditures	91,544	-	1,899
Total assets	\$ 7,405,803	186,785	3,847,555
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 39,584	-	9,440
Due to other governments	30,188	-	-
Advances from grantor	-	-	-
Total liabilities	69,772	-	9,440
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,538,000	173,000	2,508,000
Other	19,559	180	1,008
Total deferred inflows of resources	4,557,559	173,180	2,509,008
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	91,544	-	1,899
Restricted for:			
Supplemental levy purposes	1,099,336	-	-
Mental health purposes	-	13,605	-
Rural services purposes	-	-	1,327,208
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	43,889	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	4,749	-	-
Assigned for:			
Jail/correction services	132,472	-	-
Drug enforcement related purposes	67,249	-	-
Soil and water conservation purposes	70,408	-	-
Unassigned	1,268,825	-	-
Total fund balances	2,778,472	13,605	1,329,107
Total liabilities, deferred inflows of resources and fund balances	\$ 7,405,803	186,785	3,847,555

See notes to financial statements.

Revenue		
Secondary Roads	Nonmajor	Total
2,319,684	313,290	6,684,166
-	-	4,885
-	-	7,219,000
-	-	3,381
49,370	-	88,467
-	2,581	5,508
1,014	-	1,014
-	10,140	10,140
-	9,330	9,330
1,644,577	11,976	1,682,771
400,255	-	400,255
59,546	-	152,989
<u>4,474,446</u>	<u>347,317</u>	<u>16,261,906</u>
260,466	8	309,498
1,220	10	31,418
33,182	-	33,182
<u>294,868</u>	<u>18</u>	<u>374,098</u>
-	-	7,219,000
1,116,286	31,446	1,168,479
<u>1,116,286</u>	<u>31,446</u>	<u>8,387,479</u>
400,255	-	400,255
59,546	-	152,989
-	-	1,099,336
-	-	13,605
-	-	1,327,208
2,603,491	-	2,603,491
-	150,497	150,497
-	-	43,889
-	1,447	1,447
-	62,642	62,642
-	101,267	106,016
-	-	132,472
-	-	67,249
-	-	70,408
-	-	1,268,825
<u>3,063,292</u>	<u>315,853</u>	<u>7,500,329</u>
<u>4,474,446</u>	<u>347,317</u>	<u>16,261,906</u>

Monona County

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

June 30, 2021

Total governmental fund balances (page 21) \$ 7,500,329

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$55,063,795 and the accumulated depreciation is \$19,803,564. 35,260,231

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. 1,168,479

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 383,515

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

Deferred outflows of resources	\$ 853,291	
Deferred inflows of resources	<u>(272,531)</u>	580,760

Long-term liabilities, including drainage warrants payable, capital lease purchase agreement payable, net pension liability, total OPEB liability and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (3,569,040)

Net position of governmental activities (page 18) \$ 41,324,274

See notes to financial statements.

Monona County

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

Year ended June 30, 2021

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 4,316,310	210,053	2,497,009
Local option sales tax	-	-	-
Interest and penalty on property tax	55,404	-	-
Intergovernmental	781,314	11,716	93,925
Licenses and permits	11,075	-	-
Charges for service	368,479	-	-
Use of money and property	53,791	-	-
Miscellaneous	145,627	-	-
Total revenues	<u>5,732,000</u>	<u>221,769</u>	<u>2,590,934</u>
Expenditures:			
Operating:			
Public safety and legal services	2,112,310	-	117,812
Physical health and social services	189,615	-	-
Mental health	-	272,581	-
County environment and education	678,575	-	237,641
Roads and transportation	-	-	-
Governmental services to residents	476,930	-	3,479
Administration	1,407,412	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	3,879	-	-
Total expenditures	<u>4,868,721</u>	<u>272,581</u>	<u>358,932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>863,279</u>	<u>(50,812)</u>	<u>2,232,002</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	3,970	-	-
Transfers in	15,659	-	-
Transfers out	-	-	(2,036,441)
Drainage warrant issued	-	-	-
Total other financing sources (uses)	<u>19,629</u>	<u>-</u>	<u>(2,036,441)</u>
Change in fund balances	882,908	(50,812)	195,561
Fund balances beginning of year, as restated	<u>1,895,564</u>	<u>64,417</u>	<u>1,133,546</u>
Fund balances end of year	<u>\$ 2,778,472</u>	<u>13,605</u>	<u>1,329,107</u>

See notes to financial statements.

Revenue		
Secondary Roads	Nonmajor	Total
-	-	7,023,372
497,744	-	497,744
-	-	55,404
6,740,742	12,971	7,640,668
3,930	-	15,005
-	1,969	370,448
33,121	2,944	89,856
212,054	97,620	455,301
7,487,591	115,504	16,147,798
-	-	2,230,122
-	-	189,615
-	-	272,581
-	21,002	937,218
6,655,100	-	6,655,100
-	4,095	484,504
-	-	1,407,412
-	107,302	107,302
-	100,057	100,057
1,748,069	-	1,751,948
8,403,169	232,456	14,135,859
(915,578)	(116,952)	2,011,939
59,900	-	63,870
2,020,782	-	2,036,441
-	-	(2,036,441)
-	68,678	68,678
2,080,682	68,678	132,548
1,165,104	(48,274)	2,144,487
1,898,188	364,127	5,355,842
3,063,292	315,853	7,500,329

Monona County

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

Year ended June 30, 2021

Change in fund balances - Total governmental funds (page 25) \$ 2,144,487

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

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

Expenditures for capital assets	\$ 2,078,158	
Capital assets contributed by the Iowa Department of Transportation	1,982,138	
Depreciation expense	<u>(2,103,362)</u>	1,956,934

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 27,720

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	(100,972)	
Other	<u>(346,841)</u>	(447,813)

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

Issued	(68,678)	
Repaid	<u>133,091</u>	64,413

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 403,600

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	(894)	
Pension expense	(522,813)	
OPEB expense	<u>(27,741)</u>	(551,448)

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. (19,254)

Change in net position of governmental activities (page 19) \$ 3,578,639

See notes to financial statements.

