



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
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FOR RELEASE

June 7, 2023

Contact: Ernest Ruben
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$24,856,184 for the year ended June 30, 2022, a 28.5% increase over the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$15,137,898 a 6.9% increase over the prior year. The significant increase in revenues was primarily due to secondary road infrastructure contributed by the Iowa Department of Transportation, a grant for a bridge replacement project and the American Rescue Plan Act funds.

AUDIT FINDINGS:

Sand reported four findings related to the receipt and expenditure of taxpayer funds. They are found on pages 80 through 84 of this report. The findings address a lack of segregation of duties in the County Sheriff's Office and County Recorder's Office, lack of preparation of bank reconciliations for the County Sheriff's Commissary account, capital assets not recorded in the County's financial statements and the lack of required estimates for vertical infrastructure with the Conservation Board. 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 elected 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 website at [Audit Reports – Auditor of State](#).

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POWESHIEK COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2022

Poweshiek County



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Rob Sand
Auditor of State

April 13, 2023

Officials of Poweshiek County
Montezuma, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Poweshiek County for the year ended June 30, 2022. 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 Poweshiek 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", written in a cursive style.

Rob Sand
Auditor of State

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Poweshiek County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Merle Doty	Board of Supervisors	Jan 2023
Jason Roudabush	Board of Supervisors	Jan 2023
Diana Dawley	Board of Supervisors	Jan 2025
Melissa Eilander	County Auditor	Jan 2025
Sandy Ross	County Treasurer	Jan 2023
Dianna Longhenry	County Recorder	Jan 2023
Thomas Kriegel	County Sheriff	Jan 2025
Bart Klaver	County Attorney	Jan 2023
Amy Stevenson	County Assessor	Jan 2028



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Independent Auditor's Report

To the Officials of Poweshiek County:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Poweshiek County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 15 to the financial statements, Poweshiek County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. In addition, Poweshiek County's beginning net position for governmental activities was restated to retroactively report infrastructure projects which were not reported in the prior fiscal year. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Poweshiek County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Poweshiek County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Poweshiek County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 56 through 65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

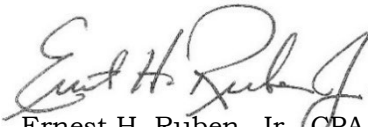
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Poweshiek 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, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such 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. The 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 5 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 April 13, 2023 on our consideration of Poweshiek 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 Poweshiek County's internal control over financial reporting and compliance.


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

April 13, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Poweshiek County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, however had no effect on the beginning net position for governmental activities. The County also restated capital assets to retroactively report infrastructure assets not previously reported.
- Revenues of the County's governmental activities increased 28.5%, or approximately \$5,519,000 from fiscal year 2021 to fiscal year 2022. Property tax increased approximately \$294,000 and capital grants, contributions and restricted interest increased approximately \$2,926,000. The increase in property tax was primarily due to collection of debt service property tax beginning in fiscal year 2022. The increase in capital grants, contributions and restricted interest was primarily due to the value of infrastructure assets contributed by the Iowa Department of Transportation and a grant received for bridge replacement. In addition, revenue increased due to the recognition of approximately \$1,798,000 of American Rescue Plan Act (ARPA) funds.
- Program expenses of the County's governmental activities increased 6.9%, or approximately \$980,000 from fiscal year 2021 to fiscal year 2022. Administration increased approximately \$1,730,000, primarily due to the expenditure of ARPA funds. Public safety and legal services and roads and transportation decreased approximately \$677,000 and \$292,000, respectively.
- The County's net position at June 30, 2022 increased 23.7%, or approximately \$9,719, over the June 30, 2021 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 Poweshiek 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 Poweshiek 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 Poweshiek 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 (asset) and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. The fiduciary funds include Custodial Funds that account for 911 services, emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Poweshiek County's combined net position at the end of fiscal year 2022 totaled approximately \$51 million, compared to approximately \$41 million at the end of fiscal year 2021. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2022	2021 (As Restated)
Current and other assets	\$ 33,626	31,330
Capital assets	40,984	33,601
Total assets	<u>74,610</u>	<u>64,931</u>
Deferred outflows of resources	922	991
Long-term liabilities	10,462	14,512
Other liabilities	615	583
Total liabilities	<u>11,077</u>	<u>15,095</u>
Deferred inflows of resources	13,695	9,786
Net position:		
Net investment in capital assets	36,118	29,072
Restricted	11,459	9,411
Unrestricted	3,183	2,558
Total net position	<u>\$ 50,760</u>	<u>41,041</u>

Net position of Poweshiek County's governmental activities increased 23.7% (approximately \$51 million compared to approximately \$41 million).

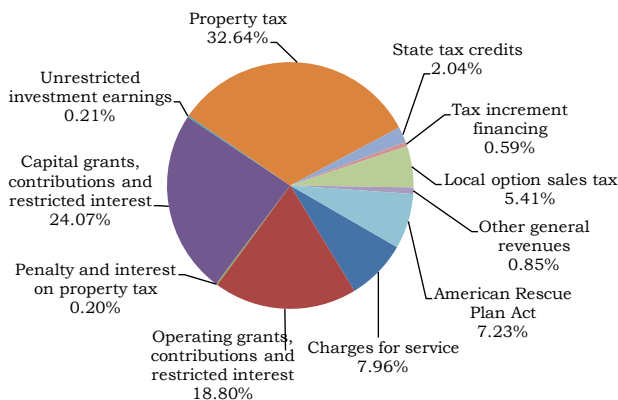
The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$7,046,000, or 24.2%, over the prior year. This increase is primarily due to infrastructure assets contributed by the Iowa Department of Transportation and a grant received for bridge replacement.

