



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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

NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

December 12, 2022

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$29,326,454 for the year ended June 30, 2021, a 13% increase over the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$23,302,155, a 4.5% increase over the prior year. The increase in revenues is due primarily to the increase in operating grant revenue for the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The increase in expenses is due primarily to increased construction costs for bridge projects.

AUDIT FINDINGS:

Sand reported four findings related to the receipt and expenditure of taxpayer funds. They are found on pages 94 through 101 of this report. The findings address lack of segregation of duties, lack of a complete County Treasurer bank reconciliation, material amounts of disbursements, receivables, payables, and infrastructure additions not properly recorded in the County's financial statements and disbursements exceeding budgeted amounts. Sand provided the County with recommendations to address each of these findings.

Three of the four 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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BOONE COUNTY

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

JUNE 30, 2021

Boone County



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

Rob Sand
Auditor of State

October 20, 2022

Officials of Boone County
Boone, Iowa

Dear Board Members:

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

Sincerely,

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

Rob Sand
Auditor of State

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Boone County

Officials

(Before January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Chad Behn	Board of Supervisors	Jan 2021
Bill Zinnel	Board of Supervisors	Jan 2021
Steve Duffy	Board of Supervisors	Jan 2023
Philippe Meier	County Auditor	Jan 2021
Lauren Novak	County Treasurer	Jan 2023
Chris Duncan	County Recorder	Jan 2023
Greg Elsberry	County Sheriff	Jan 2021
Daniel Kolacia	County Attorney	(Resigned Jan 2021)
Paul Overton	County Assessor	Jan 2022

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steve Duffy	Board of Supervisors	Jan 2023
Erich Kretzinger	Board of Supervisors	Jan 2025
Bill Zinnel	Board of Supervisors	Jan 2025
Diane Patrick	County Auditor	Jan 2025
Lauren Novak	County Treasurer	Jan 2023
Chris Duncan	County Recorder	Jan 2023
Greg Elsberry	County Sheriff	Jan 2025
Matt Speers (Appointed Jan 2021)	County Attorney	Jan 2023
Paul Overton	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Boone County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone 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, the business type activities, each major fund and the aggregate remaining fund information of Boone 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 Matter

As discussed in Note 16 to the financial statements, Boone County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. In addition, Boone County's beginning net position for governmental activities and fund balance of the Special Revenue, Mental Health Fund were restated to report accounts payable not previously reported. Also, the beginning net position of the governmental activities was restated to report the Internal Service, Health Insurance Premiums Fund. 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 22 and 66 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

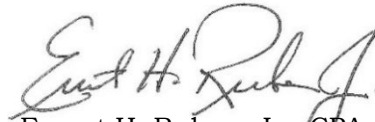
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boone 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 October 20, 2022 on our consideration of Boone County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Boone County's internal control over financial reporting and compliance.



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

October 20, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Boone 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 (FY) ended June 30, 2021. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

FISCAL YEAR 2021 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated \$1,167,913 to retroactively report in accordance with the GASBS. In addition, the County's beginning net position for governmental activities was restated \$841,255 to reclassify the Internal Service, Health Insurance Premiums Fund. Also, the County's beginning net position for governmental activities and beginning fund balance for the Special Revenue, Mental Health Fund was restated \$66,447 for accounts payable not previously recorded.
- Boone County's governmental activities expenses increased \$720,029 or 3.7%, compared to fiscal year 2020. This increase is primarily related to an increase of approximately \$457,230 in roads and transportation expenses, which includes increased construction for non-capitalized bridge projects and the acquisition of property.
- Boone County's total net position increased \$6,799,107, prior to restatement, or 10.7%, over the fiscal year 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 Boone 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 Boone 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 Boone 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 programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

- 1) Governmental Funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, Secondary Roads and Drainage Districts and 3) the Debt Service 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) Proprietary Funds account for the County's Enterprise Funds and Internal Service, Health Insurance Premiums Fund. Boone County's Enterprise, Landfill Operations, Ground Water Tax Funds account for the financial activity of the Boone County Landfill. 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 schools, 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.

BOONE COUNTY FINANCIAL ANALYSIS AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of financial position. Boone County's combined net position increased 10.7%, before restatement, over a year ago, increasing from approximately \$63.3 million to approximately \$70.1 million. The analysis that follows focuses on the net position of governmental and business type activities.

Net Position of Boone County Activities						
	Governmental Activities		Business Type Activities		Total	
	2021	2020 (Not Restated)	2021	2020	2021	2020 (Not Restated)
Current and other assets	\$ 24,869,095	19,300,587	16,633,482	14,858,242	41,502,577	34,158,829
Capital assets	49,517,442	47,450,441	5,799,061	5,204,488	55,316,503	52,654,929
Total assets	74,386,537	66,751,028	22,432,543	20,062,730	96,819,080	86,813,758
Deferred outflows of resources	1,485,079	1,381,412	69,383	56,845	1,554,462	1,438,257
Long-term liabilities	11,474,674	10,686,621	4,340,969	4,137,909	15,815,643	14,824,530
Other liabilities	3,243,214	568,765	323,956	99,021	3,567,170	667,786
Total liabilities	14,717,888	11,255,386	4,664,925	4,236,930	19,382,813	15,492,316
Deferred inflows of resources	8,825,618	9,340,742	33,024	85,977	8,858,642	9,426,719
Net position:						
Net investment in capital assets	46,795,095	44,366,945	5,799,061	5,204,488	52,594,156	49,571,433
Restricted	8,034,584	6,660,638	709,413	4,280,703	8,743,997	10,941,341
Unrestricted	(2,501,568)	(3,491,271)	11,295,502	6,311,477	8,793,934	2,820,206
Total net position	\$ 52,328,111	47,536,312	17,803,976	15,796,668	70,132,087	63,332,980

Net position of Boone County's governmental activities increased 10.1%, before restatement, (approximately \$52.3 million compared to approximately \$47.5 million).

The largest portion of the County's net position is net investment 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.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used.

Unrestricted governmental activities net position, the part of net position that can be used to finance day to day operations without constraints established by debt covenants, legislation or other legal requirements, increased 28.3% with a deficit of approximately \$3,491,000 at June 30, 2020 and a deficit of approximately \$2,502,000 at June 30, 2021. The increase is mainly a result of the County receiving approximately \$473,000 in CARES funding.

Net position of Boone County's business type activities increased 12.7% (approximately \$17.8 million compared to approximately \$15.8 million). The largest portion of the business type activities net position is unrestricted, which increased as a result of changes between revenues and expenditures during the year.

The following table titled “Changes in Net Position of Boone County Activities” compares the changes in detail. Looking at the County as a whole, revenues increased 12.9% and expenses increased 4.5%. Revenues of the County as a whole increased \$3,353,943 compared to fiscal year 2020. Operating grants increased \$664,331 which mostly represents an increase in contributions in the Special Revenue, Secondary Roads Fund. Capital grants increased \$554,903, which mostly represents increased capital contributions from the Iowa Department of Transportation for bridge construction projects. Charges for service increased 26.9%, which mostly represents increased drainage collections and revenue for the Dakota Access Pipeline field inspections. In addition, charges for services for the County’s Internal Service Fund were recorded as Custodial in fiscal year 2020. Property tax revenue increased 3.0%, tax increment financing decreased 3.9%, local option sales tax revenue decreased 7.4% and other revenue decreased 1.0% compared to fiscal year 2020. A look at expenses by function reveals public safety and legal services expenses increased 8.7%, physical health and social services expenses decreased 2.1%, and mental health expenses decreased 35.1%. The County paid the salary for 1.5 full-time equivalent mental health employees and the region asked for a larger transfer of dollars to the region in the prior year. County environment and education expenses increased 6.5%, roads and transportation expenses increased 5.5%, governmental services to residents expenses decreased 3.4%, administration expenses decreased 9.2% mainly due to boiler and building repairs and maintenance in fiscal year 2020, non-program expenses increased 223.3% due to the internal service fund being included in the governmental activities this year, interest on long-term debt increased by 14.0% due to the 2017 bond refunding and issuance of new debt in fiscal year 2021, and solid waste expenses increased 10.5% due to a payment in fiscal year 2021 for the next phase of the landfill expansion.

Changes in Net Position of Boone County Activities							
	Governmental Activities		Business Type Activities		Total		
	2020		2020		2020		
	2021	(Not Restated)	2021	2020	2021	(Not Restated)	
Revenues:							
Program revenues:							
Charges for service	\$ 4,668,848	3,013,588	4,862,454	4,495,281	9,531,302	7,508,869	
Operating grants, contributions and restricted interest	5,696,093	5,031,762	-	-	5,696,093	5,031,762	
Capital grants, contributions and restricted interest	3,288,258	2,733,355	-	-	3,288,258	2,733,355	
General revenues:							
Property tax - general purposes	7,830,085	7,594,574	-	-	7,830,085	7,594,574	
Property tax - debt service	249,641	252,332	-	-	249,641	252,332	
Tax increment financing	334,219	347,631	-	-	334,219	347,631	
Penalty and interest on property tax	125,776	-	-	-	125,776	-	
State tax credits	539,701	516,088	-	-	539,701	516,088	
Local option sales tax	1,188,057	1,282,743	-	-	1,188,057	1,282,743	
Unrestricted investment earnings	98,404	238,868	22,832	120,372	121,236	359,240	
Gain on disposition of capital assets	121,783	144,919	12,825	46,000	134,608	190,919	
Miscellaneous	287,478	154,998	-	-	287,478	154,998	
Total revenues	24,428,343	21,310,858	4,898,111	4,661,653	29,326,454	25,972,511	
Program expenses:							
Public safety and legal services	4,492,979	4,134,990	-	-	4,492,979	4,134,990	
Physical health and social services	622,314	635,361	-	-	622,314	635,361	
Mental health	710,662	1,094,698	-	-	710,662	1,094,698	
County environment and education	2,385,558	2,239,968	-	-	2,385,558	2,239,968	
Roads and transportation	8,828,103	8,370,873	-	-	8,828,103	8,370,873	
Governmental services to residents	665,676	688,997	-	-	665,676	688,997	
Administration	1,997,867	2,200,583	-	-	1,997,867	2,200,583	
Non-program	520,235	160,923	-	-	520,235	160,923	
Interest on long-term debt	187,958	164,930	-	-	187,958	164,930	
Solid waste	-	-	2,890,803	2,616,854	2,890,803	2,616,854	
Total expenses	20,411,352	19,691,323	2,890,803	2,616,854	23,302,155	22,308,177	
Change in net position	4,016,991	1,619,535	2,007,308	2,044,799	6,024,299	3,664,334	
Net position beginning of year, as restated	48,311,120	45,916,777	15,796,668	13,751,869	64,107,788	59,668,646	
Net position end of year	\$ 52,328,111	47,536,312	17,803,976	15,796,668	70,132,087	63,332,980	

The amounts reported for governmental activities in the Governmental Funds Balance Sheet are different than the Statement of Net Position because:

<u>Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position</u>		
Total Governmental Fund Balances		\$ 10,063,889
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 \$97,917,283 and the accumulated depreciation is \$48,399,841.		49,517,442
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.		1,948,422
Internal service funds are used by management to charge the cost of certain activities to individual funds. Internal service fund balance of \$12,106 relate to Enterprise funds.		1,194,843
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 1,485,079	
Deferred inflows of resources	<u>(379,786)</u>	1,105,293
Long-term liabilities, including notes payable, a capital lease agreement, compensated absences payable, drainage district warrants payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(11,501,778)</u>
Net Position of Governmental Activities		<u>\$ 52,328,111</u>

The County-wide taxable valuation increased approximately 7.6% and the County's rural taxable valuation increased approximately 8.5% compared to the taxable value of the January 1, 2019 assessment year. The budgetary requirements of the County for county-wide purposes required a County-wide levy rate of \$3.77416/\$1,000 of taxable valuation, a 4.0% decrease from the fiscal year 2020 levy rate. The total increase in dollars levied County-wide was \$198,577, or 3.4%.