Monona County
 Statement of Net Position
 Proprietary Fund

June 30, 2021

	Internal Service - Employee Group Health
Assets	
Cash and cash equivalents:	
County Treasurer	\$ 159,953
Health Plan Trustee	223,562
Total assets	383,515
Liabilities	
None	-
Net Position	
Unrestricted	\$ 383,515

See notes to financial statements.

Monona County

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

Year ended June 30, 2021

	<u>Internal Service - Employee Group</u>
Operating revenues:	
Reimbursements from operating funds	\$ 1,333,835
Reimbursements from employees and others	<u>238,689</u>
Total operating revenues	1,572,524
Operating expenses:	
Insurance premiums	<u>1,593,734</u>
Operating loss	(21,210)
Non-operating revenues:	
Interest income	<u>1,956</u>
Net loss	(19,254)
Net position beginning of year	<u>402,769</u>
Net position end of year	<u>\$ 383,515</u>

See notes to financial statements.

Monona County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2021

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,333,835
Cash received from employees and others	238,689
Cash paid to suppliers for services	<u>(1,593,734)</u>
Net cash used by operating activities	(21,210)
Cash flows from investing activities:	
Interest on investments	<u>1,956</u>
Net decrease in cash and cash equivalents	(19,254)
Cash and cash equivalents beginning of year	<u>402,769</u>
Cash and cash equivalents end of year	<u>\$ 383,515</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (21,210)
Adjustments to reconcile operating loss to net cash used by operating activities:	
None	<u>-</u>
Net cash used by operating activities	<u>\$ (21,210)</u>

See notes to financial statements.

Monona County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2021

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 3,771,665
Other County officials	49,199
Receivables:	
Property tax:	
Delinquent	16,018
Succeeding year	13,809,000
Accounts	1,982
Accrued interest	1,804
Special assessments	3,803
Drainage assessments:	
Current	6,619
Future	13,233
Due from other governments	636,090
Prepaid expenses	<u>6,154</u>
Total assets	<u>18,315,567</u>
Liabilities	
Accounts payable	537,558
Due to other governments	600,564
Trusts payable	23,528
Compensated absences	24,169
Stamped drainage warrants payable	<u>27,740</u>
Total liabilities	<u>1,213,559</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	<u>13,809,000</u>
Net position	
Restricted for individuals, organizations and other governments	<u>\$ 3,293,008</u>

See notes to financial statements.

Monona County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 13,831,335
911 surcharges	188,479
State tax credits	1,064,605
Office fees and collections	376,520
Auto licenses, use tax and postage	3,791,231
Assessments	828,827
Trusts	195,480
Miscellaneous	<u>1,195,896</u>
Total additions	<u>21,472,373</u>
Deductions:	
Agency remittances:	
To other funds	324,943
To other governments	21,020,500
Trusts paid out	<u>192,989</u>
Total deductions	<u>21,538,432</u>
Changes in net position	(66,059)
Net position beginning of year, as restated	<u>3,359,067</u>
Net position end of year	<u>\$ 3,293,008</u>

See notes to financial statements.

Monona County

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies

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

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

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

Fifty-seven drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Monona County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. Those districts are included as a Custodial Fund of the County. Financial information of the individual drainage districts can be obtained from the Monona County Drainage Office.

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: County Assessor's Conference Board, County Emergency Management Commission and 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 Monona County Sanitary Landfill Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa. In addition, the County is involved in the following jointly governed organizations: Siouxland Regional Transit Authority, Third Judicial District Department of Correctional Services, WESCO Industries, Region IV Local Emergency Planning Committee, Siouxland Metropolitan Planning Council and Region IV Hazmat Team. Financial transactions of these organizations are not included in the County's financial statements.

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the programs. 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 Inflow of Resources and Fund Balance/Net Position

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at 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 represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax 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 1½% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2020.

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

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

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

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with an 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 and infrastructure are depreciated 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 - 70
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	3 - 15

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 the projected and actual earnings on pension plan assets and contributions from the County after the measurement date but before the end of the County's reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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, 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 Monona County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2021, disbursements exceeded the amounts budgeted in the roads and transportation and capital projects functions prior to budget amendments and in the capital projects function at year end. In addition, disbursements in the secondary roads department 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.

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Capital Assets

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

	Balance Beginning of Year (as restated)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 274,684	-	-	274,684
Construction in progress, road network	1,741,742	3,309,227	(4,598,500)	452,469
Total capital assets not being depreciated	<u>2,016,426</u>	<u>3,309,227</u>	<u>(4,598,500)</u>	<u>727,153</u>
Capital assets being depreciated:				
Buildings	3,310,944	320,000	-	3,630,944
Improvements other than buildings	1,908,523	-	-	1,908,523
Equipment and vehicles	12,642,095	481,869	(379,790)	12,744,174
Infrastructure, road network	31,454,501	4,598,500	-	36,053,001
Total capital assets being depreciated	<u>49,316,063</u>	<u>5,400,369</u>	<u>(379,790)</u>	<u>54,336,642</u>
Less accumulated depreciation for:				
Buildings	1,696,776	130,877	-	1,827,653
Improvements other than buildings	564,362	205,223	-	769,585
Equipment and vehicles	7,218,116	756,617	(356,710)	7,618,023
Infrastructure, road network	8,577,658	1,010,645	-	9,588,303
Total accumulated depreciation	<u>18,056,912</u>	<u>2,103,362</u>	<u>(356,710)</u>	<u>19,803,564</u>
Total capital assets being depreciated, net	<u>31,259,151</u>	<u>3,297,007</u>	<u>(23,080)</u>	<u>34,533,078</u>
Governmental activities capital assets, net	<u>\$ 33,275,577</u>	<u>6,606,234</u>	<u>(4,621,580)</u>	<u>35,260,231</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 82,974
County environment and education	28,399
Roads and transportation	1,718,899
Governmental services to residents	10,100
Administration	<u>262,990</u>
Total depreciation expense - governmental activities	<u>\$ 2,103,362</u>