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

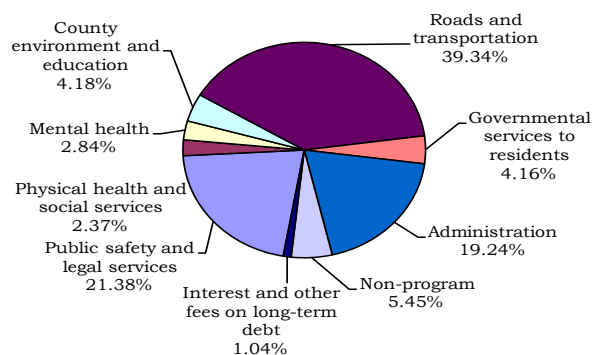
Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$625,000, or 24.4%, over the prior year. The increase is due to a decrease in the net pension liability (asset).

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2022	2021 (Not restated)
Revenues:		
Program revenues:		
Charges for service	\$ 1,978	1,372
Operating grants, contributions and restricted interest	4,672	5,002
Capital grants, contributions and restricted interest	5,983	3,057
General revenues:		
Property tax	8,114	7,820
Tax increment financing	147	-
Penalty and interest on property tax	50	59
State tax credits	507	498
Local option sales tax	1,345	1,196
Unrestricted investment earnings	52	90
American Rescue Plan Act	1,798	-
Other general revenues	211	244
Total revenues	24,857	19,338
Program expenses:		
Public safety and legal services	3,239	3,916
Physical health and social services	359	298
Mental health	429	458
County environment and education	633	744
Roads and transportation	5,955	6,247
Governmental services to residents	629	612
Administration	2,912	1,182
Non-program	825	605
Interest and other fees on long-term debt	157	96
Total expenses	15,138	14,158
Change in net position	9,719	5,180
Net position beginning of year, as restated	41,041	34,296
Net position end of year	\$ 50,760	39,476

Revenues by Source



Expenses by Program



The County levied property tax rate went from \$7.92412 to \$7.79990 per \$1,000 of taxable valuation for fiscal year 2022, a decrease of 1.6%. Countywide taxable valuations in Poweshiek County have changed as follows: \$1,163,438,384 in fiscal year 2020 to \$1,236,324,447 in fiscal year 2021 to \$1,291,096,169 in fiscal year 2022. Rural taxable valuations in the County have changed as follows: \$784,857,280 in fiscal year 2020 to \$832,602,429 in fiscal year 2021 to \$867,093,591 in fiscal year 2022. Based on the changes in the taxable valuations and decreases in the fiscal year 2022 levied property tax rates, property tax revenue was budgeted to increase approximately \$313,000 for fiscal year 2022.

Capital grants this year increased approximately \$2,926,000, or 96%, over the prior year, primarily due to an increase in Farm to Market projects donated by the Iowa Department of Transportation and a grant for a bridge replacement. Expenditures for public safety decreased approximately \$677,000, or 17%, from the prior year, primarily due to a payment for 911 communications equipment in fiscal year 2021. Roads and transportation decreased approximately \$292,000, or 5% from the prior year, to approximately \$5,955,000. Administration increased approximately \$1,730,000, primarily due to the expenditure of ARPA funds. Significant ARPA disbursements included \$900,000 to purchase ambulances for three ambulance services, \$250,000 for laboratory expansion at the Grinnell Regional Medical Center and approximately \$167,000 paid to eligible County employees who performed essential work during the COVID-19 public health emergency.

The cost of all governmental activities this year was approximately \$15.1 million compared to approximately \$14.1 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$2.5 million because some of the cost was paid by those directly benefiting from the programs (approximately \$2 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$10.6 million). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2022 from approximately \$9,431,000 to approximately \$12,633,000. As discussed above, the County received contributions of infrastructure paid for by the Iowa Department of Transportation and a grant for bridge replacement.

INDIVIDUAL MAJOR FUND ANALYSIS

As Poweshiek County completed the year, its governmental funds reported a combined fund balance of approximately \$19.3 million, a decrease of approximately \$262,000 from last year's total of approximately \$19.5 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$1,230,000, or 20.4%, over the prior year. Expenditures increased approximately \$2,298,000 or 44.3%, compared to the prior year. The ending fund balance decreased approximately \$411,000 from the prior year to approximately \$4,457,000. The significant increase in revenues and expenditures is due primarily to the receipt of approximately \$1,798,000 in American Rescue Plan Act funds and the expenditure of those funds for ambulances, the laboratory expansion at the Grinnell Regional Medical Center and additional payments to employees who performed essential work during the COVID-19 public health emergency.
- Special Revenue, Mental Health Fund revenues decreased approximately \$139,000, or 27.9% over the prior year and expenditures decreased approximately \$8,000, or 1.7%, compared to the prior year. The decreases in revenue and expenses are primarily due to the elimination of this fund at June 30, 2022. The County was required by Senate File 619 to transfer the remaining fund balance to the Central Iowa Community Services Mental Health Region prior to June 30, 2022.