The budgetary requirements of the County for rural services required a rural services levy rate of \$2.32126/\$1,000 of taxable rural valuation, a decrease of 6.0% from the fiscal year 2020 levy rate. The total dollars levied in unincorporated or rural areas of Boone County was \$2,384,264 for the Rural Services Fund or a 2.0% increase compared fiscal year 2020 dollars levied.

A relatively stagnant property tax base has the potential of putting a governmental entity in financial harm as revenues may not be sufficient to offset the cost of government inflation. Boone County was fortunate to be able to levy enough property tax to remain stable and maintain the essential services County residents expect and deserve. See the detail on property tax in the following table:

Property Tax Levied		
	FY2021	FY2020
County-wide taxable valuation	\$ 1,614,567,005	1,500,370,309
County-wide levy rate without debt service	3.61541	3.75857
Dollars levied without debt service	5,837,318	5,639,241
County-wide taxable debt service valuation	1,667,056,499	1,547,877,780
County debt service levy rate	0.15875	0.17065
Dollars levied for debt service	264,646	264,146
Total County-wide levy rate	3.77416	3.92922
Total dollars levied County-wide	6,101,964	5,903,387
Rural taxable valuation	1,027,141,119	946,374,256
Rural tax levy rate	2.32126	2.46997
Dollars levied rural area only	2,384,264	2,337,513
Total dollars levied	\$ 8,486,228	8,240,900

Governmental Activities

Management will analyze and compare revenues and expenses detailing percentage increases or decreases and explain the reasons they occurred.

- Revenues for governmental activities were approximately \$24.4 million in fiscal year 2021, which is a 14.6% increase compared to fiscal year 2020. Expenses for governmental activities totaled approximately \$20.4 million, an increase of 3.7% compared to fiscal year 2020. In a difficult budgeting year, Boone County did a remarkable job maintaining expenses to match available revenues, noting the County’s net position of governmental activities ended the year at approximately \$52.3 million, a 10.1% increase, prior to restatement, over the fiscal year 2020 total net position.
- Local option sales tax revenue of \$1,188,057 was down approximately \$95,000. Boone County uses 75% of the local option sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund. The remaining 25% of the local option sales tax is spent for betterment projects throughout the County. The revenue received from local option sales tax decreased 7.4% compared to fiscal year 2020.

Net Cost of Governmental Activities

Function	Expenses	Program Revenues			FY2021 Net Expense (Revenue)	FY2020 Net Expense (Revenue)
		Charges for Service	Operating and Capital Grants and Contributions	Capital Grants Contributions and Restricted Interest		
Public safety and legal services	\$ 4,492,979	792,515	188,102	-	3,512,362	3,092,824
Physical health and social services	622,314	99,277	102,628	-	420,409	433,880
Mental health	710,662	-	-	-	710,662	1,094,698
County environment and education	2,385,558	1,933,124	177,219	-	275,215	993,898
Roads and transportation	8,828,103	183,571	4,778,776	3,288,258	577,498	1,063,967
Governmental services to residents	665,676	650,108	-	-	15,568	63,957
Administration	1,997,867	372,076	-	-	1,625,791	2,189,245
Non-program	520,235	638,177	449,368	-	(567,310)	(184,781)
Interest on long-term debt	187,958	-	-	-	187,958	164,930
Total	\$ 20,411,352	4,668,848	5,696,093	3,288,258	6,758,153	8,912,618

- The cost of all governmental activities this year was approximately \$20.4 million, an increase of approximately \$720,000, or 3.7% over fiscal year 2020.
- The portion of the cost financed by users of Boone County programs from charges for service was approximately \$4.7 million, an increase of approximately \$1,655,000 or 54.9%, compared to fiscal year 2020. The increase is mostly due to capital contributions from the Iowa Department of Transportation.
- The federal and state governments and private contributors subsidized certain programs with operating and capital grants and contributions totaling approximately \$9.0 million, an increase of 15.7% compared to fiscal year 2020. The increase mostly represents capital contributions from the Iowa Department of Transportation for bridge construction projects.
- The net cost of governmental activities was financed with general revenues, including property tax related revenue of \$8,079,726, tax increment financing revenues of \$334,219, local option sales tax of \$1,188,057, unrestricted investment earnings of \$98,404, gain on disposition of capital assets of \$121,783 and other miscellaneous revenue of \$287,478. Total general revenues for fiscal year 2021 were \$10,775,144, up \$242,991, or 2.3%, compared to fiscal year 2020.

Business Type Activities

Function	Expenses	Program Revenues		
		Charges for Service	FY2021 Net Expense or (Revenue)	FY2020 Net Expense or (Revenue)
Solid waste	\$ 2,890,803	4,862,454	(1,971,651)	(1,878,427)

- Program revenues of the Boone County Landfill (BCL) increased 8.2% to \$4,862,454 when compared to fiscal year 2020. The landfill collected an overall decrease in tonnage of 1,094 tons. Several factors figure into the increase in revenue from fiscal year 2020 to fiscal year 2021. When the Ames Resource Recovery Plant (ARRP) is shut down and unable to process waste from Story County, this material is diverted to BCL. In fiscal year 2021, BCL worked with the City of Ames to maintain service to accept material directly from their residents, showing a decrease in tonnage in shutdown material but processed loads coming from the ARRP increased. Program revenues were \$367,173 more than fiscal year 2020. Expenses increased 10.5% to approximately \$2.9 million. The Boone County Landfill is Boone County's only business type activity. Revenues of the landfill include charges for service, the Iowa Department of Natural Resources Ground Water Tax (local share) and interest income.

- Keep Boone County Beautiful (KBCB) continued to offer assistance to area cleanup activities. It again hosted the Dragoon River Romp and Keep Boone County Scenic events.
- Commencing on July 1, 2011, the Boone County Landfill became the sole landfill in the Central Iowa Waste Management Association (CIWMA). This followed the closure of the Ames/Story Construction and Demolition Landfill. The waste stream from this closing is charged a rate twice the rate paid by customers from the Landfill's primary service area.
- The Landfill's comprehensive planning area received approval of its 2014 plan update in February 2017. The IDNR calculated the planning area's landfill waste diversion rate at 59.7% which exceeds the State of Iowa's 50% diversion goal. This figure will be revisited with the next Comprehensive Plan update.

MAJOR GOVERNMENTAL FUND ANALYSIS AND HIGHLIGHTS

As previously noted, Boone County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The financial performance of Boone County is reflected in its governmental funds, as well. As Boone County completed the year, its governmental funds reported combined fund balances of \$10,063,889, 15.6% more than last year's total of \$8,709,481, prior to restatement. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

General Fund

General Fund		
	FY2021	FY2020
Beginning fund balance	\$ 2,735,512	3,005,149
Property tax, including penalty and interest	5,030,610	4,815,401
Local option sales tax	325,122	325,280
Intergovernmental	1,371,065	972,568
Permits and charges for service	1,271,022	1,169,846
Interest and use of property	177,278	422,095
Miscellaneous	628,533	475,603
Total revenues and other financing sources:	8,803,630	8,180,793
Public safety and legal services	4,037,142	3,718,041
Physical health and social services	619,097	630,233
County environment and education	931,374	829,324
Governmental services to residents	645,346	646,157
Administration	2,022,796	1,998,880
Non-program	344,860	160,923
Debt service	1,500	1,500
Capital projects	260,865	253,356
Transfers to other funds	231,580	212,016
Total expenditures and transfers	9,094,560	8,450,430
Ending fund balance	\$ 2,444,582	2,735,512

The amounts presented combine the general basic, general supplemental, FEMA sub-fund for culvert repair and Central Iowa Expo (CIE) road sub-fund to administer Iowa Department of Transportation (IDOT) funding for the experimental project on the CIE road system, County farmland sale proceeds and conservation land acquisition funds.

Total property tax revenue increased 4.5%. Local option sales tax revenue decreased less than 1% and intergovernmental revenue increased 41.0%. Revenue from user fees increased 8.7% and interest and use of property decreased 58.0% due, in part, to reduced interest income from certificates of deposit. Total revenues and other financing sources increased 7.6% compared to fiscal year 2020.

Total expenditures and transfers increased 7.6%, or \$644,130, compared to fiscal year 2020. The increase is due, in part, to the purchase of a turf mower, increased expenses for ISG Field Services paid by Dakota Access Pipeline and paying a lump sum for the radio tower project in fiscal year 2021.

The General Fund ending balance is 26.9% of total expenditures and transfers for fiscal year 2021 compared to 32.4% for fiscal year 2020.

Special Revenue Funds

Mental Health Fund		
	FY2021	FY2020
Beginning fund balance, as restated	\$ 170,388	740,042
Property tax	652,366	556,560
Intergovernmental	44,930	39,488
Total revenues	697,296	596,048
Mental illness	159,963	148,169
General administration and County provided case management	541,185	951,086
Total expenditures	701,148	1,099,255
Ending fund balance	\$ 166,536	236,835

Boone County levied \$652,366 as determined by the Central Iowa Community Service Region. The fiscal year 2021 ending fund balance was 23.8% of fiscal year 2021 expenditures compared to 15.5% for the restated fiscal year 2020. Revenues increased 17.0% as property tax revenue was \$95,806 more than fiscal year 2020. Mental health expenditures were 36.2% lower in fiscal year 2021 compared to fiscal year 2020 due to the decrease in the amount requested by the Region.

Boone County has joined the Central Iowa Community Service (CICS) Region as provided for in the mental health redesign. The fiscal year 2022 property tax asking is \$498,446, the levy requested by the CICS regional board.

Rural Services Fund		
	FY2021	FY2020
Beginning fund balance	\$ 672,368	468,110
Property tax	2,292,019	2,239,642
Local option sales tax	1,025,103	926,099
Intergovernmental	125,504	120,389
Permits, charges for service and miscellaneous	44,690	49,634
Total revenues	3,487,316	3,335,764
Public safety and legal services	400,698	331,789
County environment and education	427,894	364,095
Governmental services to residents	3,437	3,095
Administration	-	4,950
Transfers to other funds	2,592,574	2,427,577
Total expenditures and transfers	3,424,603	3,131,506
Ending fund balance	\$ 735,081	672,368

Property tax revenue for fiscal year 2021 was up \$52,377, or 2.3%. The local effort for Secondary Roads was maintained at 85% of the maximum allowed to be levied for the Secondary Roads Fund.

- Local option sales tax revenue in the Rural Services Fund increased 10.7% compared to fiscal year 2020.
- Total property tax related revenue (\$2,292,019) is less than the amount transferred to the Secondary Roads Fund (\$2,592,574) by \$300,555, which means local option sales tax of \$1,025,103 or fund balance has paid for all of the services in the Rural Services Fund and part of the road expenses. This is where rural residents realize direct property tax relief because of the local option sales tax.
- The Rural Services Fund ending fund balance represents 21.5% of the Rural Services Fund expenditures, including transfers to the Secondary Roads Fund, compared to 21.5% for fiscal year 2020.

Secondary Roads Fund		
	FY2021	FY2020
Beginning fund balance	\$ 3,966,647	3,485,872
State fuel tax and other state revenue	5,484,168	5,201,493
Permits, charges for service and miscellaneous	250,401	116,837
Use of money and property	5,870	450
Transfers from other funds	2,824,154	2,639,593
Total revenues and transfers	8,564,593	7,958,373
Secondary road maintenance	7,129,048	6,781,099
Secondary road construction	1,114,455	696,499
Total expenditures	8,243,503	7,477,598
Ending fund balance	\$ 4,287,737	3,966,647

- Secondary Roads Fund revenue and transfers increased 7.6% compared to fiscal year 2020. Intergovernmental revenue was higher by \$282,675, primarily due to an increase in road bridge funding. Transfers were \$184,561 higher than in fiscal year 2020.
- Secondary Roads Fund expenditures increased \$765,905 compared to fiscal year 2020, an increase of 10.2%. The increase of expenditures was mainly due to \$417,956 more in construction costs for guardrail material for bridge projects, when compared to fiscal year 2020.

The ending fund balance compared to total expenditures increased to 52.0% in fiscal year 2021 compared to 53.0% in fiscal year 2020.