(4) Loan Receivable

The County entered into a 28E agreement with the City of Blencoe to pave a County highway within Blencoe City limits. The County will assess the City for all costs to be reimbursed to the County's Secondary Road Fund. The City reimbursed 20% of the City's share of costs for the project to the County's Secondary Road Fund prior to July 15, 2017. The City is required to reimburse the County's Secondary Road Fund for the remaining 80% of the City's share of costs over a period of four years, with equal payments of 20% of the total cost of the project due on or before July 15th of 2018, 2019, 2020 and 2021. As of June 30, 2021, \$76,704 has been received and the outstanding loan has been repaid in full.

The County entered into a federal-aid agreement with the Iowa Department of Transportation and the City of Whiting for a bridge replacement within the City of Whiting city limits. The City is required to reimburse the County's Secondary Road Fund for any costs that exceed the City Highway Bridge Program funds received by the County. The amount due the County is \$99,255. During the year ended June 30, 2021, the City paid \$98,241 to the County. The balance of the loan receivable at June 30, 2021 is \$1,014 and is reported in the Secondary Roads Fund.

(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	\$ 30,188
Special Revenue:		
Secondary Roads	Services	1,220
Drainage Districts	Services	10
Total for governmental funds		<u>\$ 31,418</u>
Agency:		
County Offices	Collections	\$ 25,671
Schools		115,504
Community Colleges		8,335
Corporations		45,001
Auto License and Use Tax		306,511
All other		99,542
Total for custodial funds		<u>\$ 600,564</u>

(6) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Rural Services	\$ 15,659
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	<u>2,020,782</u>
Total		<u>\$ 2,036,441</u>

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

(7) Changes in Long-Term Liabilities

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

	<u>Drainage Warrants</u>	<u>Capital Lease Purchase Agreement</u>	<u>Compensated Absences</u>	<u>Net Pension Liability</u>	<u>Other Post-employment Benefits</u>	<u>Total</u>
Balance beginning of year	\$ 103,052	151,226	245,574	2,449,813	144,702	3,094,367
Increases	68,678	-	237,281	518,815	30,279	855,053
Decreases	96,082	37,009	236,387	-	10,902	380,380
Balance end of year	<u>\$ 75,648</u>	<u>114,217</u>	<u>246,468</u>	<u>2,968,628</u>	<u>164,079</u>	<u>3,569,040</u>
Due within one year	<u>\$ 19,470</u>	<u>23,694</u>	<u>203,514</u>	<u>-</u>	<u>-</u>	<u>246,678</u>

Drainage Warrants

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

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

Capital Lease Purchase Agreement

On December 29, 2017, the County entered into a capital lease purchase agreement to lease police radios. The agreement is for a period of 7 years at an interest rate of 3.89% per annum and expires in fiscal year 2025. The police radios do not meet the capitalization threshold and are not capitalized.

The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments for the agreement:

<u>Year Ending June 30,</u>	<u>Police Radios</u>
2022	\$ -
2023	15,511
2024	15,511
2025	<u>15,511</u>
Total minimum lease payments	\$ 46,533
Less amount representing interest	<u>(3,398)</u>
Present value of net minimum lease payments	<u>\$ 43,135</u>

During the year ended June 30, 2021, the County paid principal and interest of \$13,315 and \$2,196, respectively, on the agreement.

Capital Lease Purchase Agreement

On June 24, 2020, the County entered into a capital lease purchase agreement to lease two 6140M John Deere Tractors. The agreement is for a period of 5 years at an interest rate of 0% per annum and expires in fiscal year 2024. The equipment was received by the County and placed in service during the year ended June 30, 2021.

The following is a schedule by year of future minimum lease payments under the agreement in effect at June 30, 2021.

<u>Year Ending June 30,</u>	<u>John Deere Tractors</u>
2022	\$ 23,694
2023	23,694
2024	<u>23,694</u>
Total minimum lease payments	<u>\$ 71,082</u>

During the year ended June 30, 2021, the County paid principal of \$23,694 on the agreement.

(8) Risk Management

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

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2021 were \$264,555.

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

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$20,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

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

The County's contributions to IPERS for the year ended June 30, 2021 were \$403,600.

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 \$2,968,628 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 collective proportion was 0.042256%, which was a decrease of 0.00005% from its collective proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$522,813. 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	\$ 12,021	75,854
Changes of assumptions	191,076	48,811
Net difference between projected and actual earnings on IPERS' investments	229,082	-
Changes in proportion and differences between County contributions and its proportionate share of contributions	7,048	127,982
County contributions subsequent to the measurement date	403,600	-
Total	<u>\$ 842,827</u>	<u>252,647</u>

\$403,600 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	\$ 9,842
2023	32,569
2024	49,079
2025	107,610
2026	<u>(12,520)</u>
Total	<u>\$ 186,580</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 to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 5,550,238	2,968,628	804,475

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

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

(10) Other Postemployment Benefits (OPEB)

Plan Description – The County administers a single-employer benefit plan which provides medical 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 Monona 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 benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