- Special Revenue, Rural Services Fund revenues increased approximately \$38,000, or 1.0%, over the prior year. Expenditures decreased approximately \$6,500, or 0.5%. The Rural Services Fund ending fund balance decreased approximately \$2,000 from the prior year to approximately \$967,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$1,359,000, or 30.5%, over the prior year, primarily due to the receipt of federal funds for a Department of Transportation projects and a grant for bridge replacement in fiscal year 2022. Expenditures increased approximately \$48,000, or 0.7%, over the prior year. The Secondary Roads Fund ending fund balance increased approximately \$1,051,000 over the prior year to approximately \$4,982,000.
- Special Revenue, Local Option Sales Tax (LOST) Fund revenue increased approximately \$150,000, or 12.5% over the prior year. Transfers out to the Debt Service Fund increased approximately \$84,300, or 13.1%. The LOST Fund ending fund balance increased approximately \$619,000 over the prior year to approximately \$2,962,000.
- Debt Service Fund revenues increased approximately \$697,000, from approximately \$2,000 in fiscal year 2021 to approximately \$699,000 in fiscal year 2022. The increase in revenues was primarily due to receipt of property tax in fiscal year 2022. Expenditures increased approximately \$601,000, from approximately \$800,000 in fiscal year 2021 to approximately \$1,401,000 in fiscal year 2023. The increase in expenditures was primarily due to principal and interest paid in fiscal 2022 on the Communications Equipment Bond that was issued during fiscal year 2021. The ending fund balance increased approximately \$24,000 over the prior year to approximately \$26,000.
- The Capital Projects Fund received approximately \$6,420,000 of bond proceeds in fiscal year 2021. There were no bond issuances during fiscal year 2022. Expenditures increased approximately \$534,000 or 50.3% over the prior year, due to payments related to the emergency services communications project. The ending fund balance decreased approximately \$1,595,000 from the prior year to approximately \$3,764,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Poweshiek County amended its budget three times. The first amendment was made in December 2021 and resulted in an increase in budgeted disbursements covering four different functions. The second amendment was made in March 2022 and resulted in an increase in the budgeted disbursements in two functions. The third amendment was made in May 2022 and resulted in an increase in the budgeted disbursements in three functions. The County's receipts were \$134,900 less than budgeted, a variance of less than 1%.

Total disbursements were approximately \$5,259,000 less than the amended budget. Actual disbursements for the capital projects and roads and transportation functions were approximately \$3,508,000 and \$956,995, respectively, less than budgeted due to secondary road projects and not being completed during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, Poweshiek County had approximately \$41 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$7 million, or 22%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2022	2021 (Restated)
Land	\$ 2,044	2,030
Construction in progress	13,420	7,076
Buildings	6,906	6,916
Improvements other than buildings	140	147
Equipment and vehicles	3,987	3,828
Right-to-use assets	42	55
Infrastructure	14,445	13,549
	<u>\$ 40,984</u>	<u>33,601</u>

The County had depreciation expense of approximately \$1,378,000 for fiscal year 2022 and total accumulated depreciation of approximately \$17,808,000 at June 30, 2022. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2022, Poweshiek County had approximately \$8,593,000 of long-term debt outstanding, compared to \$9,832,000 at June 30, 2021.

Outstanding Debt of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2022	2021
General obligation refunding bonds	\$ 2,633	3,185
General obligation urban renewal notes	130	260
General obligation communications bond	5,830	6,388
Total	<u>\$ 8,593</u>	<u>9,832</u>

Debt decreased as a result of the County making scheduled principal payments on bond and notes outstanding. During the year, principal payments totaled \$1,185,000.

The County carries a general obligation bond rating of Aa3 assigned by national rating agencies. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt of \$8,190,000 (excluding unamortized premiums) is significantly below its constitutional debt limit of approximately \$107 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Poweshiek County’s elected and appointed officials considered many factors when setting the fiscal year 2023 budget, tax rates and fees charged for various county activities. The Poweshiek County Board of Supervisors is committed to limiting disbursement increases and reducing funding to non-mandated programs to provide services for the citizens of Poweshiek County. The fiscal year 2023 total property tax rate is \$6.97394 per \$1,000 of taxable valuation, a decrease of \$0.82596 per \$1,000 of taxable valuation from fiscal year 2022. The fiscal year 2023 General Fund ending fund balance is expected to be approximately \$3,499,000.

CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Poweshiek County’s finances and to show the County’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Poweshiek County Auditor’s Office, 302 E Main Street, Montezuma, Iowa 50171-0057.

Poweshiek County

Basic Financial Statements

Poweshiek County
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 20,622,489
Receivables:	
Property tax:	
Delinquent	614
Succeeding year	8,563,000
Tax increment financing succeeding year	477,000
Penalty and interest on property tax	2,708
Accounts	505
Opioid Settlement	368,598
Accrued interest	9,323
Due from other governments	1,496,906
Inventories	485,454
Prepaid insurance	127,302
Net pension asset	1,471,658
Capital assets not being depreciated	15,463,742
Capital assets, net of accumulated depreciation/amortization	25,520,110
Total assets	74,609,409
Deferred Outflows of Resources	
Pension related deferred outflows	721,811
OPEB related deferred outflows	200,535
Total deferred outflows of resources	922,346
Liabilities	
Accounts payable	429,824
Salaries and benefits payable	171,373
Due to other governments	446
Accrued interest payable	13,168
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes and bonds	1,240,000
Compensated absences	243,727
OPEB liability	53,229
Lease Agreement	21,230
Portion due or payable after one year:	
General obligation notes and bonds	7,353,072
Compensated absences	38,150
Landfill postclosure care	90,000
OPEB liability	1,406,994
Lease Agreement	15,578
Total liabilities	11,076,791
Deferred Inflows of Resources	
Unavailable revenue:	
Property tax revenue	8,563,000
Tax increment financing revenue	477,000
Pension related deferred inflows	3,435,091
OPEB related deferred inflows	1,220,163
Total deferred inflows of resources	13,695,254
Net Position	
Net investment in capital assets	36,118,137
Restricted for:	
Supplemental levy purposes	280,493
Rural services purposes	881,768
Secondary roads purposes	4,870,015
Conservation land acquisition	52,271
Landfill postclosure care	1,614,023
Debt service	188,142
Capital improvements	2,961,805
Opioid abatement	368,598
Other purposes	241,677
Unrestricted	3,182,781
Total net position	\$ 50,759,710

See notes to financial statements.