Drainage Districts Fund

	<u>FY2021</u>	<u>FY2020</u>
Beginning fund balance	\$ 434,696	412,854
Miscellaneous	1,310,623	289,555
Drainage warrants issued	536,146	504,558
Total revenues and transfers	<u>1,846,769</u>	<u>794,113</u>
County environment and education	630,461	600,421
Debt service	98,639	171,850
Total expenditures	<u>729,100</u>	<u>772,271</u>
Ending fund balance	<u>\$ 1,552,365</u>	<u>434,696</u>

- Drainage Districts Fund revenue and transfers increased 132.6% compared to fiscal year 2020. Miscellaneous revenue was higher by \$1,021,068, primarily due to the County adding two new drainage districts in year 2021.
- Drainage Districts Fund expenditures decreased \$43,171 compared to fiscal year 2020, a decrease of 5.6%. The decrease of expenditures was mainly due to \$73,211 of prior year outstanding warrants being paid in the current year, when compared to fiscal year 2020.

The ending fund balance compared to total expenditures increased to 212.9% in fiscal year 2021 compared to 56.3% in fiscal year 2020.

Debt Service Fund

	<u>FY2021</u>	<u>FY2020</u>
Beginning fund balance	\$ 175,599	117,490
Property tax	252,510	249,635
Intergovernmental and miscellaneous	143,849	144,679
Transfers from other funds	306,685	302,018
Note proceeds	2,536,000	-
Total revenues and transfers	<u>3,239,044</u>	<u>696,332</u>
Principal	502,226	485,457
Interest	182,479	152,766
Payments on refunding bonds	2,492,000	-
Total expenditures	<u>3,176,705</u>	<u>638,223</u>
Ending fund balance	<u>\$ 237,938</u>	<u>175,599</u>

The Debt Service Fund accumulates resources and pays the principal and interest on the County's general obligation notes. At the end of fiscal year 2021, the County had \$4,399,060 of debt outstanding (including Motorola Capital lease) subject to the debt service tax levy.

BUSINESS TYPE FUND HIGHLIGHTS

- Fiscal year 2021 was the Boone County Landfill's 52nd year of operation. Inspections by a variety of entities continue to demonstrate the Landfill is operated at a level which exceeds regulatory requirements.
- In 2021, the Boone County Landfill has used 72% of its capacity with an estimated 5 years left until capacity is reached.

Landfill Operations Fund

- Landfill Operations Fund revenue was \$4,783,232 an increase of 5.5% compared to fiscal year 2020. Operating expenses increased 12.3% compared to fiscal year 2020.
- Landfill operations revenue increased during fiscal year 2021 primarily due to an increase in construction demolition waste. Landfill operating expenses increased primarily due to the purchase of a new CAT compactor in fiscal year 2021.

Keep Boone County Beautiful Sub-Account

This sub-account (within the Landfill Operations Fund) was started to manage several projects of Landfill interest, including:

- The Dragoon River Romp
- Adopt a County Road, City Street or favorite place
- Environmental education
- Keep Boone County Scenic pick-up litter day

Boone County Recycling Center Sub-Account

This sub-account (within the Landfill Operations Fund) was started to manage expenses associated with the Boone County Recycling Center. The County has abandoned its efforts to build a new recycling center and is now exploring options to transport recyclables to a larger facility.

Landfill Closure/Postclosure Sub-Account

- The Landfill Closure/Postclosure sub-account has assets totaling \$4,370,859. The fund is funded in accordance with IDNR requirements.
- No closure/postclosure costs were expended from this sub-account during fiscal year 2021.

Ground Water Tax Fund (Local Portion of Tip Fee Surcharge)

This fund accounts for the amount the Boone County Landfill is allowed to retain from the State tipping fee surcharge. Actual revenue for this fund is tied to the tonnage received by the Landfill subject to the surcharge. Tonnage received due to exceptional events is exempt from the state surcharge.

Expenses for fiscal year 2021 include funding for:

- A portion of recyclables processing costs carried out by Genesis Development in Greene County.
- Special event advertising.

BUDGETARY HIGHLIGHTS

Over the course of the year, Boone County amended its budget two times.

On May 26, 2021, the County Board of Supervisors amended the fiscal year 2021 budget for the following:

- Revenues in the intergovernmental function increased \$482,967: grant monies received to offset additional COVID expenses and losses. Charges for services function increased \$7,000 due to increased permit revenues. Miscellaneous function increased \$18,683 due to an increase in miscellaneous grant monies. Operating transfers in increased \$500,000 for land purchase. Proceeds of capital asset increased \$89,385 due to insurance proceeds for asset losses. Total budgeted revenue including transfers increased \$1,098,035.
- Disbursements in the public safety and legal services function were increased \$98,975 for additional spending authority for replacement of assets and additional expenses. Government services to residents function disbursements increased \$29,783 for expenses related to additional costs of elections due to the pandemic. Operating transfer out increased \$500,000 for land purchase. Total budgeted expenses increased \$628,758.

On June 23, 2021, the County Board of Supervisors amended the fiscal year 2021 budget for the following:

- Revenues in the miscellaneous function increased \$200,000 from Dakota Access Pipeline (DAPL) for inspection services. Operating transfers in decreased \$500,000 for a correction of the previous amendment. Total budgeted revenue decreased \$300,000.
- Disbursements in the roads and transportation function increased \$500,000 for a correction of the previous amendment. Nonprogram current function disbursements increased \$150,000 for funding of pipeline inspection services. Debt service function increased \$18,167 spending authority for Conservation to pay off loan for tractor early. Operating transfer out decreased \$500,000 for a correction of the previous amendment. Total budgeted expenses increased \$168,167.

CAPITAL ASSETS

Boone County's governmental and business type activities concluded fiscal year 2021 with \$55,316,503 invested (net of depreciation) in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, roads and bridges. GASB 34 requires infrastructure and other capital assets to be depreciated according to a capital asset policy. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

LONG-TERM DEBT

In prior years, the County borrowed \$1.5 million through a general obligation capital loan anticipation project note to purchase approximately 100 acres for the Central Iowa Expo (CIE) site which will be the permanent bi-annual home of the Farm Progress Show for the next 20 years. The anticipation project note was replaced with permanent financing during fiscal year 2009.

To help establish the Central Iowa Expo in Boone County, the County guaranteed part of the debt the CIE has with Community Bank of Boone. As of June 30, 2012, the County refinanced this obligation by converting the short-term financing to urban renewal general obligation capital loan notes of \$2,465,000.

On November 8, 2017, the County issued \$3,296,000 of general obligation refunding capital loan notes, Series 2017. The notes were issued to refund the \$1,130,000 outstanding balance of the general obligation capital loan notes, Series 2009A, dated May 1, 2009 for the CIE site and the \$2,080,000 outstanding balance of the urban renewal general obligation capital loan notes, Series 2011, dated September 1, 2011 to guarantee debt for the CIE.

In fiscal year 2018 the County entered into a ten-year lease purchase agreement with Motorola to finance the Public Safety Communication update.

On May 6, 2021, the County issued \$2,536,000 of general obligation refunding capital loan notes, Series 2021. The notes were used to refund \$2,492,000 of the outstanding general obligation refunding capital loan notes, Series 2017.

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

FACTORS BEARING ON THE FUTURE

Boone County’s elected and appointed officials and citizens considered many factors when setting the fiscal year 2022 budget, tax rates and fees that partially finance the various county services. One of those factors is the economy. Boone County’s employment (number of persons working) has increased from an average of 13,500 in the mid 1990’s to an average of 14,100 for calendar year 2021. The average Boone County unemployment rate for 1998 was 2.4%. Unemployment in Boone County on June 30, 2021 was 3.9% versus 5.6% the year before. This compares with the State’s unemployment rate of 4.0% for the same period ended June 30, 2021.

The State of Iowa’s modest financial condition and relatively flat revenue projection continue. The County has projected substantially stable revenues from the State and has asked taxpayers to fund the County budget with 3% more property tax dollars compared to fiscal year 2021. The actual increase from fiscal year 2020 to fiscal year 2021 is approximately \$250,000.

The above factors were all part of the considerations for the fiscal year 2022 budget, which certified taxes as follows: (Amounts certified include utility replacement and property tax dollars.) The FY2022 budget increased the county-wide dollars certified by \$39,547 compared to 2021.

	Dollars Certified	Percentage Increase (Decrease)
General Fund	\$ 5,306,892	3.00%
Mental Health Fund	498,446	-27.20%
Rural Services Fund	2,455,792	3.00%
Debt Service Fund	264,645	0.00%
Total	<u>\$ 8,525,775</u>	<u>0.50%</u>

Boone County attempted to maintain the current level of services as the fiscal year 2022 budget was developed. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for fiscal year 2022 are as follows:

General Basic Levy	\$	3.16136
Mental Health Levy		0.29693
Debt Service Levy		0.15176
Rural Services Basic Levy		2.27282

Boone County has been fortunate there has been continued new construction and economic growth in the community to help offset the growth in demand for county services. The County-wide taxable valuation for the fiscal year 2021 budget exceeds \$1 billion for the ninth time in County history.

CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT

This financial report is designed to provide Boone County citizens, taxpayers, customers, investors and creditors with a general overview of Boone County’s finances and to demonstrate Boone County’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Boone County Auditor’s Office, 201 State Street, Boone, Iowa 50036.

Basic Financial Statements

Boone County
Statement of Net Position
June 30, 2021

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 11,837,076	11,887,756	23,724,832
Cash and cash equivalents - restricted	-	4,366,240	4,366,240
Receivables:			
Property tax:			
Delinquent	30,455	-	30,455
Succeeding year	8,118,719	-	8,118,719
Succeeding year tax increment financing	327,113	-	327,113
Interest and penalty on property tax	183,270	-	183,270
Accounts	73,394	341,271	414,665
Accrued interest	90,363	4,619	94,982
Drainage assessments	1,474,872	-	1,474,872
Internal balances	(33,596)	33,596	-
Due from other governments	884,538	-	884,538
Inventories	1,882,891	-	1,882,891
Capital assets not being depreciated	8,101,612	893,551	8,995,163
Capital assets, net of accumulated depreciation	41,415,830	4,905,510	46,321,340
Total assets	74,386,537	22,432,543	96,819,080
Deferred Outflows of Resources			
Pension related deferred outflows	1,440,700	58,831	1,499,531
OPEB related deferred outflows	44,379	10,552	54,931
Total deferred outflows of resources	1,485,079	69,383	1,554,462
Liabilities			
Accounts payable	322,533	289,559	612,092
Accrued interest payable	27,104	-	27,104
Salaries and benefits payable	332,699	33,137	365,836
Due to other governments	13,054	1,260	14,314
Unearned Revenue	2,547,824	-	2,547,824
Long-term liabilities:			
Portion due or payable within one year:			
General obligation notes	270,000	-	270,000
Capital lease purchase agreement	293,635	-	293,635
Compensated absences	385,120	45,958	431,078
Total OPEB liability	47,014	11,179	58,193
Portion due or payable after one year:			
General obligation notes	2,266,000	-	2,266,000
Capital lease purchase agreement	1,569,425	-	1,569,425
Drainage district warrants	1,551,293	-	1,551,293
Total OPEB liability	297,561	69,341	366,902
Net pension liability	4,794,626	416,924	5,211,550
Estimated liability for landfill closure and postclosure care	-	3,797,567	3,797,567
Total liabilities	14,717,888	4,664,925	19,382,813
Deferred Inflows of Resources			
Unavailable property tax revenue	8,118,719	-	8,118,719
Unavailable tax increment financing	327,113	-	327,113
Pension related deferred inflows	379,786	33,024	412,810
Total deferred inflows of resources	8,825,618	33,024	8,858,642
Net Position			
Net investment in capital assets	46,795,095	5,799,061	52,594,156
Restricted for:			
Supplemental levy purposes	67,485	-	67,485
Mental health purposes	146,948	-	146,948
Rural services purposes	740,801	-	740,801
Secondary roads purposes	4,405,486	-	4,405,486
Debt service purposes	249,344	-	249,344
Law enforcement purposes	281,724	-	281,724
Landfill closure and postclosure care	-	573,292	573,292
Drainage district purposes	1,552,365	-	1,552,365
Other purposes	590,431	136,121	726,552
Unrestricted	(2,501,568)	11,295,502	8,793,934
Total net position	\$ 52,328,111	17,803,976	70,132,087

See notes to financial statements.