Active employees 87

Total OPEB Liability – The County’s total OPEB liability of \$164,079 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 General Headcount Weighted Mortality Table fully generational using Scale MP-2019, SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019, and SOA Pub-2010 Continuing Survivor Headcount Weighted 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	\$ 144,702
Changes for the year:	
Service cost	21,453
Interest	4,420
Differences between expected and actual experiences	(10,902)
Changes in assumptions	4,406
Benefit payments	-
Net changes	<u>19,377</u>
Total OPEB liability end of year	<u>\$ 164,079</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	\$ 173,521	164,079	154,751

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

	<u>1% Decrease (6.50%)</u>	<u>Healthcare Cost Trend Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Total OPEB liability	\$ 140,712	164,079	192,531

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized OPEB expense of \$27,741. 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	\$ 3,822	19,884
Changes in assumptions	6,642	-
Total	\$ 10,464	19,884

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	\$ 1,869
2023	(3,641)
2024	(3,643)
2025	(2,924)
2026	(1,081)
Thereafter	-
	\$ (9,420)

(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 County contributions and is administered through a service agreement with Employee Benefit Systems. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the deductible of \$5,000/\$7,250 per single/family plan with a maximum out of pocket expense of \$7,350/\$14,700 per single/family plan. The deductible and maximum out of pocket expense for the County is reduced by the deductible amount paid by the employee of \$750/\$3,000 per single/family plan and employee maximum out of pocket expense of \$1,500/\$6,000 per single/family plan. Claims in excess of deductibles are covered by the partial self-funding plan.

Administrative service fees and plan contributions are paid monthly from the County’s operating funds to a separate account administered by Employee Benefit Systems. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County’s contribution for the year ended June 30, 2021 was \$1,333,835.

(12) County Financial Information Included in the Southwest Iowa MHDS Region

Southwest Iowa MHDS Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Cass County, Fremont County, Harrison County, Mills County, Monona County, Montgomery County, Page County, Pottawattamie County and Shelby County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Southwest Iowa MHDS Region for the year ended June 30, 2021, as follows:

Revenues:	
Property and other county tax	\$ 210,053
Intergovernmental revenues:	
State tax credits	<u>11,716</u>
Total revenues	<u>221,769</u>
Expenditures:	
Distribution to regional fiscal agent	<u>272,581</u>
Excess of expenditures over revenues	(50,812)
Fund balance beginning of the year	<u>64,417</u>
Fund balance end of the year	<u>\$ 13,605</u>

(13) 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 Monona County, remains uncertain.

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

(14) Accounting Change/Restatement

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

In addition, at June 30, 2020, construction in progress was overstated for the City of Whiting bridge project, while the loan receivable from the City of Whiting was not previously recorded.

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

	Governmental Activities	Secondary Roads Fund	Fiduciary Activities
Net position/fund balance June 30, 2020, as previously reported	\$ 38,984,729	1,813,269	-
Capital assets, not being depreciated	(1,324,013)	-	-
Loan receivable	84,919	84,919	-
Change to implement GASB No 84	-	-	3,359,067
Net position/fund balance July 1, 2020, as restated	<u>\$ 37,745,635</u>	<u>1,898,188</u>	<u>3,359,067</u>

(15) 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 require the reporting of certain potentially significant assets and liabilities that are not currently reported.

Required Supplementary Information

Monona County

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

Required Supplementary Information

Year ended June 30, 2021

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,516,949	-	7,516,949
Interest and penalty on property tax	55,404	-	55,404
Intergovernmental	8,924,778	63,377	8,861,401
Licenses and permits	14,955	-	14,955
Charges for service	370,399	-	370,399
Use of money and property	66,943	2,441	64,502
Miscellaneous	494,713	87,773	406,940
Total receipts	17,444,141	153,591	17,290,550
Disbursements:			
Public safety and legal services	2,231,037	-	2,231,037
Physical health and social services	192,229	-	192,229
Mental health	272,581	-	272,581
County environment and education	922,950	-	922,950
Roads and transportation	7,829,370	-	7,829,370
Governmental services to residents	485,526	-	485,526
Administration	1,420,046	-	1,420,046
Non-program	107,447	107,447	-
Debt service	100,057	100,057	-
Capital projects	2,143,238	-	2,143,238
Total disbursements	15,704,481	207,504	15,496,977
Excess (deficiency) of receipts over (under) disbursements	1,739,660	(53,913)	1,793,573
Other financing sources, net	128,578	68,678	59,900
Change in balances	1,868,238	14,765	1,853,473
Balance beginning of year	4,815,928	133,161	4,682,767
Balance end of year	\$ 6,684,166	147,926	6,536,240

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,631,651	7,631,651	(114,702)
15,420	15,420	39,984
8,708,591	8,708,591	152,810
8,225	8,225	6,730
279,022	279,022	91,377
116,590	116,590	(52,088)
300,757	300,757	106,183
17,060,256	17,060,256	230,294
2,330,056	2,384,056	153,019
338,607	342,107	149,878
216,975	272,581	-
994,628	994,628	71,678
6,969,931	8,509,931	680,561
575,204	575,204	89,678
1,870,951	1,870,951	450,905
-	-	-
-	-	-
1,591,592	1,591,592	(551,646)
14,887,944	16,541,050	1,044,073
2,172,312	519,206	1,274,367
35,000	35,000	24,900
2,207,312	554,206	1,299,267
5,701,058	5,701,058	(1,018,291)
7,908,370	6,255,264	280,976

Monona County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2021

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 17,444,141	(1,296,343)	16,147,798
Expenditures	<u>15,704,481</u>	<u>(1,568,622)</u>	<u>14,135,859</u>
Net	1,739,660	272,279	2,011,939
Other financing sources, net	128,578	3,970	132,548
Beginning fund balances, as restated	<u>4,815,928</u>	<u>539,914</u>	<u>5,355,842</u>
Ending fund balances	<u>\$ 6,684,166</u>	<u>816,163</u>	<u>7,500,329</u>

See accompanying independent auditor's report.