Poweshiek County
Statement of Activities
Year ended June 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 3,238,947	479,599	496	-	(2,758,852)
Physical health and social services	358,977	27,700	564,516	-	233,239
Mental health	429,390	-	-	-	(429,390)
County environment and education	633,067	146,692	76,782	-	(409,593)
Roads and transportation	5,955,224	298,789	3,989,848	5,982,506	4,315,919
Governmental services to residents	628,430	432,597	24,830	-	(171,003)
Administration	2,912,046	29,439	2,423	-	(2,880,184)
Non-program	824,897	563,402	-	-	(261,495)
Interest on long-term debt	156,920	-	13,402	-	(143,518)
Total	\$ 15,137,898	1,978,218	4,672,297	5,982,506	(2,504,877)
General Revenues:					
Property and other county tax levied for:					
General purposes					7,475,190
Debt service					638,373
Tax increment financing					146,888
Penalty and interest on property tax					49,962
State tax credits					507,059
Local option sales tax					1,345,216
Hotel/motel tax					38,665
Unrestricted investment earnings					52,475
Gain on disposition of capital assets					39,800
American Rescue Plan Act					1,797,638
Miscellaneous					131,897
Total general revenues					12,223,163
Change in net position					9,718,286
Net position beginning of year, restated					41,041,424
Net position end of year					\$ 50,759,710

See notes to financial statements.

Poweshiek County
Balance Sheet
Governmental Funds

June 30, 2022

	Special Revenue			
	General	Rural Services	Secondary Roads	Local Option Sales Tax
Assets				
Assets:				
Cash, cash equivalents and pooled investments	\$ 4,563,548	981,650	3,288,430	2,862,801
Receivables:				
Property tax:				
Delinquent	534	-	-	-
Succeeding year	4,366,000	3,580,000	-	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	2,708	-	-	-
Accounts	-	-	505	-
Accrued interest	7,329	-	-	-
Opioid settlement	-	-	-	-
Due from other governments	73,189	20,462	1,303,845	99,004
Inventories	-	-	485,454	-
Prepaid insurance	41,718	21,281	64,303	-
Total assets	\$ 9,055,026	4,603,393	5,142,537	2,961,805
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 140,105	25,686	100,033	-
Salaries and benefits payable	83,099	28,088	60,186	-
Due to other governments	422	-	24	-
Total liabilities	223,626	53,774	160,243	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	4,366,000	3,580,000	-	-
Succeeding year tax increment financing	-	-	-	-
Other	8,805	-	-	-
Total deferred inflows of resources	4,374,805	3,580,000	-	-
Fund balances:				
Nonspendable:				
Inventories	-	-	485,454	-
Prepaid insurance	41,718	21,281	64,303	-
Restricted for:				
Supplemental levy purposes	280,493	-	-	-
Rural services purposes	-	948,338	-	-
Secondary roads purposes	-	-	4,432,537	-
Capital improvements	-	-	-	2,961,805
Landfill postclosure care	-	-	-	-
Debt service	-	-	-	-
Conservation land acquisition	52,271	-	-	-
Capital projects	-	-	-	-
Opioid abatement	-	-	-	-
Other purposes	25,247	-	-	-
Unassigned	4,056,866	-	-	-
Total fund balances	4,456,595	969,619	4,982,294	2,961,805
Total liabilities, deferred inflows of resources and fund balances	\$ 9,055,026	4,603,393	5,142,537	2,961,805

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
24,353	3,764,165	2,094,930	17,579,877
80	-	-	614
617,000	-	-	8,563,000
-	-	477,000	477,000
-	-	-	2,708
-	-	-	505
1,994	-	-	9,323
-	-	368,598	368,598
-	-	406	1,496,906
-	-	-	485,454
-	-	-	127,302
643,427	3,764,165	2,940,934	29,111,287
-	-	-	265,824
-	-	-	171,373
-	-	-	446
-	-	-	437,643
617,000	-	-	8,563,000
-	-	477,000	477,000
80	-	355,898	364,783
617,080	-	832,898	9,404,783
-	-	-	485,454
-	-	-	127,302
-	-	-	-
-	-	-	280,493
-	-	-	948,338
-	-	-	4,432,537
-	-	-	2,961,805
-	-	1,704,023	1,704,023
26,347	-	174,883	201,230
-	-	-	52,271
-	3,764,165	-	3,764,165
-	-	12,700	12,700
-	-	216,430	241,677
-	-	-	4,056,866
26,347	3,764,165	2,108,036	19,268,861
643,427	3,764,165	2,940,934	29,111,287

Poweshiek County

Poweshiek County

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

June 30, 2022

Total governmental fund balances (page 21) \$ 19,268,861

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$58,791,527 and the accumulated depreciation is \$17,807,675. 40,983,852

Other long-term assets are not available to pay current year expenditures, as follows:

Deferred inflows of resources	\$ 364,783	
Net pension asset	<u>1,471,658</u>	1,836,441

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 2,878,612

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	922,346	
Deferred inflows of resources	<u>(4,655,254)</u>	(3,732,908)

Long-term liabilities, including bonds and notes payable, compensated absences payable, landfill postclosure payable, total OPEB liability, lease agreements payable and accrued interest payable, are not due and payable in the current year and, therefore are not reported in the governmental funds. (10,475,148)

Net position of governmental activities (page 18) \$ 50,759,710

See notes to financial statements.