Boone 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	Governmental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Public safety and legal services	\$ 4,492,979	792,515	188,102	-	(3,512,362)	-	(3,512,362)
Physical health and social services	622,314	99,277	102,628	-	(420,409)	-	(420,409)
Mental health	710,662	-	-	-	(710,662)	-	(710,662)
County environment and education	2,385,558	1,933,124	177,219	-	(275,215)	-	(275,215)
Roads and transportation	8,828,103	183,571	4,778,776	3,288,258	(577,498)	-	(577,498)
Governmental services to residents	665,676	650,108	-	-	(15,568)	-	(15,568)
Administration	1,997,867	372,076	-	-	(1,625,791)	-	(1,625,791)
Non-program	520,235	638,177	449,368	-	567,310	-	567,310
Interest on long-term debt	187,958	-	-	-	(187,958)	-	(187,958)
Total governmental activities	20,411,352	4,668,848	5,696,093	3,288,258	(6,758,153)	-	(6,758,153)
Business type activities:							
Solid waste	2,890,803	4,862,454	-	-	-	1,971,651	1,971,651
Total	\$ 23,302,155	9,531,302	5,696,093	3,288,258	(6,758,153)	1,971,651	(4,786,502)
General Revenues:							
Property and other county tax levied for:							
General purposes					7,830,085	-	7,830,085
Debt service					249,641	-	249,641
Tax increment financing					334,219	-	334,219
Penalty and interest on property tax					125,776	-	125,776
State tax credits and replacements					539,701	-	539,701
Local option sales tax					1,188,057	-	1,188,057
Unrestricted investment earnings					98,404	22,832	121,236
Gain on disposition of capital assets					121,783	12,825	134,608
Miscellaneous					287,478	-	287,478
Total general revenues					10,775,144	35,657	10,810,801
Change in net position					4,016,991	2,007,308	6,024,299
Net position beginning of year, as restated					48,311,120	15,796,668	64,107,788
Net position end of year					\$ 52,328,111	17,803,976	70,132,087

See notes to financial statements.

Boone County
Balance Sheet
Governmental Funds

June 30, 2021

	Special			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 5,292,978	174,615	737,655	2,021,779
Receivables:				
Property tax:				
Delinquent	20,174	1,895	7,398	-
Succeeding year	5,066,650	475,884	2,325,602	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	183,270	-	-	-
Accounts	53,562	-	-	14,450
Accrued interest	90,003	-	-	-
Drainage assessments	-	-	-	-
Due from other funds	73	-	-	1,797
Due from other governments	28,168	-	74,606	781,764
Inventories	-	-	-	1,882,891
Total assets	\$ 10,734,878	652,394	3,145,261	4,702,681
Total Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 214,535	-	55,389	49,276
Salaries and benefits payable	210,149	8,293	23,469	90,788
Due to other funds	47,621	17	-	47
Due to other governments	10,309	-	-	2,745
Unearned Revenue	2,547,824	-	-	-
Total liabilities	<u>3,030,438</u>	<u>8,310</u>	<u>78,858</u>	<u>142,856</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	5,066,650	475,884	2,325,602	-
Succeeding year tax increment financing	-	-	-	-
Other	193,208	1,664	5,720	272,088
Total deferred inflows of resources	<u>5,259,858</u>	<u>477,548</u>	<u>2,331,322</u>	<u>272,088</u>
Fund balances:				
Nonspendable:				
Inventories	-	-	-	1,882,891
Restricted for:				
Supplemental levy purposes	67,485	-	-	-
Mental health purposes	-	166,536	-	-
Rural services purposes	-	-	735,081	-
Secondary roads purposes	-	-	-	2,404,846
Drainage warrants	-	-	-	-
Conservation land acquisition/ capital improvements	64,842	-	-	-
Debt service	-	-	-	-
Law enforcement purposes	281,724	-	-	-
Resource enhancement and protection	-	-	-	-
Other purposes	-	-	-	-
Unassigned	2,030,531	-	-	-
Total fund balances	<u>2,444,582</u>	<u>166,536</u>	<u>735,081</u>	<u>4,287,737</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 10,734,878	652,394	3,145,261	4,702,681

See notes to financial statements.

<u>Revenue</u>			
<u>Drainage Districts</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
1,552,365	237,820	635,013	10,652,225
-	988	-	30,455
-	250,583	-	8,118,719
-	-	327,113	327,113
-	-	-	183,270
-	-	4,523	72,535
-	-	360	90,363
1,474,872	-	-	1,474,872
-	-	114	1,984
-	-	-	884,538
-	-	-	1,882,891
3,027,237	489,391	967,123	23,718,965
-	-	360	319,560
-	-	-	332,699
-	-	-	47,685
-	-	-	13,054
-	-	-	2,547,824
-	-	360	3,260,822
-	250,583	-	8,118,719
-	-	327,113	327,113
1,474,872	870	-	1,948,422
1,474,872	251,453	327,113	10,394,254
-	-	-	1,882,891
-	-	-	67,485
-	-	-	166,536
-	-	-	735,081
-	-	-	2,404,846
1,552,365	-	-	1,552,365
-	-	-	64,842
-	237,938	114,061	351,999
-	-	-	281,724
-	-	148,424	148,424
-	-	377,165	377,165
-	-	-	2,030,531
1,552,365	237,938	639,650	10,063,889
3,027,237	489,391	967,123	23,718,965

Boone County

Boone County

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

June 30, 2021

Total governmental fund balances (page 27) \$ 10,063,889

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 \$97,917,283 and the accumulated depreciation is \$48,399,841. 49,517,442

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. 1,948,422

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance and prescription benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 1,194,843

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

Deferred outflows of resources	\$ 1,485,079	
Deferred inflows of resources	<u>(379,786)</u>	1,105,293

Long-term liabilities, including a capital lease purchase agreement, loans payable, compensated absences payable, drainage district warrants payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (11,501,778)

Net position of governmental activities (page 24) \$ 52,328,111

See notes to financial statements.

Boone County

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

Year ended June 30, 2021

	Special			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,909,182	652,366	2,292,019	-
Tax increment financing	-	-	-	-
Local option sales tax	325,122	-	1,025,103	-
Interest and penalty on property tax	121,428	-	-	-
Intergovernmental	1,371,065	44,930	125,504	5,484,168
Licenses and permits	29,414	-	-	14,505
Charges for service	1,241,608	-	42,694	-
Use of money and property	177,278	-	-	5,870
Miscellaneous	628,533	-	1,996	235,896
Total revenues	8,803,630	697,296	3,487,316	5,740,439
Expenditures:				
Operating:				
Public safety and legal services	4,037,142	-	400,698	-
Physical health and social services	619,097	-	-	-
Mental health	-	701,148	-	-
County environment and education	931,374	-	427,894	-
Roads and transportation	-	-	-	7,129,048
Governmental services to residents	645,346	-	3,437	-
Administration	2,022,796	-	-	-
Non-program	344,860	-	-	-
Debt service	1,500	-	-	-
Capital projects	260,865	-	-	1,114,455
Total expenditures	8,862,980	701,148	832,029	8,243,503
Excess (deficiency) of revenues over (under) expenditures	(59,350)	(3,852)	2,655,287	(2,503,064)
Other financing sources (uses):				
Proceeds from long term debt	-	-	-	-
Refunded note	-	-	-	-
Transfers in	-	-	-	2,824,154
Transfers out	(231,580)	-	(2,592,574)	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	(231,580)	-	(2,592,574)	2,824,154
Change in fund balances	(290,930)	(3,852)	62,713	321,090
Fund balances beginning of year, as restated	2,735,512	170,388	672,368	3,966,647
Fund balances end of year	\$ 2,444,582	166,536	735,081	4,287,737

See notes to financial statements.

<u>Revenue</u>			
<u>Drainage</u>	<u>Debt</u>		
<u>Districts</u>	<u>Service</u>	<u>Nonmajor</u>	<u>Total</u>
-	252,510	-	8,106,077
-	-	334,219	334,219
-	-	-	1,350,225
-	-	-	121,428
-	143,849	29,093	7,198,609
-	-	-	43,919
-	-	6,936	1,291,238
-	-	522	183,670
<u>1,310,623</u>	-	<u>225,026</u>	<u>2,402,074</u>
<u>1,310,623</u>	<u>396,359</u>	<u>595,796</u>	<u>21,031,459</u>
-	-	69,327	4,507,167
-	-	-	619,097
-	-	-	701,148
630,461	-	61,137	2,050,866
-	-	-	7,129,048
-	-	6,821	655,604
-	-	-	2,022,796
-	-	-	344,860
98,639	684,705	-	784,844
-	-	-	1,375,320
<u>729,100</u>	<u>684,705</u>	<u>137,285</u>	<u>20,190,750</u>
<u>581,523</u>	<u>(288,346)</u>	<u>458,511</u>	<u>840,709</u>
-	2,536,000	-	2,536,000
-	(2,492,000)	-	(2,492,000)
-	306,685	-	3,130,839
-	-	(306,685)	(3,130,839)
<u>536,146</u>	-	-	<u>536,146</u>
<u>536,146</u>	<u>350,685</u>	<u>(306,685)</u>	<u>580,146</u>
1,117,669	62,339	151,826	1,420,855
<u>434,696</u>	<u>175,599</u>	<u>487,824</u>	<u>8,643,034</u>
<u>1,552,365</u>	<u>237,938</u>	<u>639,650</u>	<u>10,063,889</u>

Boone 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 31) \$ 1,420,855

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	\$ 2,509,662	
Capital assets contributed by the Iowa Department of Transportation	2,385,913	
Depreciation expense	(2,950,356)	1,945,219

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. 121,783

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	(26,351)	
Other	277,362	251,011

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	(3,072,146)	
Repaid	3,088,920	16,774

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. 635,122

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	39,740	
OPEB expense	30,791	
Pension expense	(797,858)	
Interest on long-term debt	(34)	(727,361)

The Internal Service Fund is used by management to pay the costs of the remaining partial self-funded health insurance claims incurred under the insurance plan which has been discontinued. The change in net position of the Internal Service Fund is reported with governmental activities. 353,588

Change in net position of governmental activities (page 25) \$ 4,016,991

See notes to financial statements.

Boone County
Statement of Net Position
Proprietary Funds

June 30, 2021

	Business Type			Governmental
	Activities - Enterprise Funds			Activities
	Landfill Operations	Nonmajor		Internal Service - Health Insurance Premiums
Ground Water Tax		Total	Total	
Assets				
Cash and cash equivalents	\$ 11,735,282	152,474	11,887,756	\$ 1,184,851
Cash and cash equivalents - restricted	4,366,240	-	4,366,240	-
Receivables:				
Accounts	341,271	-	341,271	859
Accrued interest	4,619	-	4,619	-
Due from other funds	45,827	-	45,827	-
Capital assets not being depreciated	893,551	-	893,551	-
Capital assets, net of accumulated depreciation	4,905,510	-	4,905,510	-
Total assets	<u>22,292,300</u>	<u>152,474</u>	<u>22,444,774</u>	<u>1,185,710</u>
Deferred Outflows of Resources:				
Pension related deferred outflows	58,831	-	58,831	-
OPEB related deferred outflows	10,552	-	10,552	-
Total deferred outflows of resources	<u>69,383</u>	<u>-</u>	<u>69,383</u>	<u>-</u>
Liabilities				
Accounts payable	274,351	15,208	289,559	2,973
Salaries and benefits payable	33,137	-	33,137	-
Due to other funds	126	-	126	-
Due to other governments	115	1,145	1,260	-
Long-term liabilities:				
Portion due or payable within one year:				
Compensated absences	45,958	-	45,958	-
Total OPEB liability	11,179	-	11,179	-
Portion due or payable after one year:				
Net pension liability	416,924	-	416,924	-
Total OPEB liability	69,341	-	69,341	-
Estimated liability for landfill closure and postclosure care	3,797,567	-	3,797,567	-
Total liabilities	<u>4,648,698</u>	<u>16,353</u>	<u>4,665,051</u>	<u>2,973</u>
Deferred Inflows of Resources:				
Pension related deferred inflows	33,024	-	33,024	-
Net Position				
Net investment in capital assets	5,799,061	-	5,799,061	-
Restricted for:				
Landfill closure and postclosure care	573,292	-	573,292	-
Ground water tax purposes	-	136,121	136,121	-
Unrestricted	11,307,608	-	11,307,608	1,182,737
Total net position	<u>\$ 17,679,961</u>	<u>136,121</u>	<u>17,816,082</u>	<u>\$ 1,182,737</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(12,106)	
Net position of business-type activities			<u>17,803,976</u>	

See notes to financial statements.