Monona County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,653,106. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2021, disbursements exceeded the amounts budgeted in the roads and transportation and capital projects functions prior to budget amendments and in the capital projects function at year end. In addition, disbursements in the secondary roads department exceeded the amounts appropriated.

Monona 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	0.042256%	0.042306%	0.043599%	0.046141%
County's proportionate share of the net pension liability	\$ 2,969	2,450	2,759	3,074
County's covered payroll	\$ 4,191	4,044	3,943	3,829
County's proportionate share of the net pension liability as a percentage of its covered payroll	70.84%	60.58%	69.97%	80.28%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%

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

See accompanying independent auditor's report.

2017	2016	2015
0.046122%	0.042430%	0.042330%
2,903	2,096	1,679
3,693	3,558	3,524
78.61%	47.64%	47.64%
81.82%	85.19%	87.61%

Monona County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 404	398	405	375
Contributions in relation to the statutorily required contribution	<u>(404)</u>	<u>(398)</u>	<u>(405)</u>	<u>(375)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 4,276	4,191	4,044	3,943
Contributions as a percentage of covered payroll	9.45%	9.50%	10.01%	9.51%

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
365	371	341	337	316	303
(365)	(371)	(341)	(337)	(316)	(303)
-	-	-	-	-	-
3,829	3,693	3,558	3,524	3,378	3,441
9.53%	10.05%	9.58%	9.56%	9.35%	8.81%

Monona 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.

Monona 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	\$ 21,453	17,579	16,665	8,922
Interest cost	4,420	5,282	5,176	3,299
Difference between expected and actual experiences	(10,902)	(11,123)	(6,768)	19,110
Changes in assumptions	4,406	62	2,482	8,436
Benefit payments	-	-	(3,442)	(8,341)
Net change in total OPEB liability	19,377	11,800	14,113	31,426
Total OPEB liability beginning of year	144,702	132,902	118,789	87,363
Total OPEB liability end of year	\$ 164,079	144,702	132,902	118,789
Covered-employee payroll	\$ 4,108,802	3,984,906	4,307,608	3,846,007
Total OPEB liability as a percentage of covered-employee payroll	4.0%	3.6%	3.1%	3.1%

See accompanying independent auditor's report.

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

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

Monona County

Supplementary Information

Monona County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2021

	Resource Enhancement and Protection	County Recorder's Records Management	Special County Recorder's Electronic Transaction Fee
Assets			
Cash, cash equivalents and pooled investments	\$ 28,291	31,750	311
Receivables:			
Accrued interest	-	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	-	-	-
Total assets	28,291	31,750	311
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	-	-	-
Due to other governments	-	-	-
Total liabilities	-	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Other	-	-	-
Fund balances:			
Restricted for:			
Drainage purposes	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	28,291	31,750	311
Total fund balances	28,291	31,750	311
Total liabilities, deferred inflows of resources and fund balances	\$ 28,291	31,750	311

See accompanying independent auditor's report.

Revenue					
Conservation Trust	Drainage Districts	Archer Trust	Capital Projects	Debt Service	Total
40,813	147,926	110	62,642	1,447	313,290
-	2,581	-	-	-	2,581
-	10,140	-	-	-	10,140
-	9,330	-	-	-	9,330
-	11,976	-	-	-	11,976
40,813	181,953	110	62,642	1,447	347,317
8	-	-	-	-	8
-	10	-	-	-	10
8	10	-	-	-	18
-	31,446	-	-	-	31,446
-	150,497	-	-	-	150,497
-	-	-	-	1,447	1,447
-	-	-	62,642	-	62,642
40,805	-	110	-	-	101,267
40,805	150,497	110	62,642	1,447	315,853
40,813	181,953	110	62,642	1,447	347,317

Monona County

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

Year ended June 30, 2021

	Resource Enhancement and Protection	County Recorder's Record Management	Special County Recorder's Electronic Transaction Fee
Revenues:			
Intergovernmental	\$ 9,475	-	-
Charges for service	-	1,969	-
Use of money and property	143	360	-
Miscellaneous	-	-	-
Total revenues	9,618	2,329	-
Expenditures:			
Operating:			
County environment and education	-	-	-
Government services to residents	-	4,095	-
Non-program	-	-	-
Debt service	-	-	-
Total expenditures	-	4,095	-
Excess (deficiency) of revenues over (under) expenditures	9,618	(1,766)	-
Other financing sources:			
Drainage warrant proceeds	-	-	-
Change in fund balances	9,618	(1,766)	-
Fund balances beginning of year	18,673	33,516	311
Fund balances end of year	\$ 28,291	31,750	311

See accompanying independent auditor's report.