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

Year ended June 30, 2022

	Special			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 3,973,899	334,155	3,214,100	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	-	-
Penalty and interest on property tax	48,913	-	-	-
Intergovernmental	2,462,890	24,103	438,171	5,703,412
Licenses and permits	925	-	22,803	99,238
Charges for service	642,164	-	22,124	-
Use of money and property	82,383	-	-	414
Miscellaneous	52,144	-	21,676	17,149
Total revenues	7,263,318	358,258	3,718,874	5,820,213
Expenditures:				
Operating:				
Public safety and legal services	2,374,873	-	1,047,318	-
Physical health and social services	309,544	-	53,848	-
Mental health	-	457,916	-	-
County environment and education	494,293	-	171,263	-
Roads and transportation	-	-	-	6,165,388
Governmental services to residents	677,960	-	4,894	-
Administration	3,144,697	-	53,129	-
Non-program	194,915	-	-	-
Debt service	-	-	-	-
Capital projects	289,279	-	-	1,231,500
Total expenditures	7,485,561	457,916	1,330,452	7,396,888
Excess (deficiency) of revenues over (under) expenditures	(222,243)	(99,658)	2,388,422	(1,576,675)
Other financing sources (uses):				
Transfers in	-	-	-	2,628,014
Transfers out	(201,468)	-	(2,390,343)	-
Lease agreements	12,344	-	-	-
Total other financing sources (uses)	(189,124)	-	(2,390,343)	2,628,014
Change in fund balances	(411,367)	(99,658)	(1,921)	1,051,339
Fund balances beginning of year	4,867,962	99,658	971,540	3,930,955
Fund balances end of year	\$ 4,456,595	-	969,619	4,982,294

See notes to financial statements.

Revenue				
Local Option Sales Tax	Debt Service	Capital Projects	Nonmajor	Total
-	638,373	-	-	8,160,527
-	-	-	146,888	146,888
1,345,216	-	-	-	1,345,216
-	-	-	-	48,913
-	47,279	-	32,108	8,707,963
-	-	-	-	122,966
-	-	-	4,695	668,983
-	13,402	-	291	96,490
-	-	-	34,006	124,975
1,345,216	699,054	-	217,988	19,422,921
-	-	-	657	3,422,848
-	-	-	-	363,392
-	-	-	-	457,916
-	-	-	8,533	674,089
-	-	-	-	6,165,388
-	-	-	1,258	684,112
-	-	-	-	3,197,826
-	-	-	-	194,915
-	1,401,058	-	-	1,401,058
-	-	1,595,253	19,957	3,135,989
-	1,401,058	1,595,253	30,405	19,697,533
1,345,216	(702,004)	(1,595,253)	187,583	(274,612)
-	726,223	-	-	3,354,237
(726,223)	-	-	(36,203)	(3,354,237)
-	-	-	-	12,344
(726,223)	726,223	-	(36,203)	12,344
618,993	24,219	(1,595,253)	151,380	(262,268)
2,342,812	2,128	5,359,418	1,956,656	19,531,129
2,961,805	26,347	3,764,165	2,108,036	19,268,861

Poweshiek County

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

Year ended June 30, 2022

Change in fund balances - Total governmental funds (page 25) \$ (262,268)

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

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

Expenditures for capital assets	\$ 4,256,723	
Capital assets contributed by the Iowa Department of Transportation	4,452,305	
Right to use Leased Capital Assets	12,344	
Depreciation/amortization expense	<u>(1,378,493)</u>	7,342,879

In the Statement of Activities, the gain on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 39,800

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.

Property tax	(8,299)	
Other	<u>358,169</u>	349,870

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	(12,344)	
Repaid	<u>1,270,149</u>	1,257,805

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 434,371

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	36,038	
Accrued interest expense	4,724	
Landfill postclosure	30,000	
OPEB expense	223,939	
Pension expense (reduction)	<u>416,124</u>	710,825

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. (154,996)

Change in net position of governmental activities (page 19) \$ 9,718,286

See notes to financial statements.

Poweshiek County
Statement of Net Position
Proprietary Fund
June 30, 2022

	<u>Internal Service - Employee Group Health</u>
Current Assets	
Cash and cash equivalents	\$ 292,612
Investments	<u>2,750,000</u>
Total current assets	3,042,612
Current Liabilities	
Accounts payable	<u>164,000</u>
Net Position	
Unrestricted	<u>\$ 2,878,612</u>

See notes to financial statements.

Exhibit H

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

Year ended June 30, 2022

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,066,262
Reimbursements from employees and others		277,794
Insurance reimbursements		<u>207,724</u>
Total operating revenues		1,551,780
Operating expenses:		
Medical claims	\$ 1,303,498	
Insurance premiums	283,453	
Administrative fees	145,636	
Miscellaneous	<u>1,650</u>	<u>1,734,237</u>
Operating loss		(182,457)
Non-operating revenues:		
Interest income		<u>27,461</u>
Net loss		(154,996)
Net position beginning of year		<u>3,033,608</u>
Net position end of year		<u>\$ 2,878,612</u>

See notes to financial statements.

Poweshiek County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2022

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,066,262
Cash received from employees and others	277,794
Cash received from Insurance reimbursements	207,724
Cash paid to suppliers for services	(1,694,237)
Net cash used by operating activities	(142,457)
Cash flows from investing activities:	
Proceeds from CD redemption	200,000
Interest on investments	27,461
Net cash provided by investing activities	227,461
Net increase in cash and cash equivalents	85,004
Cash and cash equivalents beginning of year	207,608
Cash and cash equivalents end of year	\$ 292,612
Reconciliation of operating loss to net cash	
used by operating activities:	
Operating loss	\$ (182,457)
Adjustment to reconcile operating loss to net cash	
used by operating activities:	
Increase in accounts payable	40,000
Net cash used by operating activities	\$ (142,457)

See notes to financial statements.

Poweshiek County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2022

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 2,474,138
Other County officials	59,110

Receivables:

Property tax:

Delinquent	4,886
Succeeding year	32,863,000

Accounts	15,761
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Special assessment	61,538
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Due from other governments	<u>53,153</u>
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Total assets35,531,586**Liabilities**

Accounts payable	62,310
------------------	--------

Salaries and benefits payable	16,642
-------------------------------	--------

Due to other governments	907,884
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Trusts payable	14,576
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Compensated absences	<u>18,667</u>
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Total liabilities1,020,079**Deferred Inflows of Resources**

Unavailable revenues	<u>32,863,000</u>
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Net Position

Restricted for individuals, organizations	<u>\$ 1,648,507</u>
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See notes to financial statements.