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

Year ended June 30, 2021

	Business Type			Governmental
	Activities - Enterprise Funds			Activities
	Landfill Operations	Nonmajor	Total	Internal Service - Health Insurance Premiums
Ground Water Tax				
Operating revenues:				
Per capita fees	\$ 175,245	-	175,245	\$ -
Solid waste fees	4,565,654	114,879	4,680,533	-
Miscellaneous	6,676	-	6,676	-
Reimbursements from operating funds	-	-	-	1,768,638
Reimbursements from others	-	-	-	219,774
Reimbursements from employees	-	-	-	276,382
Total operating revenues	<u>4,747,575</u>	<u>114,879</u>	<u>4,862,454</u>	<u>2,264,794</u>
Operating expenses:				
Salaries and wages	487,882	-	487,882	-
Payroll tax	83,294	-	83,294	-
Fringe benefits	128,299	-	128,299	-
Fuel	88,255	-	88,255	-
Travel	371	-	371	-
Utilities	14,773	-	14,773	-
Insurance	26,249	-	26,249	-
Solid waste fees remitted to the Iowa Department of Natural Resources and Ground Water Tax Fund	287,042	-	287,042	-
Education and training	21,497	-	21,497	-
Engineering	72,312	-	72,312	-
Maintenance and repair	120,469	-	120,469	-
Operations	408,993	-	408,993	-
Depreciation	626,347	-	626,347	-
Dues and membership	1,199	-	1,199	-
Recycling center operations	175,351	174,694	350,045	-
Gravel	75,692	-	75,692	-
Leachate hauling and treatment	19,307	-	19,307	-
Adjustment to estimated liability for landfill closure and postclosure care	66,671	-	66,671	-
Medical claims	-	-	-	1,900,551
Administrative fees	-	-	-	22,761
Total operating expenses	<u>2,704,003</u>	<u>174,694</u>	<u>2,878,697</u>	<u>1,923,312</u>
Operating income (loss)	2,043,572	(59,815)	1,983,757	341,482
Non-operating revenues:				
Interest income	22,832	-	22,832	-
Gain on disposition of capital assets	12,825	-	12,825	-
Change in net position	2,079,229	(59,815)	2,019,414	341,482
Net position beginning of year, as restated	15,600,732	195,936	15,796,668	841,255
Net position end of year	<u>\$ 17,679,961</u>	<u>136,121</u>	<u>17,816,082</u>	<u>\$ 1,182,737</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(12,106)	
Net position of business-type activities			<u>17,803,976</u>	

See notes to financial statements.

Boone County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2021

	Business Type			Governmental
	Activities - Enterprise Funds			Activities
	Nonmajor			Internal Service - Health Insurance Premiums
	Landfill Operations	Ground Water Tax	Total	
Cash flows from operating activities:				
Cash received from gate fees	\$ 4,513,077	-	4,513,077	\$ -
Cash received from per capita fee assessments	175,245	-	175,245	-
Cash received from other operating receipts	6,676	114,879	121,555	2,263,943
Cash paid to suppliers for goods and services	(1,050,375)	(172,415)	(1,222,790)	(1,925,815)
Cash paid to employees for services	(674,626)	-	(674,626)	-
Net cash provided (used) by operating activities	2,969,997	(57,536)	2,912,461	338,128
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,220,920)	-	(1,220,920)	-
Proceeds from disposition of capital assets	12,825	-	12,825	-
Repayment of advances to other funds	16,666	-	16,666	-
Net cash used by capital and related financing activities	(1,191,429)	-	(1,191,429)	-
Cash flows from investing activities:				
Interest received on investments	36,069	-	36,069	-
Net increase (decrease) in cash and cash equivalents	1,814,637	(57,536)	1,757,101	338,128
Cash and cash equivalents beginning of year, as restated	14,286,885	210,010	14,496,895	846,723
Cash and cash equivalents end of year	\$ 16,101,522	152,474	16,253,996	\$ 1,184,851
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 2,043,572	(59,815)	1,983,757	\$ 341,482
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	626,347	-	626,347	-
Closure and postclosure care	124,537	-	124,537	-
Changes in assets and liabilities:				
Accounts receivable	(148,720)	-	(148,720)	(851)
Deferred outflows of resources	(12,538)	-	(12,538)	-
Due from other funds	96,145	-	96,145	-
Accounts payable	210,928	9,567	220,495	(2,198)
Salaries payable	11,815	-	11,815	-
Deferred inflows of resources	(52,953)	-	(52,953)	-
Due to other funds	(7,572)	-	(7,572)	-
Due to other governments	(87)	(7,288)	(7,375)	(305)
Net pension obligation	74,487	-	74,487	-
Total OPEB liability	(2,861)	-	(2,861)	-
Compensated absences	6,897	-	6,897	-
Total adjustments	926,425	2,279	928,704	(3,354)
Net cash provided (used) by operating activities	\$ 2,969,997	(57,536)	2,912,461	\$ 338,128

See notes to financial statements.

Boone County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2021

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 2,798,605
Other County officials	66,632

Receivables:

Property tax:

Delinquent	18,330
Succeeding year	40,622,000
Accrued interest	2,122
Special assessments	153,776
Due from other governments	1,443

Total assets43,662,908**Liabilities**

Accounts payable	1,384
Salaries and benefits payable	27,266
Due to other governments	1,784,014
Trusts payable	326,605
Compensated absences	35,500

Total liabilities2,174,769**Deferred Inflows of Resources**

Unavailable property tax revenue	40,622,000
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Net position

Restricted for individuals, organizations and other governments	\$ 866,139
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See notes to financial statements.

Boone County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 39,725,405
911 surcharge	265,970
State tax credits	2,979,949
Office fees and collections	759,027
Auto licenses, use tax and postage	10,988,989
Assessments	114,077
Trusts	1,270,465
Miscellaneous	<u>213,375</u>
Total additions	<u>56,317,257</u>
Deductions:	
Agency remittances:	
To other funds	10,836,977
To other governments	44,512,148
Trusts paid out	<u>1,269,906</u>
Total deductions	<u>56,619,031</u>
Changes in net position	(301,774)
Net position beginning of year, as restated	<u>1,167,913</u>
Net position end of year	<u>\$ 866,139</u>

See notes to financial statements.

Boone County

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies

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

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

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

The Boone County Conservation Foundation is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, part of the County. It is reported as a Special Revenue Fund. The Foundation is incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Boone County Conservation Board. These donations are to be used for development and enhancement of environmental education and conservation projects which are not included in the County's budget.

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: Boone County Assessor’s Conference Board, Boone County Emergency Management Commission, County Community Services and the Boone 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.

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The Drainage Districts Fund is used to account for drainage assessments and drainage construction and maintenance.

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

Additionally, the County reports the following funds:

Proprietary Funds –

The Enterprise, Landfill Operations Fund is used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The fund is also used to accumulate resources to fund the closure and postclosure care costs of the Landfill.

An Internal Service Fund is utilized to account for the financing of goods and 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 capital leases are reported as other financing sources.

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

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

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

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

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

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

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

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

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

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

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

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2021, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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. Reportable capital assets are defined by the County as assets with initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

Land and construction in progress are not depreciated. Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Buildings and improvements	25 - 50
Land improvements	10 - 50
Infrastructure and road network	10 - 65
Intangibles	5 - 20
Equipment	3 - 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 projected and the actual earnings on pension plan assets and contributions from the County after the measurement date but before the end of the County’s reporting period.

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Enterprise, Landfill Operations Fund and the Internal Service, Health Insurance Premiums Fund are designated for operating costs of the Landfill and anticipated future catastrophic losses to 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 mental health, non-program and capital projects functions and disbursements in certain departments exceed the amounts appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

At June 30, 2021, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$186,502. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue:	
	Mental Health	\$ 17
	Secondary Roads	47
	Enterprise:	
	Landfill Operations	9
		<u>73</u>
Special Revenue:		
Secondary Roads	General	1,680
	Enterprise:	
	Landfill Operations	117
		<u>1,797</u>
County Recorder's Records Management	General	<u>114</u>
Enterprise:		
Landfill Operations	General	<u>45,827</u>
Total		<u>\$ 47,811</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General Basic	\$ 231,580
	Special Revenue:	
	Rural Services	2,592,574
Debt Service	Special Revenue:	
	County TIF Project	<u>306,685</u>
Total		<u>\$ 3,130,839</u>

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

(5) **Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,031,227	455,000	-	2,486,227
Construction in progress	6,033,048	3,547,517	(3,965,180)	5,615,385
Total capital assets not being depreciated	8,064,275	4,002,517	(3,965,180)	8,101,612
Capital assets being depreciated:				
Buildings	6,195,289	202,071	-	6,397,360
Improvements other than buildings	251,714	-	-	251,714
Equipment and vehicles	12,539,558	839,922	(444,086)	12,935,394
Infrastructure, other	9,459,016	-	-	9,459,016
Infrastructure, road network	56,807,007	3,965,180	-	60,772,187
Total capital assets being depreciated	85,252,584	5,007,173	(444,086)	89,815,671
Less accumulated depreciation for:				
Buildings	2,968,474	155,145	-	3,123,619
Improvements other than buildings	112,217	6,293	-	118,510
Equipment and vehicles	10,838,760	757,501	(416,933)	11,179,328
Infrastructure, other	3,824,997	416,648	-	4,241,645
Infrastructure, road network	28,121,970	1,614,769	-	29,736,739
Total accumulated depreciation	45,866,418	2,950,356	(416,933)	48,399,841
Total capital assets being depreciated, net	39,386,166	2,056,817	(27,153)	41,415,830
Governmental activities capital assets, net	\$ 47,450,441	6,059,334	(3,992,333)	49,517,442
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 488,499	-	-	488,499
Construction in progress	337,727	67,325	-	405,052
Total capital assets, not being depreciated	826,226	67,325	-	893,551
Capital assets being depreciated:				
Buildings	1,234,148	-	-	1,234,148
Improvements other than buildings	28,290	-	-	28,290
Equipment and vehicles	4,774,749	1,153,595	(512,976)	5,415,368
Infrastructure	4,018,304	-	-	4,018,304
Total capital assets being depreciated	10,055,491	1,153,595	(512,976)	10,696,110
Less accumulated depreciation for:				
Buildings	328,360	30,853	-	359,213
Improvements other than buildings	7,544	1,886	-	9,430
Equipment and vehicles	3,466,138	395,286	(512,976)	3,348,448
Infrastructure	1,875,187	198,322	-	2,073,509
Total accumulated depreciation	5,677,229	626,347	(512,976)	5,790,600
Total capital assets being depreciated, net	4,378,262	527,248	-	4,905,510
Business type activities capital assets, net	\$ 5,204,488	594,573	-	5,799,061

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 100,740
County environment and education	490,797
Roads and transportation	2,182,106
Administration	176,713
Total depreciation expense - governmental activities	\$ 2,950,356
Business type activities:	
Landfill operations	\$ 626,347

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 10,309
Special Revenue:		
Secondary Roads	Services	2,745
Total for governmental funds		<u>\$ 13,054</u>
Agency:		
County Offices	Collections	\$ 47,113
Agricultural Extension Education		2,400
County Assessor		13
Schools		250,095
Community Colleges		9,607
Corporations		130,826
Townships		4,367
Auto License and Use Tax		1,072,317
Special Assessments		188,645
County Hospital		26,868
All other		<u>51,763</u>
Total for agency funds		<u>\$ 1,784,014</u>