 Revenue

Conservation Trust	Drainage Districts	Archer Trust	Capital Projects	Debt Service	Total
-	3,496	-	-	-	12,971
-	-	-	-	-	1,969
-	2,441	-	-	-	2,944
12,368	85,252	-	-	-	97,620
12,368	91,189	-	-	-	115,504
21,002	-	-	-	-	21,002
-	-	-	-	-	4,095
-	107,302	-	-	-	107,302
-	100,057	-	-	-	100,057
21,002	207,359	-	-	-	232,456
(8,634)	(116,170)	-	-	-	(116,952)
-	68,678	-	-	-	68,678
(8,634)	(47,492)	-	-	-	(48,274)
49,439	197,989	110	62,642	1,447	364,127
40,805	150,497	110	62,642	1,447	315,853

Monona County

Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,329	454,017	115,504	8,335
Other County officials	49,199	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	166	435	8,993	591
Succeeding year	-	190,000	507,000	9,894,000	766,000
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Drainage assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenditures	-	-	5,346	-	-
Total assets	\$ 49,199	192,495	966,798	10,018,497	774,926
Liabilities					
Accounts payable	-	-	4,109	-	-
Due to other governments	25,671	2,329	236	115,504	8,335
Trusts payable	23,528	-	-	-	-
Compensated absences	-	-	19,904	-	-
Stamped drainage warrants payable	-	-	-	-	-
Total liabilities	\$ 49,199	2,329	24,249	115,504	8,335
Deferred Inflows of Resources					
Unavailable revenues	-	190,000	507,000	9,894,000	766,000
Net Position					
Restricted for individuals, organizations and other governments	\$ -	166	435,549	8,993	591

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
45,001	2,789	966	306,511	1,930,028	906,185	3,771,665
-	-	-	-	-	-	49,199
5,490	110	227	-	4	2	16,018
2,163,000	287,000	-	-	-	2,000	13,809,000
-	-	-	-	115	1,867	1,982
-	-	-	-	1,804	-	1,804
-	-	3,803	-	-	-	3,803
-	-	-	-	6,619	-	6,619
-	-	-	-	13,233	-	13,233
-	-	-	-	560,270	75,820	636,090
-	-	-	-	-	808	6,154
2,213,491	289,899	4,996	306,511	2,512,073	986,682	18,315,567
-	-	-	-	528,182	5,267	537,558
45,001	2,789	872	306,511	-	93,316	600,564
-	-	-	-	-	-	23,528
-	-	-	-	-	4,265	24,169
-	-	-	-	27,740	-	27,740
45,001	2,789	872	306,511	555,922	102,848	1,213,559
2,163,000	287,000	-	-	-	2,000	13,809,000
5,490	110	4,124	-	1,956,151	881,834	3,293,008

Monona 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
Additions:					
Property and other county tax	\$ -	190,279	501,853	9,588,490	684,939
911 surcharges	-	-	-	-	-
State tax credits	-	10,799	28,346	563,278	38,630
Office fees and collections	374,567	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	195,480	-	-	-	-
Miscellaneous	-	-	2,127	-	-
Total additions	570,047	201,078	532,326	10,151,768	723,569
Deductions:					
Agency remittances:					
To other funds	217,471	-	-	-	-
To other governments	159,587	204,420	425,405	10,311,326	734,604
Trusts paid out	192,989	-	-	-	-
Total deductions	570,047	204,420	425,405	10,311,326	734,604
Changes in net position	-	(3,342)	106,921	(159,558)	(11,035)
Net position beginning of year, as restated	-	3,508	328,628	168,551	11,626
Net position end of year	\$ -	166	435,549	8,993	591

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
2,584,295	285,891	(94)	-	(6,389)	2,071	13,831,335
-	-	-	-	-	188,479	188,479
412,838	10,597	-	-	-	117	1,064,605
-	-	-	-	-	1,953	376,520
-	-	-	3,791,231	-	-	3,791,231
-	-	3,865	-	824,962	-	828,827
-	-	-	-	-	-	195,480
-	-	-	-	825,295	368,474	1,195,896
<u>2,997,133</u>	<u>296,488</u>	<u>3,771</u>	<u>3,791,231</u>	<u>1,643,868</u>	<u>561,094</u>	<u>21,472,373</u>
-	-	-	107,472	-	-	324,943
3,055,373	300,651	6,393	3,683,759	1,733,033	405,949	21,020,500
-	-	-	-	-	-	192,989
<u>3,055,373</u>	<u>300,651</u>	<u>6,393</u>	<u>3,791,231</u>	<u>1,733,033</u>	<u>405,949</u>	<u>21,538,432</u>
(58,240)	(4,163)	(2,622)	-	(89,165)	155,145	(66,059)
63,730	4,273	6,746	-	2,045,316	726,689	3,359,067
<u>5,490</u>	<u>110</u>	<u>4,124</u>	<u>-</u>	<u>1,956,151</u>	<u>881,834</u>	<u>3,293,008</u>

Monona County

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

For the Last Ten Years

	2021	2020	2019	2018
Revenues:				
Property and other county tax	\$ 7,023,372	5,987,894	5,883,121	5,784,845
Local option sales tax	497,744	394,440	398,118	343,814
Interest and penalty on property tax	55,404	14,542	33,599	34,592
Intergovernmental	7,640,668	6,028,030	4,992,722	5,389,623
Licenses and permits	15,005	11,447	11,301	10,463
Charges for service	370,448	290,811	285,531	274,946
Use of money and property	89,856	249,223	156,011	131,803
Miscellaneous	455,301	600,623	478,380	279,485
Total	<u>\$ 16,147,798</u>	<u>13,577,010</u>	<u>12,238,783</u>	<u>12,249,571</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,230,122	2,085,064	2,052,776	2,121,314
Physical health and social services	189,615	230,095	370,772	403,155
Mental health	272,581	218,500	186,858	206,517
County environment and education	937,218	939,238	816,554	781,138
Roads and transportation	6,655,100	8,901,221	6,448,088	7,116,238
Governmental services to residents	484,504	481,172	438,358	442,618
Administration	1,407,412	1,603,173	1,564,632	1,569,471
Non-program	107,302	111,274	144,452	104,590
Debt service	100,057	105,795	90,456	158,995
Capital projects	1,751,948	1,941,735	1,255,190	420,323
Total	<u>\$ 14,135,859</u>	<u>16,617,267</u>	<u>13,368,136</u>	<u>13,324,359</u>