Poweshiek County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2022

Additions:	
Property and other county tax	\$ 29,701,599
911 surcharge	258,792
State tax credits	2,564,211
Office fees and collections	671,193
Auto licenses, use tax and postage	8,041,359
Assessments	26,236
Trusts	181,036
Miscellaneous	<u>315,157</u>
Total additions	<u>41,759,583</u>
Deductions:	
Agency remittances:	
To other funds	501,300
To other governments	40,961,592
Trusts paid out	<u>176,711</u>
Total deductions	<u>41,639,603</u>
Change in net position	119,980
Net position beginning of year	<u>1,528,527</u>
Net position end of year	<u>\$ 1,648,507</u>

See notes to financial statements.

Poweshiek County

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

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

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

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Drug Task Force Agreement, South Central Iowa Solid Waste Agency and Poweshiek Area Development Corporation.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. 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. Net position restricted through enabling legislation consists of \$1,614,023 for landfill post-closure care.

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The Local Options Sales Tax Fund is used to account for revenues from the tax authorized by referendum and to be used for authorized local option sales tax activities.

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax 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 becomes 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, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2021.

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

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

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

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

Asset Class	Amount
Intangibles	\$ 100,000
Infrastructure	50,000
Land and buildings	35,000
Land improvements	25,000
Right-to-use leased assets	5,000
Equipment and vehicles	10,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	25 - 50
Land improvements	10 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Right-to-use leased assets	2 - 20
Equipment	3 - 20
Vehicles	5 - 15

Leases – County as Lessee: Poweshiek County is the lessee for noncancellable leases of equipment. The County has recognized a lease liability and intangible right-to-use lease assets (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payment expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Poweshiek County determines the discount rate it uses to discount the expected lease payments to present value, lease term and least payments.

Poweshiek County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the county generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) and 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 and contributions from the County after the measurement date but before the end of the County's reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in 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, 2022. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Secondary Roads and Rural Services 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 (asset), 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 (asset) attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Poweshiek 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 receivables that will not be recognized until the year for which they are levied, unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$13,093,446. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Road	General	\$ 201,468
	Special Revenue:	
	Rural Services	2,390,343
	Urban Renewal	36,203
		<u>2,628,014</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	726,223
Total		<u>\$ 3,354,237</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2022 was as follows:

	<u>Restated Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,030,405	13,500	-	2,043,905
Construction in progress	7,075,311	7,842,586	1,498,060	13,419,837
Total capital assets not being depreciated	<u>9,105,716</u>	<u>7,856,086</u>	<u>1,498,060</u>	<u>15,463,742</u>
Capital assets being depreciated:				
Buildings	9,601,949	213,321	-	9,815,270
Improvements other than buildings	297,278	-	-	297,278
Equipment and vehicles	10,128,318	668,376	144,193	10,652,501
Right to use leased asset	55,199	12,344	-	67,543
Infrastructure	20,986,088	1,509,105	-	22,495,193
Total capital assets being depreciated	<u>41,068,832</u>	<u>2,403,146</u>	<u>144,193</u>	<u>43,327,785</u>
Less accumulated depreciation for:				
Buildings	2,686,377	223,358	-	2,909,735
Improvements other than buildings	150,190	7,190	-	157,380
Equipment and vehicles	6,300,113	509,085	144,193	6,665,005
Right to use leased asset	-	25,113	-	25,113
Infrastructure	7,436,695	613,747	-	8,050,442
Total accumulated depreciation	<u>16,573,375</u>	<u>1,378,493</u>	<u>144,193</u>	<u>17,807,675</u>
Total capital assets being depreciated, net	<u>24,495,457</u>	<u>1,024,653</u>	<u>-</u>	<u>25,520,110</u>
Governmental activities capital assets, net	<u>\$ 33,601,173</u>	<u>8,880,739</u>	<u>1,498,060</u>	<u>40,983,852</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 280,929
Physical health and social services	5,514
County environment and education	85,672
Roads and transportation	944,100
Governmental services to residents	8,691
Administration	<u>53,587</u>
Total depreciation expense - governmental activities	<u>\$ 1,378,493</u>

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2022 is as follows:

Fund	Description	Amount
General	Services	\$ 422
Special Revenue:		
Secondary Roads	Services	<u>24</u>
Total for governmental funds		<u>\$ 446</u>
Custodial:		
Schools	Collections	\$ 126,669
Community Colleges		14,221
Corporations		39,325
Townships		670
All other		<u>726,999</u>
Total for custodial funds		<u>\$ 907,884</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	General Obligation Notes and Bonds	Compensated Absences	Estimated Liability for Landfill Postclosure	Net Pension Liability (Asset)	Right-To-Use Leases	Total OPEB Liability	Total
Balance beginning of year, as restated	\$ 9,832,486	317,915	120,000	2,815,907	55,199	1,370,670	14,512,177
Increases	-	479,020	-	-	12,344	303,499	794,863
Decreases	1,239,414 #	515,058	30,000	4,287,565	30,735	213,946	6,316,718
Balance end of year	<u>\$ 8,593,072 *</u>	<u>281,877</u>	<u>90,000</u>	<u>(1,471,658)</u>	<u>36,808</u>	<u>1,460,223</u>	<u>8,990,322</u>
Due within one year	<u>\$ 1,240,000</u>	<u>243,727</u>	<u>-</u>	<u>-</u>	<u>21,230</u>	<u>53,229</u>	<u>1,558,186</u>

* The unamortized premium on the bonds was \$403,072 at June 30, 2022.

Includes \$54,414 of current year premium amortization.

Lease Agreements

On September 1, 2017, the County entered into a lease agreement for the County Recorder printer system. An initial lease liability was recorded in the amount of \$6,925. The agreement requires monthly payments of \$500 over 5 years, with an implicit interest rate of 2.0% and final payment due August 1, 2022. During the year ended June 30, 2022, principal and interest paid were \$5,927 and \$73, respectively.