(7) Long-Term Liabilities

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

	Governmental Activities						
	General Obligation Capital Loan Notes	Capital Lease Purchase Agreement - Direct Borrowing	Drainage District Warrants - Direct Borrowing	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 2,707,000	2,151,109	1,109,018	424,860	3,938,023	356,611	10,686,621
Increases	2,536,000	-	536,146	392,014	856,603	34,978	4,355,741
Decreases	2,707,000	288,049	93,871	431,754	-	47,014	3,567,688
Balance end of year	<u>\$ 2,536,000</u>	<u>1,863,060</u>	<u>1,551,293</u>	<u>385,120</u>	<u>4,794,626</u>	<u>344,575</u>	<u>11,474,674</u>
Due within one year	<u>\$ 270,000</u>	<u>293,635</u>	<u>-</u>	<u>385,120</u>	<u>-</u>	<u>47,014</u>	<u>995,769</u>

	Business Type Activities				
	Compensated Absences	Closure and Postclosure Care	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 39,061	3,673,030	342,437	83,381	4,137,909
Increases	42,686	124,537	74,487	8,318	250,028
Decreases	35,789	-	-	11,179	46,968
Balance end of year	<u>\$ 45,958</u>	<u>3,797,567</u>	<u>416,924</u>	<u>80,520</u>	<u>4,340,969</u>
Due within one year	<u>\$ 45,958</u>	<u>-</u>	<u>-</u>	<u>11,179</u>	<u>57,137</u>

Governmental activities:

General Obligation Refunding Capital Loan Notes

On May 6, 2021, the County issued \$2,536,000 of general obligation refunding capital loan notes, Series 2021. Prior to the refunding, the County made a principal payment totaling \$215,000. The notes were used to refund \$2,492,000 of the outstanding general obligation refunding capital loan notes, Series 2017, which was issued to refund the outstanding balance of the general obligation capital loan notes, Series 2009A, dated May 1, 2009 and the urban renewal general obligation capital loan notes, Series 2011, dated September 1, 2011. The County reduced its total debt service payment by \$203,597 and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$190,487. During the year ended June 30, 2021, the County paid principal of \$215,000 and interest of \$93,699 on the notes.

A summary of the County’s June 30, 2021 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Refunding Capital Loan Notes Issued May 6, 2021			
	Interest Rates	Principal	Interest	Total
2022	0.95%	\$ 270,000	34,465	304,465
2023	1.05	267,000	32,385	299,385
2024	1.15	250,000	29,582	279,582
2025	1.25	250,000	26,707	276,707
2026	1.35	275,000	23,582	298,582
2027-2031	1.45-1.85	1,224,000	56,481	1,280,481
Total		\$ 2,536,000	203,202	2,739,202

Drainage District Warrants – Direct Borrowing

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

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

General Obligation Lease Purchase Agreement – Direct Borrowing

On September 15, 2017, the County entered into a general obligation lease-purchase agreement for peace officer communication equipment and other emergency services equipment and systems. The total lease agreement is for \$2,669,492. The following is a schedule of the future minimum lease payments, including interest of 2.223% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2021.

Year Ending June 30,	Communication and Public Safety Equipment and Systems
2022	\$ 335,205
2023	335,205
2024	335,205
2025	335,205
2026	335,205
2027	335,205
Total minimum lease payments	2,011,230
Less amount representing interest	148,170
Present value of minimum lease payment	<u>\$ 1,863,060</u>

Payments under the capital lease purchase agreement totaled \$287,381 for the year ended June 30, 2021. During the year ended June 30, 2021, the County paid principal of \$288,049 and interest of \$47,978 on the lease.

(8) Pension Plan

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

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

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

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

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

The formula used to calculate a sheriff's, deputy's 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 greater but not more than 30 years of service.
- The member's highest three-year average salary.

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

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

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

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

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

The County's contributions to IPERS for the year ended June 30, 2021 totaled \$690,350.

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 \$5,211,550 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the County’s proportion was 0.074189%, which was an increase of 0.000269% over its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$867,237. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,744	133,453
Changes of assumptions	326,571	86,183
Net difference between projected and actual earnings on pension plan investments	386,473	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	78,393	193,174
County contributions subsequent to the measurement date	690,350	-
Total	<u>\$ 1,499,531</u>	<u>412,810</u>

\$690,350 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	\$ 32,129
2023	77,746
2024	105,773
2025	198,122
2026	<u>(17,399)</u>
Total	<u>\$ 396,371</u>

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 9,590,510	5,211,550	1,540,507

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.

(9) Other Postemployment Benefits (OPEB)

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	<u>95</u>
Total	<u>101</u>

Total OPEB Liability – The County's total OPEB liability of \$425,095 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019. The total OPEB liability was rolled forward from July 1, 2019 valuation date to the June 30, 2021 measurement date.

Actuarial Assumptions – The total OPEB liability in the July 1, 2019 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 July 1, 2019)	3.00% per annum.
Rates of salary increase (effective July 1, 2019)	2.00% per annum, including inflation.
Discount rate (effective July 1, 2019)	3.50% compounded annually, including inflation.
Healthcare cost trend rate (effective July 1, 2019)	7.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

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

Mortality rates are from the RP-2014 total annuitant distinct mortality table adjusted to 2006 with MP-2017 generational projection of future mortality improvement.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 439,992
Changes for the year:	
Service cost	27,937
Interest	15,359
Benefit payments	<u>(58,193)</u>
Net changes	<u>(14,897)</u>
Total OPEB liability end of year	<u>\$ 425,095</u>

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 449,767	425,095	402,387

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 (5.50%) or 1% higher (7.50%) than the current healthcare cost trend rates.

	1% Decrease (5.50%)	Healthcare Cost Trend Rate (6.50%)	1% Increase (7.50%)
Total OPEB liability	\$ 394,213	425,095	455,609

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized OPEB expense of \$50,228. At June 30, 2021, the County reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 39,871
Changes in assumptions	15,060
Total	<u>\$ 54,931</u>

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

Year ending June 30,	Amount
2022	\$ 6,933
2023	6,933
2024	6,933
2025	6,933
2026	6,933
Thereafter	<u>20,266</u>
	<u>\$ 54,931</u>

(10) 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 \$152,527.

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

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation in the amount of \$5,000,000 and employee blanket bond in the amount of \$20,000 for each employee, except for the County Treasurer which is at \$230,000. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Closure and Postclosure Care

To comply with federal and state regulations, the Boone County Landfill is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Landfill have been estimated at \$3,159,600 for closure and \$1,692,000 for postclosure care, for a total of \$4,851,600 as of June 30, 2021 for the original and expansion areas combined. The portion of the liability that has been recognized is \$3,797,567. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2021. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 5 years for the expansion area and the capacity used at June 30, 2021 is 72%.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has begun accumulating resources to fund these costs and, at June 30, 2021, assets of \$4,370,859 are restricted for these purposes, of which \$2,788,646 is for closure and \$1,582,213 is for postclosure care.

Also, pursuant to Chapter 567-111.3(3) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded for the expansion area, the County is required to demonstrate financial assurance for the unfunded costs. The County has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the County must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the landfill is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

(12) Solid Waste Tonnage Fees Retained

The County has established an account for restricting and using solid waste tonnage fees retained by the County in accordance with Chapter 455B.310 of the Code of Iowa.

As of June 30, 2021, net position of \$136,121 has been retained by the County and is restricted for the required purposes.

(13) Tax Abatements

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

Tax Abatements of Other Entities

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

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

Entity	Tax Abatement Program	Amount to Tax Abated
City of Boone	Urban renewal and economic development projects	\$ 81,642
City of Luther	Urban renewal and economic development projects	20,772
City of Madrid	Urban renewal and economic development projects	3,411

(14) County Financial Information Included in the Central Iowa Community Services Mental Health Region

Central Iowa Community Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Franklin County, Hamilton County, Hardin County, Jasper County, Madison County, Marshall County, Poweshiek County, Story County, Warren County and Boone County. The financial activity of the County’s Special Revenue, Mental Health Fund is included in the Central Iowa Community Services Mental Health Region for the year ended June 30, 2021, as follows:

Revenues:		
Property and other county tax		\$ 652,366
Intergovernmental:		
State tax credits	\$ 44,873	
MH-DD reimbursement from other governments	<u>57</u>	<u>44,930</u>
Total revenues		<u>697,296</u>
Expenditures:		
Services to persons with:		
Mental illness		159,963
General administration:		
Direct administration	65,888	
Distribution to region fiscal agent	<u>475,297</u>	<u>541,185</u>
Total expenditures		<u>701,148</u>
Deficiency of revenues under expenditures		(3,852)
Fund balance beginning of year, as restated		<u>170,388</u>
Fund balance end of year		<u>\$ 166,536</u>

(15) Employee Health Insurance Plan

The Internal Service, Health Insurance Premiums Fund was established to account for the partial self-funding of the County’s health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Midwest Group Benefits, Inc. The agreement is subject to automatic renewal provisions.

Monthly payments of service fees and plan contributions to the Health Insurance Premiums Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Midwest Group Benefits, Inc. from the Health Insurance Premiums Fund. The County’s contribution for the year ended June 30, 2021 was \$1,768,638.

Amounts payable from the Health Insurance Premiums Fund at June 30, 2021 total \$2,973, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$1,182,737 at June 30, 2021 and is reported as a designation of the Internal Service, Health Insurance Premiums Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 5,476
Incurred claims (including claims incurred but not reported at June 30, 2021)	1,900,551
Payments:	
Payment on claims during the year	<u>1,903,054</u>
Unpaid claims end of year	<u>\$ 2,973</u>

(16) Accounting Change/Restatement

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

In addition, at June 30, 2020, material amounts of accounts payable for the Mental Health fund was not previously recorded.

Also, at June 30, 2020, the Internal Service, Health Insurance Premiums Fund was incorrectly included with the Custodial Funds.

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

	Governmental Activities	Mental Health Fund	Fiduciary Activities
Net position/fund balance June 30, 2020, as previously reported	\$ 47,536,312	236,835	-
Change to implement GASBS No. 84	-	-	1,167,913
Mental Health accounts payable	(66,447)	(66,447)	-
Internal Service fund	841,255	-	-
Net position/fund balance July 1, 2020, as restated	<u>\$ 48,311,120</u>	<u>170,388</u>	<u>1,167,913</u>

(17) 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 Boone County remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Boone 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 Boone County's operations and finances.

(18) 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 new requirements require the reporting of certain lease assets and liabilities which were previously not reported.

Boone County

Required Supplementary Information

Boone 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	\$ 9,773,457	-	9,773,457
Penalty and interest on property tax	119,221	-	119,221
Intergovernmental	10,179,253	-	10,179,253
Licenses and permits	43,989	-	43,989
Charges for service	1,310,898	-	1,310,898
Use of money and property	85,817	42	85,775
Miscellaneous	2,212,153	1,427,831	784,322
Total receipts	23,724,788	1,427,873	22,296,915
Disbursements:			
Public safety and legal services	4,426,943	-	4,426,943
Physical health and social services	620,213	-	620,213
Mental health	765,783	-	765,783
County environment and education	1,939,387	661,598	1,277,789
Roads and transportation	7,496,360	-	7,496,360
Governmental services to residents	661,086	-	661,086
Administration	2,020,692	-	2,020,692
Non-program	330,616	-	330,616
Debt service	801,514	98,639	702,875
Capital projects	1,446,174	-	1,446,174
Total disbursements	20,508,768	760,237	19,748,531
Excess (deficiency) of receipts over (under) disbursements	3,216,020	667,636	2,548,384
Other financing sources, net	817,061	536,146	280,915
Change in balances	4,033,081	1,203,782	2,829,299
Balance beginning of year	6,619,144	509,135	6,110,009
Balance end of year	\$ 10,652,225	1,712,917	8,939,308

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
9,395,592	9,395,592	377,865
67,500	67,500	51,721
6,227,473	6,710,440	3,468,813
29,600	29,600	14,389
1,120,400	1,127,400	183,498
251,390	251,390	(165,615)
715,770	934,453	(150,131)
<u>17,807,725</u>	<u>18,516,375</u>	<u>3,780,540</u>
4,553,371	4,652,346	225,403
767,049	767,049	146,836
740,200	740,200	(25,583)
1,403,925	1,403,925	126,136
7,061,494	7,561,494	65,134
745,947	775,730	114,644
2,229,716	2,229,716	209,024
100,000	250,000	(80,616)
715,998	734,165	31,290
1,425,000	1,425,000	(21,174)
<u>19,742,700</u>	<u>20,539,625</u>	<u>791,094</u>
(1,934,975)	(2,023,250)	4,571,634
21,000	110,385	170,530
(1,913,975)	(1,912,865)	4,742,164
5,497,174	6,309,977	(199,968)
<u>3,583,199</u>	<u>4,397,112</u>	<u>4,542,196</u>

Boone County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2021

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 23,724,788	(2,693,329)	21,031,459
Expenditures	<u>20,508,768</u>	<u>(318,018)</u>	<u>20,190,750</u>
Net	3,216,020	(2,375,311)	840,709
Other financing sources, net	817,061	(236,915)	580,146
Beginning fund balances	<u>6,619,144</u>	<u>2,023,890</u>	<u>8,643,034</u>
Ending fund balances	<u>\$ 10,652,225</u>	<u>(588,336)</u>	<u>10,063,889</u>

See accompanying independent auditor's report.