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
5,669,357	5,561,731	5,456,613	4,937,622	5,334,059	4,912,903
384,646	360,583	365,015	371,369	374,454	354,148
36,185	32,488	34,393	35,923	40,975	41,335
5,999,655	4,742,310	4,312,456	4,625,041	4,961,929	5,483,342
11,024	12,254	14,035	13,410	18,055	17,914
278,320	249,213	247,887	274,063	266,849	261,523
123,213	156,896	130,365	246,385	180,563	180,974
539,418	234,162	258,957	345,411	432,936	323,106
13,041,818	11,349,637	10,819,721	10,849,224	11,609,820	11,575,245
1,926,703	1,765,858	1,719,465	1,689,183	1,542,167	1,659,465
448,973	461,785	427,775	499,065	484,879	588,532
206,908	300,992	598,354	238,336	166,997	1,119,019
799,980	663,613	642,075	706,882	556,117	691,232
5,204,001	5,253,867	5,201,317	4,497,158	6,243,940	5,166,391
425,622	397,656	430,172	445,357	396,074	384,938
1,383,992	1,420,508	1,373,921	1,359,072	1,359,773	1,335,272
357,527	166,778	97,424	88,853	171,333	261,784
329,521	217,098	190,008	319,740	426,856	354,955
1,040,159	859,377	464,107	229,373	581,694	665,214
12,123,386	11,507,532	11,144,618	10,073,019	11,929,830	12,226,802

Schedule 6

Monona County

Schedule of Expenditure of Federal Awards

Year ended June 30, 2021

	Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of Interior:			
Payments in Lieu of Taxes	15.226		<u>\$ 1,913</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>16,074</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	BROS-C067(84)--8J-67	<u>102,904</u>
U.S. Department of Treasury:			
Iowa Department of Revenue:			
COVID-19, Coronavirus Relief Fund	21.019		<u>179,578</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Environmental Public Health and			
Emergency Response	93.070		<u>500</u>
Immunization Cooperative Agreements	93.268	5881I463	<u>5,417</u>
COVID-19, Public Health Emergency Response:			
Cooperative Agreement for Emergency Response:			
Public Health Crisis Response	93.354	5885BT467	<u>7,755</u>
Human Services Administrative Reimbursements:			
Title IV-E Prevention Program	93.472		<u>824</u>
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>3,520</u>
Foster Care - Title IV-E	93.658		<u>4,215</u>
Adoption Assistance	93.659		<u>2,068</u>
Social Services Block Grant	93.667		<u>3,842</u>
Children's Health Insurance Program	93.767		<u>341</u>
Medicaid Cluster:			
Medical Assistance Program	93.778		<u>13,966</u>
U.S. Department of Homeland Security:			
Iowa Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4421 DRIA	<u>2,180,426</u>
Total indirect			<u>2,521,430</u>
Total			<u>\$ 2,523,343</u>

Monona County

Schedule of Expenditure of Federal Awards

Year ended June 30, 2021

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

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

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

See accompanying independent auditor's report.



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

To the Officials of Monona 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 Monona 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 September 13, 2022.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section 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 and Questioned Costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-21 through II-C-21 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-D-21 to be a significant deficiency.

Compliance and Other Matters

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

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

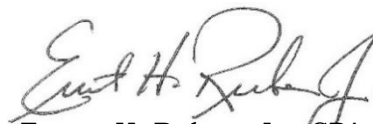
Monona County's Responses to Findings

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

September 13, 2022



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

To the Officials of Monona County:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

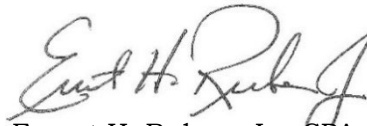
Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



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

September 13, 2022

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency and a material weakness in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listing Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters).
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Monona County did not qualify as a low-risk auditee.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-21 Segregation of Duties
(2021-001)

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

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

	<u>Applicable Offices</u>
(1) All incoming mail is opened by an employee who is also authorized to make entries to the accounting records. In the County Treasurer’s Office, drop box receipts are opened by accounting personnel.	Conservation, Recorder, Sheriff and Treasurer
(2) All employees have access to the change fund.	Recorder and Sheriff
(3) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts and disbursements.	Conservation, Recorder, Sheriff and Treasurer
(4) Checks are not restrictively endorsed immediately upon receipt.	Assessor and Conservation
(5) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Sheriff and Treasurer
(6) Responsibilities for approval, preparation, signing and posting of disbursements.	Recorder and Sheriff
(7) Inventory and supplies receiving, accounting and custody responsibilities are not properly segregated.	Engineer
(8) All individuals have the ability to void receipts, including individuals who perform daily balancing. A report is not maintained, or review performed over voided receipts.	Sheriff

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

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

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

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. These independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

Conservation – Director and Assistant Director collect receipts and the Secretary prepares the deposit. Currently we have a “For Deposit Only Monona County Conservation Onawa, Ia.” stamp and have ordered staff to stamp checks we receive. We will discuss it again like other years, but with limited staff it is difficult to segregate these duties.

Recorder – The Recorder will continue to educate staff on the importance of segregation of duties and cross checking each other's work. One employee will balance the cash drawer, and another will balance to the computer system. The Recorder will check deposit to computer reports and take deposit to the bank.

Engineer – We are getting an inventory system in place to help with this process.

Sheriff – We will attempt to segregate duties amongst available staff.

Treasurer – Treasurer will implement schedule of varied duties when feasible to do so with adequate staff.

Assessor – We have a stamp and will endorse checks from this day forward presented to this office.

Conclusion – Responses acknowledged. Each official should continue to review controls to obtain the maximum internal control possible, including utilizing current personnel, including other officials and employees, to provide additional control for their accounts.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

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

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

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

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

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the County’s financial statements were necessary.