On October 2, 2018, the County entered into a lease agreement for the County Sheriff printer system. An initial lease liability was recorded in the amount of \$27,258. The agreement requires monthly payments of \$962 over 5 years and 3 months, with an implicit interest rate of 2.0% and final payment due December 2, 2023. During the year ended June 30, 2022, principal and interest paid were \$11,146 and 398, respectively.

On December 5, 2018, the County entered into a lease agreement for the County Attorney printer system. An initial lease liability was recorded in the amount of \$10,455. The agreement requires monthly payments of \$369 over 5 years, with an implicit interest rate of 2.0% and final payment due November 11, 2023. During the year ended June 30, 2022, principal and interest paid were \$4,276 and \$152, respectively.

On April 16, 2020, the County entered into a lease agreement for postage system. An initial lease liability was recorded in the amount of \$10,561. The agreement requires quarterly payments of \$733, with an implicit interest rate of 2.0%. During the year ended June 30, 2022, principal and interest paid were \$2,741 and \$191, respectively.

On January 7, 2022, the County entered into a lease agreement for the County Treasurer printer system. An initial lease liability was recorded in the amount of \$12,344. The agreement requires monthly payments of \$216 over 5 years, with an implicit interest rate of 2.0% and final payment due January 7, 2027. During the year ended June 30, 2022, principal and interest paid were \$1,001 and \$79, respectively.

Future principal and interest lease payments as of June 30, 2022 are as follows:

Year Ending June 30,	Recorder Printer			Sheriff Printer			County Attorney Printer		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 998	2	1,000	\$ 11,325	219	11,544	\$ 4,344	84	4,428
2024	-	-	-	4,786	24	4,810	1,836	9	1,845
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
Totals	\$ 998	2	1,000	\$ 16,111	243	16,354	\$ 6,180	93	6,273

Year Ending June 30,	Treasurer Postage Machine			Treasurer Printer			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 2,176	22	2,198	\$ 2,387	205	2,592	\$ 21,230	532	21,762
2024	-	-	-	2,435	157	2,592	9,057	190	9,247
2025	-	-	-	2,484	108	2,592	2,484	108	2,592
2026	-	-	-	2,535	58	2,593	2,535	58	2,593
2027	-	-	-	1,502	10	1,512	1,502	10	1,512
Totals	\$ 2,176	22	2,198	\$ 11,343	538	11,881	\$ 36,808	898	37,706

A summary of the County's general obligation indebtedness is as follows:

Year Ending June 30,	Refunding Bonds Issued Jul 1, 2020				Urban Renewal Notes Issued May 9, 2013			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2023	2.00%	\$ 540,000	50,500	590,500	1.90%	\$ 130,000	2,470	132,470
2024	2.00	550,000	39,700	589,700	-	-	-	-
2025	2.00	560,000	28,700	588,700	-	-	-	-
2026	2.00	570,000	17,500	587,500	-	-	-	-
2027	2.00	305,000	6,100	311,100	-	-	-	-
2028-2031		-	-	-	-	-	-	-
Total		2,525,000	142,500	2,667,500		130,000	2,470	132,470
Unamortized premium		108,316				-		
Total payable		\$ 2,633,316				\$ 130,000		

Year Ending June 30,	Communications Equipment Bond Issued Feb 17, 2021				Total		
	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2023	2.00%	\$ 570,000	105,048	675,048	\$ 1,240,000	158,018	1,398,018
2024	2.00	580,000	93,648	673,648	1,130,000	133,348	1,263,348
2025	2.00	590,000	82,048	672,048	1,150,000	110,748	1,260,748
2026	2.00	600,000	70,248	670,248	1,170,000	87,748	1,257,748
2027	2.00	615,000	58,248	673,248	920,000	64,348	984,348
2028-2031	1.15-2.00	2,580,000	107,692	2,687,692	2,580,000	107,692	2,687,692
Total		5,535,000	516,932	6,051,932	8,190,000	661,902	8,851,902
Unamortized premium		294,756			403,072		
Total payable		\$ 5,829,756			\$ 8,593,072		

General Obligation Refunding Bonds

On July 1, 2020, the County issued \$3,585,000 of general obligation refunding bonds, Series 2020, for the current refunding of \$3,670,000 general obligation refunding bonds issued March 29, 2012. The bonds bear an interest rate of 2.00% per annum. The refunding was undertaken to reduce total debt service payments by \$127,744 and resulted in an economic gain (difference between the present value of the debt service payments and the old and new debt) of \$122,190. During the year ended June 30, 2022, the County paid principal of \$530,000 and paid interest of \$61,100 on the bonds.

General Obligation Urban Renewal Notes

On May 9, 2013, the County issued \$1,280,000 of general obligation urban renewal notes. The notes bear interest at rates ranging from 1.70% to 1.90% per annum. The notes were used to finance reconstruction and improvements to County roads in the urban renewal areas. During the year ended June 30, 2022, the County paid principal of \$130,000 and paid interest of \$4,680.

General Obligation Emergency Communication Bond

On February 17, 2021, the County issued \$6,060,000 of general obligation emergency communications bonds, Series 2021A. The bonds were issued to pay the costs of acquiring and installing emergency services communications systems and equipment. The bonds bear interest at rates ranging from 1.150% to 2.00% per annum. During the year ended June 30, 2022, the County paid principal of \$525,000 and paid interest of \$148,928.

(7) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2022, 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 9.01% of covered payroll, for a total rate of 18.02%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County’s contributions to IPERS for the year ended June 30, 2022 were \$434,371.