Boone County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, Enterprise, Internal Service 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 and the Debt Service 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 \$796,925. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2021, disbursements exceeded the amounts budgeted in the mental health, non-program and capital projects functions and disbursements in certain departments exceeded the amounts appropriated.

Boone 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	0.074189%	0.073920%	0.074303%	0.079409%
County's proportionate share of the net pension liability	\$ 5,212	4,280	4,702	5,290
County's covered payroll	\$ 7,103	7,196	6,933	6,885
County's proportionate share of the net pension liability as a percentage of its covered payroll	73.38%	59.48%	67.82%	76.83%
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
0.077884%	0.080528%	0.077477%
4,901	3,854	3,073
6,475	6,317	6,428
75.69%	61.01%	47.80%
81.82%	85.19%	87.61%

Boone 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	\$ 690	674	686	628
Contributions in relation to the statutorily required contribution	<u>(690)</u>	<u>(674)</u>	<u>(686)</u>	<u>(628)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 7,319	7,103	7,196	6,933
Contributions as a percentage of covered payroll	9.43%	9.49%	9.54%	9.06%

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
625	591	576	586	564	524
(625)	(591)	(576)	(586)	(564)	(524)
-	-	-	-	-	-
6,885	6,475	6,317	6,428	6,353	6,277
9.08%	9.13%	9.11%	9.12%	8.88%	8.35%

Boone 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.

Boone 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	\$ 27,937	27,389	21,504	21,082
Interest cost	15,359	15,955	15,488	15,606
Difference between expected and actual experiences	-	32,422	-	20,765
Changes in assumptions	-	1,419	-	22,417
Benefit payments	(58,193)	(63,625)	(43,399)	(37,413)
Net change in total OPEB liability	(14,897)	13,560	(6,407)	42,457
Total OPEB liability beginning of year	439,992	426,432	432,839	390,382
Total OPEB liability end of year	\$ 425,095	439,992	426,432	432,839
Covered-employee payroll	\$ 6,827,527	6,693,654	6,061,152	5,942,306
Total OPEB liability as a percentage of covered-employee payroll	6.2%	6.6%	7.0%	7.3%

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	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.00%

Boone County

Supplementary Information

Boone County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2021

	County Recorder's Records Management	Resource Enhancement and Protection	Task Force	Special Attorney Drug Prosecution
Assets				
Cash, cash equivalents and pooled investments	\$ 31,236	148,064	33,765	86,488
Receivables:				
Property tax:				
Succeeding year tax increment financing	-	-	-	-
Accounts	-	-	-	970
Accrued interest	-	360	-	-
Due from other funds	114	-	-	-
Total assets	\$ 31,350	148,424	33,765	87,458
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year tax increment financing	-	-	-	-
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
Resource enhancement and protection	-	148,424	-	-
Other purposes	31,350	-	33,765	87,458
Total fund balances	31,350	148,424	33,765	87,458
Total liabilities, deferred inflows of resources and fund balances	\$ 31,350	148,424	33,765	87,458

See accompanying independent auditor's report.

Revenue					
Tobacco and Alcohol Enforcement	Jail Commissary	Reserve Deputy	County TIF Project	Conservation Foundation	Total
4,321	54,210	2,316	114,061	160,552	635,013
-	-	-	327,113	-	327,113
-	3,233	320	-	-	4,523
-	-	-	-	-	360
-	-	-	-	-	114
4,321	57,443	2,636	441,174	160,552	967,123
-	109	251	-	-	360
-	-	-	327,113	-	327,113
-	-	-	114,061	-	114,061
-	-	-	-	-	148,424
4,321	57,334	2,385	-	160,552	377,165
4,321	57,334	2,385	114,061	160,552	639,650
4,321	57,443	2,636	441,174	160,552	967,123

Boone County

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

Year ended June 30, 2021

	County Recorder's Records Management	Resource Enhancement and Protection	Task Force	Special Attorney Drug Prosecution
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	13,506	-	788
Charges for service	6,936	-	-	-
Use of money and property	114	366	-	-
Miscellaneous	-	-	23,631	40,194
Total revenues	7,050	13,872	23,631	40,982
Expenditures:				
Operating:				
Public safety and legal services	-	-	9,300	18,787
County environment and education	-	30,000	-	-
Governmental services to residents	6,821	-	-	-
Total expenditures	6,821	30,000	9,300	18,787
Excess (deficiency) of revenues over (under) expenditures	229	(16,128)	14,331	22,195
Other financing uses:				
Transfers out	-	-	-	-
Changes in fund balance	229	(16,128)	14,331	22,195
Fund balances beginning of year	31,121	164,552	19,434	65,263
Fund balances end of year	\$ 31,350	148,424	33,765	87,458

See accompanying independent auditor's report.

Revenue

Tobacco and Alcohol Enforcement	Jail Commissary	Reserve Deputy	County TIF Project	Conservation Foundation	Total
-	-	-	334,219	-	334,219
-	-	-	14,799	-	29,093
-	-	-	-	-	6,936
-	-	-	-	42	522
-	38,342	5,651	-	117,208	225,026
-	38,342	5,651	349,018	117,250	595,796
-	35,148	6,092	-	-	69,327
-	-	-	-	31,137	61,137
-	-	-	-	-	6,821
-	35,148	6,092	-	31,137	137,285
-	3,194	(441)	349,018	86,113	458,511
-	-	-	(306,685)	-	(306,685)
-	3,194	(441)	42,333	86,113	151,826
4,321	54,140	2,826	71,728	74,439	487,824
4,321	57,334	2,385	114,061	160,552	639,650

Boone County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	2,400	432,125	250,095
Other County Officials	66,632	-	-	-
Receivables:				
Property tax:				
Delinquent	-	126	347	14,755
Succeeding year	-	258,000	716,000	25,127,000
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 66,632	260,526	1,148,472	25,391,850
Liabilities				
Liabilities:				
Accounts payable	\$ -	-	93	-
Salaries and benefits payable	-	-	23,093	-
Due to other governments	47,113	2,400	13	250,095
Trusts payable	19,519	-	-	-
Compensated absences	-	-	31,960	-
Total liabilities	66,632	2,400	55,159	250,095
Deferred Inflows of Resources				
Unavailable revenues	-	258,000	716,000	25,127,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	126	377,313	14,755

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	Other	Total
9,607	130,826	4,367	1,072,317	34,982	26,868	835,018	2,798,605
-	-	-	-	-	-	-	66,632
527	674	497	-	-	1,402	2	18,330
1,097,000	9,942,000	587,000	-	-	2,891,000	4,000	40,622,000
-	-	-	-	-	-	2,122	2,122
-	-	-	-	153,776	-	-	153,776
-	-	-	-	-	-	1,443	1,443
<u>1,107,134</u>	<u>10,073,500</u>	<u>591,864</u>	<u>1,072,317</u>	<u>188,758</u>	<u>2,919,270</u>	<u>842,585</u>	<u>43,662,908</u>
-	-	-	-	-	-	1,291	1,384
-	-	-	-	-	-	4,173	27,266
9,607	130,826	4,367	1,072,317	188,645	26,868	51,763	1,784,014
-	-	-	-	-	-	307,086	326,605
-	-	-	-	-	-	3,540	35,500
<u>9,607</u>	<u>130,826</u>	<u>4,367</u>	<u>1,072,317</u>	<u>188,645</u>	<u>26,868</u>	<u>367,853</u>	<u>2,174,769</u>
<u>1,097,000</u>	<u>9,942,000</u>	<u>587,000</u>	<u>-</u>	<u>-</u>	<u>2,891,000</u>	<u>4,000</u>	<u>40,622,000</u>
<u>527</u>	<u>674</u>	<u>497</u>	<u>-</u>	<u>113</u>	<u>1,402</u>	<u>470,732</u>	<u>866,139</u>

Boone County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	247,661	681,288	24,749,331
911 surcharge	-	-	-	-
State tax credits	-	17,056	46,914	1,744,467
Office fees and collections	759,027	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	1,095,936	-	-	-
Miscellaneous	-	-	1,026	-
Total additions	1,854,963	264,717	729,228	26,493,798
Deductions:				
Agency remittances:				
To other funds	339,074	-	-	-
To other governments	420,512	265,633	712,449	26,587,526
Trusts paid out	1,095,377	-	-	-
Total deductions	1,854,963	265,633	712,449	26,587,526
Changes in net position	-	(916)	16,779	(93,728)
Net position, beginning of year, as restated	-	1,042	360,534	108,483
Balances end of year	\$ -	126	377,313	14,755

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	Other	Total
989,370	9,697,525	581,372	-	-	2,774,709	4,149	39,725,405
-	-	-	-	-	-	265,970	265,970
67,848	880,988	31,324	-	-	191,066	286	2,979,949
-	-	-	-	-	-	-	759,027
-	-	-	10,988,989	-	-	-	10,988,989
-	-	-	-	114,077	-	-	114,077
-	-	-	-	-	-	174,529	1,270,465
-	-	-	-	-	-	212,349	213,375
1,057,218	10,578,513	612,696	10,988,989	114,077	2,965,775	657,283	56,317,257
-	-	-	10,497,903	-	-	-	10,836,977
1,060,806	10,644,525	613,804	491,086	248,551	2,976,050	491,206	44,512,148
-	-	-	-	-	-	174,529	1,269,906
1,060,806	10,644,525	613,804	10,988,989	248,551	2,976,050	665,735	56,619,031
(3,588)	(66,012)	(1,108)	-	(134,474)	(10,275)	(8,452)	(301,774)
4,115	66,686	1,605	-	134,587	11,677	479,184	1,167,913
527	674	497	-	113	1,402	470,732	866,139

Boone 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,	\$ 8,106,077	7,824,543	7,826,069	7,728,966
Tax increment financing	334,219	347,631	323,463	283,922
Local option sales tax	1,350,225	1,251,379	897,150	1,016,923
Interest and penalty on property tax	121,428	36,695	72,137	67,839
Intergovernmental	7,198,609	6,491,760	5,590,921	5,680,460
Licenses and permits	43,919	37,427	28,025	37,760
Charges for service	1,291,238	1,197,589	1,178,479	1,239,609
Use of money and property	183,670	426,868	406,354	330,945
Miscellaneous	2,402,074	927,506	574,815	699,763
Total	<u>\$ 21,031,459</u>	<u>18,541,398</u>	<u>16,897,413</u>	<u>17,086,187</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 4,507,167	4,083,776	4,110,210	6,540,678
Physical health and social services	619,097	630,233	625,053	617,089
Mental health	701,148	1,099,255	786,790	566,935
County environment and education	2,050,866	1,811,648	1,799,393	1,541,929
Roads and transportation	7,129,048	6,781,099	6,439,167	6,456,899
Governmental services to residents	655,604	672,430	619,471	606,656
Administration	2,022,796	2,003,830	1,940,029	1,813,086
Non-program	344,860	160,923	97,869	250,005
Debt service	784,844	811,573	751,533	617,547
Capital projects	1,375,320	949,855	152,369	1,240,449
Total	<u>\$ 20,190,750</u>	<u>19,004,622</u>	<u>17,321,884</u>	<u>20,251,273</u>