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

Responses – We are getting an inventory system in place to help with this process.

Conclusion – Responses accepted.

II-C-21 Bank Reconciliations
(2021-003)

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling book and bank balances. Bank reconciliations can help ensure the accuracy of recorded amounts.

Condition – Monthly reconciliations of book to bank balances were not prepared by the Treasurer’s Office from January 2021 through June 2021.

Cause – Policies have not been designed and procedures have not been implemented to ensure bank reconciliations are prepared.

Effect – Lack of preparation of bank reconciliations increases the risk misstatements may not be prevented or detected and corrected on a timely basis in the normal course of operations.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Recommendation – To improve financial accountability and control, the monthly reconciliations of the book and bank balances should be prepared. Reconciliations should be reviewed by an independent person and the review should be documented by the signature or initials of the reviewer and the date of the review. The bank reconciliation review should include evidence the bank balances and reconciling items were verified by the independent reviewer.

Response – Treasurer balanced book to bank January 2021 thru June 2021. With guidance and discussion with the State Auditor's Office, the Treasurer implemented new balancing procedures to balance county banks and investments overall. Once balancing procedures were discussed, Treasurer went back to January 2021 through June 2021 and rebalanced each month to include county investments. The newly implemented balancing procedures continues to be the best practice.

Conclusion – Response accepted.

II-D-21 County Sheriff Commissary Account
(2021-004)

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records, reconciling book and bank balances and by ensuring an independent review of the bank reconciliations.

Condition – During the fiscal year, monthly book to bank reconciliations for the County Sheriff's Commissary bank account were not prepared. Although the County Sheriff prepares a monthly Checkbook Statement Report, the report does not include a list of outstanding checks and deposits in transit. In addition, there was no evidence of an independent review of this report for all 12 months.

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

Effect – The lack of a complete bank to book reconciliation can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – To improve financial accountability and control, a monthly reconciliation of the book and bank balances should be prepared and retained. Any variances should be investigated and resolved in a timely manner. A listing of outstanding checks and deposits in transit should be prepared and retained monthly. Also, the book balance should be reconciled to a trust list on hand at the end of each month. An independent review of the reconciliation should be performed periodically and should be documented by the signature or initials of the reviewer and the date of review.

Response – Staff will reconcile the commissary account on a month-to-month basis and also will keep a running log of monthly outstanding checks and deposits.

Conclusion – Response accepted.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weakness in internal control over the major program were noted.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-21 Certified Budget – Disbursements during the year ended June 30, 2021 exceeded the amounts budgeted in the roads and transportation and capital projects functions prior to budget amendments and in the capital projects function at year end. In addition, disbursements in the secondary roads department 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 – The County will monitor the budget to ensure County’s expenditures do not exceed budget amounts. A budget amendment will be done before this happens.

Conclusion – Response accepted.

IV-B-21 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Doug Kuhlmann, Conservation Director, Owner of Kuhlmann Home Improvements	Equipment rental	\$ 1,908

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Kuhlmann Home Improvements does not appear to represent conflicts of interest since the total transactions with each were below \$6,000 during the fiscal year.

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

IV-F-21 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-G-21 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

IV-H-21 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

IV-I-21 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-J-21 Taxable Fringe Benefits – Certain County expenditures for clothing considered adaptable to general usage as ordinary clothing were not included in wages of employees in accordance with Internal Revenue Service (IRS) Guidelines.

Recommendation – The County should properly include taxable fringe benefits in reported employee wages in accordance with IRS guidelines.

Response – Going forward the County will report ordinary clothing as taxable fringe benefit.

Conclusion – Response accepted.

IV-K-21 Outstanding Checks – Chapter 331.554(6) of the Code of Iowa requires a check outstanding for more than one year be canceled, removed from the list of outstanding checks and deposited to the account on which the check was written. At June 30, 2021, the County Sheriff’s outstanding check list included 21 checks which had been outstanding over one year and 108 checks which had been outstanding for over two years.

Recommendation – Checks outstanding for more than one year should be canceled as required by the Code of Iowa.

Response – We will cancel all outstanding checks, remove them from the list and deposit them to the account they were written on.

Conclusion – Response accepted.

IV-L-21 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The image of the backs of each cancelled check was not obtained by the County Sheriff.

Recommendation – The County Sheriff should obtain and retain an image of both the front and back of each cancelled check as required by the Code of Iowa.

Response – Our office has already contacted our bank and they are including these with our monthly statements.

Conclusion – Response accepted.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

IV-M-21 Sheriff Account – Chapter 331.902 of the Code of Iowa states, in part, “Unless otherwise specifically provided by statute, the fees and the other charges collected by the auditor, treasurer, recorder and sheriff, and their deputies or employees, belong to the County.” Chapter 331.552 of the Code of Iowa states, in part, “The treasurer shall: Receive all money payable to the county unless otherwise provided by law.”

The County Sheriff maintains a bank account for Sheriff fees. The financial activity of this account includes certain law enforcement contracts which should be remitted directly with the County Treasurer for deposit to the General Fund or a Special Revenue Fund.

Recommendation – All contract law enforcement collections should be remitted to the County Treasurer and all expenditures of these funds should be reflected in the County’s accounting system, annual budget and financial reports. All claims for use of these resources should be presented to the Board of Supervisors for approval and properly charged against the County budget.

Response – Sheriff staff are planning a meeting with the County Treasurer to make a plan on how to go about doing this.

Conclusion – Response accepted.

Monona County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Deborah J. Moser, CPA, Manager
Anthony M. Heibult, Senior Auditor II
Corey D. Hauptmann, Staff Auditor
Laurel P. Hoogensen, Staff Auditor
Mackenzie L. Johnson, Staff Auditor
Ashley A. Kraber, Staff Auditor
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