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
7,778,880	7,597,492	7,590,858	7,754,045	7,672,000	7,550,497
234,015	190,059	187,270	160,994	150,090	73,643
1,008,431	972,004	974,573	970,619	834,332	870,967
70,752	85,450	66,228	77,429	68,784	68,321
5,732,444	5,437,561	5,443,756	5,393,112	6,742,555	7,383,576
44,290	51,888	22,100	23,380	18,990	19,645
1,203,404	1,059,794	1,044,379	938,516	1,044,869	914,070
204,389	138,988	119,902	129,063	140,691	208,399
1,518,841	566,765	270,065	743,661	334,528	400,336
17,795,446	16,100,001	15,719,131	16,190,819	17,006,839	17,489,454
3,788,814	3,491,581	3,374,960	3,375,919	3,133,722	2,991,532
603,739	592,941	606,356	640,190	617,137	630,996
729,156	345,312	1,119,800	1,051,851	1,299,546	3,238,850
1,370,024	1,568,135	1,050,065	1,574,160	1,509,043	2,068,863
5,622,828	6,054,439	5,315,238	5,728,977	4,997,451	5,298,333
639,653	519,788	727,542	534,462	561,908	541,174
1,859,993	1,755,455	1,693,871	1,779,060	1,582,486	1,560,273
524,937	52,369	-	-	-	-
1,116,935	740,166	742,003	736,588	697,402	1,716,334
631,022	811,892	377,113	1,625,251	2,468,315	700,074
16,887,101	15,932,078	15,006,948	17,046,458	16,867,010	18,746,429

Schedule 6

Boone County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture:			
Passed through Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	00002127692	\$ 6,435
Total U.S. Department of Agriculture			<u>6,435</u>
U.S. Department of the Treasury:			
Passed through Iowa Department of Revenue:			
COVID-19, Coronavirus Relief Fund	21.019	FY21	473,313 *
Total U.S. Department of the Treasury			<u>473,313</u>
U.S. Election Assistance Commission			
Passed through Iowa Secretary of State			
COVID-19, 2018 HAVA Election Security Grants	90.404	308-11320-HAVACARES	19,600
Total U.S. Election Assistance Commission			<u>19,600</u>
U. S. Department of Health and Human Services:			
Passed through Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Foster Care Title IV-E	93.658	00002127692	1,688
Adoption Assistance	93.659	00002127692	828
Social Services Block Grant	93.667	00002127692	1,537
State Children's Insurance Program	93.767	00002127692	137
Title IV-E Prevention Program	93.472	00002127692	329
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	00002127692	1,407
Medicaid Cluster:			
Medical Assistance Program	93.778	00002127692	5,600
Total U. S. Department of Health and Human Services			<u>11,526</u>
U.S. Department of Homeland Security:			
Passed through Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4421	82,570
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4557	197,283
			<u>279,853</u>
Emergency Management Performance Grants (EMPG)	97.042	FY21	27,743
Total U.S. Department of Homeland Security			<u>307,596</u>
Total			<u>\$ 818,470</u>

* \$420,765 of this total are for expenditures incurred during fiscal year 2020.

Boone County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Boone 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 Boone County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Boone 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 – Boone 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
STATE OF IOWA**

Rob Sand
Auditor of State

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

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

To the Officials of Boone 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, business type activities, each major fund and the aggregate remaining fund information of Boone 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 October 20, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph 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, we have identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items II-A-21 through II-C-21 to be material weaknesses.

Compliance and Other Matters

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

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

Boone County's Responses to the Findings

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

October 20, 2022



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

Rob Sand
Auditor of State

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

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 Boone County:

Report on Compliance for Each Major Federal Program

We have audited Boone 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. Boone 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 Boone 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 Boone 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 Boone County's compliance.

Opinion on the Major Federal Program

In our opinion, Boone 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.

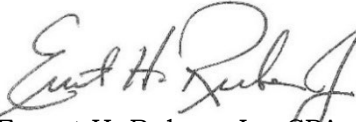
Report on Internal Control Over Compliance

The management of Boone 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 Boone 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 Boone 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider 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

October 20, 2022

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

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any 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 21.019 – COVID-19, Coronavirus Relief Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Boone County did not qualify as a low-risk auditee.

Boone 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) Investments – detailed record keeping and custody.	County Treasurer
(2) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	County Treasurer, County Recorder, County Sheriff
(3) Disbursements – approval of disbursements and signing of the checks.	County Recorder

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.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Responses –

County Recorder – With three people in our office, that’s including the Recorder, we feel the segregation of duties are working to the best of our ability. One person opens the mail and paperclips everything in the envelope together. Then gives to the Recorder for recording. If something does not have payment with it, we will check with the preparer of the document to see if payment was sent along with. We will not put any recording on without payment, except for a couple of businesses that want to receive a monthly bill and we let them charge their filings.

The Recorder will issue any payments that need to be made from our checking account. The Deputy Recorder looks over the reports, confirming the dollar amount from check to report, and then signs the check.

We do reconcile/balance every day at the end of the day with our cash receipts.

County Treasurer – It is necessary for everyone in the office to assist customers and collect money at the counter, including the Treasurer. Cross-training is a major focus in our office. There is a limited number of employees in the office during lunch hours, especially when we have employees gone for vacation and/or out sick. Everyone balances their own cash drawer separately and then the day’s total business is balanced all together, either by the Treasurer or the First Deputy. The Treasurer does the month-end process and apportionment business.

County Sheriff – The Sheriff’s office only has two staff members; we are unable to segregate completely. All deposits are initialed by the other person who did not complete the deposit. All bank reconciliations are checked by both office personnel and the Sheriff.

Conclusions – Responses acknowledged. The offices should continue to review operating procedures to obtain the maximum internal control possible, including using current personnel and other officials and employees to provide additional control through review of financial transactions, reconciliations, and reports for their accounts.

II-B-21 Monthly Bank Reconciliations
(2021-002)

Criteria – An effective internal control system provides for internal controls related to reconciling bank statements to County records.

Condition – Although monthly bank reconciliations were performed for each bank account, a monthly reconciliation of all bank account balances, including investments, to the Treasurer’s book balance is not performed. In addition, the Recorder’s monthly bank reconciliations were not being performed correctly. The bank balance and accounts receivable outstanding amounts used were not accurate.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Cause – Policies have not been established and procedures have not been implemented to reconcile all bank account balances, including investments, to the County's records.

Effect – Since reconciliations of all bank account balances, including investments, to the County records were not performed, misstatements may not have been prevented or detected and corrected on a timely basis in the normal course of operations.

Recommendation – Monthly bank reconciliations, including all bank account balances and investments, should be performed and reconciled to the County records.

Responses –

County Treasurer – The Treasurer's office reconciles all accounts monthly. Our reconciliation has been to balance our account records to the records that the bank has. We use the bank reconciliation program available through Solutions software. We compare the Treasurer's bank register as checks clear and deposit totals match exactly every month with all bank accounts when comparing our bank totals to theirs, allowing for outstanding checks, deposits in transit, and interest earned on that account. I will continue to work at putting a better procedure in place that compares our bank reconciliations and balances to the Treasurer's book balance.

County Recorder – The Deputy Recorder balances our checkbook monthly. The Recorder checks the bank statement daily to make sure all electronic funds are collected for the previous day's work. If funds are not what they should be we contact the appropriate contacts to find out why. Those are resolved within a day or two.

We are now using the correct figures when balancing the checkbook as well.

Conclusion – Response acknowledged. All bank and investment accounts should also be included in the monthly balancing procedures.

II-C-21 Financial Reporting
(2021-003)

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 disbursements, receivables, payables and infrastructure additions 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. In addition, a material prior period misstatement was identified in County Mental Health payables. Note 16 to the financial statements describes the prior period adjustment.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Cause – County policies do not require, and procedures have not been established to require independent review of year end cut-off transactions and infrastructure additions 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, payables and infrastructure additions are identified and properly reported in the County’s financial statements.

Responses –

County Auditor – This audit was conducted for a period of time that included the tenure of the former auditor and the transition to a new auditor. Much of these findings are due to events that transpired under the former administration and the practices and procedures that were in place. The current administration is working to be compliant with all Iowa Code and standard practices. We are working, with the help of our audit firm, to implement policies and training that will mitigate these deficiencies in the future.

County Treasurer – The Treasurer’s office will practice better communication throughout all departments. Bettering communication will work at resolving receipting issues of dates services were acquired. The Treasurer’s office will be sure to continue to notate the earned dates as each department requests.

County Engineer – Upon an internal review of the project 5508c008084 reporting issue we found that the payments were all entered into the GASB infrastructure report on September 8, 2021, and the project was placed into service at that time. The entire project is showing up on our FY22 Annual Report because it wasn’t placed into service until FY22. We now have an internal reminder for every employee’s calendar to make sure all payments for GASB are in before the end of the fiscal year in which they were expended.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Boone 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 for the mental health, non-program and capital projects functions at year end. In addition, disbursements during the year ended June 30, 2021 exceeded the amounts appropriated in the non-departmental, capital projects, and mental health departments prior to the approval of an amendment by the Board of Supervisors and disbursements in the animal control, non-departmental, capital projects, and mental health departments exceeded the amounts appropriated at year end.

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 – This audit was conducted for a period of time that included the tenure of the former auditor and the transition to a new auditor. Due to changes in leadership and inexperience on the part of the new auditor, the amendment process was handled incorrectly. We are working to implement a better process that is compliance with Iowa Code.

Conclusion – Response accepted.

IV-B-21 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in the 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 – No business transactions between the County and County officials or employees were noted.

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

IV-F-21 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond 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.

Boone 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).

The County produces a significant amount of revenue in its Conservation Department through camping and golf fees. This revenue is used to offset conservation expenses in lieu of property tax revenue.

IV-J-21 Solid Waste Fees Retainage – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.

IV-K-21 Financial Assurance – The Landfill has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

	Original Area		Expansion Area		Total
	Closure	Postclosure	Closure	Postclosure	
Total estimated costs for closure and postclosure care	\$ 234,700	829,500	2,924,900	862,500	4,851,600
Amounts required to be held in the local dedicated fund at June 30, 2020	\$ 232,100	825,000	2,122,081	814,757	3,993,938
Reallocation of amounts required to be held based on current estimated costs	2,600	4,500	(2,600)	(4,500)	-
Less: amounts required to be held in the local dedicated fund at June 30, 2020, as reallocated	234,700	829,500	2,119,481	810,257	3,993,938
	-	-	805,419	52,243	857,662
Divided by the number of years remaining in the pay-in period	-	-	5	5	
Required payment into the local dedicated fund for the year ended June 30, 2021	-	-	161,084	10,449	171,533
Amounts required to be held in the local dedicated fund at June 30, 2020, as reallocated	234,700	829,500	2,119,481	810,257	3,993,938
Amounts required to be held in the local dedicated fund at June 30, 2021	\$ 234,700	829,500	2,280,565	820,706	4,165,471
Amounts restricted for closure and postclosure care at June 30, 2021	\$ 234,700	829,500	2,553,946	752,713	4,370,859

IV-L-21 Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1.

Boone County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Tiffany M. Ainger, CPA, Manager
Luke M. Borman, CPA, Senior II Auditor
Micaela A. Tintjer, CPA, Senior II Auditor
Bianca M. Cleary, Senior Auditor
Ronica H. Drury, Staff Auditor
Kerillos M. Hana, Staff Auditor
Craig S. Miller, Staff Auditor
Christopher L. Poague, Staff Auditor
Silvester K. Rutto, Staff Auditor
Seth W. Franklin, Intern Auditor
Samantha A. Hawkins, Intern Auditor