Net Pension Asset, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County had an asset of \$1,471,658 for its proportionate share of the overall plan net pension asset. The overall plan net asset was measured as of June 30, 2021, and the total plan pension liability used in the calculation of the overall plan net pension asset was determined by an actuarial valuation as of that date. The County’s proportion of the overall plan net pension asset was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the County’s proportion of the overall plan net pension asset was 0.426287%, which was an increase of 0.386201% over its collective proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of \$(416,124). At June 30, 2022, 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	\$ 149,599	49,401
Changes of assumptions	52,116	47,523
Net difference between projected and actual earnings on IPERS' investments	-	3,315,359
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	85,725	22,808
County contributions subsequent to the measurement date	434,371	-
Total	\$ 721,811	3,435,091

\$434,371 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2023. 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
2023	\$ (809,040)
2024	(782,159)
2025	(712,819)
2026	(862,752)
2027	19,119
Total	<u>\$ (3,147,651)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2021 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 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability (asset) 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 asset.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 1,535,017	(1,471,658)	(3,990,060)

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, 2022.

(8) Other Postemployment Benefits (OPEB)

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

OPEB Benefits – Individuals who are employed by Poweshiek 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	<u>83</u>
Total	<u>92</u>

Total OPEB Liability – The County’s total OPEB liability of \$1,460,223 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 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, 2022)	2.60% per annum.
Rates of salary increase (effective July 1, 2021)	3.25% per annum, including inflation.
Discount rate (effective July 1, 2022)	4.09% compounded annually, including inflation.
Healthcare cost trend rate (effective July 1, 2022)	7.50% initial rate decreasing by 1.00% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 4.09% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 1,370,670</u>
Changes for the year:	
Service cost	109,603
Interest	31,121
Differences between expected and actual experiences	162,775
Changes in assumptions	(94,825)
Benefit payments	<u>(119,121)</u>
Net changes	<u>89,553</u>
Total OPEB liability end of year	<u>\$ 1,460,223</u>

Changes of assumptions reflect a change in the discount rate from 2.19% in fiscal year 2021 to 4.09% in fiscal year 2022.

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 (3.09%) or 1% higher (5.09 %) than the current discount rate.

	<u>1% Decrease (3.09%)</u>	<u>Discount Rate (4.09%)</u>	<u>1% Increase (5.09%)</u>
Total OPEB liability	\$ 1,529,830	1,460,223	1,392,253

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

	<u>1% Decrease (6.50%)</u>	<u>Healthcare Cost Trend Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Total OPEB liability	\$ 1,354,143	1,460,223	1,579,986

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized OPEB expense of \$223,939. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 142,428	1,134,488
Changes in assumptions	58,107	85,675
Total	<u>\$ 200,535</u>	<u>1,220,163</u>

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

Year ending June 30,	Amount
2023	\$ (245,542)
2024	(245,542)
2025	(245,542)
2026	(245,549)
2027	(39,801)
Thereafter	2,348
	<u>\$ (1,019,628)</u>

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 794 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, employment practices liability, public officials liability and police professional liability. 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, 2022 were \$257,723.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, 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, 2022, no liability has been recorded in the County's financial statements. As of June 30, 2022, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$80,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2022 was \$1,066,262.

Amounts payable from the Employee Group Health Fund at June 30, 2022 total \$164,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$2,878,612 at June 30, 2022 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 124,000
Incurred claims (including claims incurred but not reported at June 30, 2022)	1,303,498
Payment on claims during the fiscal year	<u>(1,263,498)</u>
Unpaid claims end of year	<u>\$ 164,000</u>

(11) Postclosure Care

To comply with federal and state regulations, the County 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. These costs for the Poweshiek County Sanitary Landfill have been estimated at \$90,000 as of June 30, 2022, and a liability of that amount has been recognized.

Chapter 111 of the Iowa Administrative Code has been promulgated to implement financial assurance rules. Since the Poweshiek County Sanitary Landfill stopped waste disposal prior to the Chapter 111 effective date of August 24, 1994, financial assurance is not required for the Landfill. However, the County has accumulated resources to fund postclosure care and, at June 30, 2022, \$1,704,023 restricted for these purposes is reported in the Special Revenue, Sanitary Disposal Fund.

(12) 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

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Brooklyn	Urban renewal and economic development projects	\$ 1,174
City of Grinnell	Urban renewal and economic development projects	33,526
City of Malcom	Urban renewal and economic development projects	7,263

(13) Poweshiek 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: Boone, Franklin, Hamilton, Hardin, Jasper, Madison, Marshall, Poweshiek, Story, and Warren. The financial activity of Poweshiek County's Special Revenue, Mental Health Fund is included in the Central Iowa Community Services Mental Health Region for the year ended June 30, 2022, as follows:

Revenues:		
Property and other county tax		\$ 334,155
Intergovernmental:		
State tax credits		<u>24,103</u>
Total revenues		<u>358,258</u>
Expenditures:		
Services to persons with:		
Mental illness		84,560
General administration:		
Direct administration	\$ 37,218	
Distribution to regional fiscal agent	<u>336,138</u>	<u>373,356</u>
Total expenditures		<u>457,916</u>
Excess of revenues over expenditures		(99,658)
Fund balance beginning of year		<u>99,658</u>
Fund balance end of year		<u>\$ -</u>

(14) Opioid Litigation Settlement

The State of Iowa along with other states settled claims that certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failed to monitor for, detect and prevent diversion of the drugs. The County also settled the same claims and related claims. Due to its settlement of these claims, the County will receive payments from the Defendant companies over the next seventeen years. The County is required to use these funds for activities to remediate the opioid crisis and treat or mitigate opioid use disorder and related disorders through prevention, harm reduction, treatment, and recovery services

(15) Restatement

Governmental Accounting Standards Board Statement No. 87, Leases was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

Beginning net position was restated to properly report construction in progress for road infrastructure project expenditures incurred in previous fiscal years not previously reported.

	Capital Assets	Long-term Liabilities Lease Agreements	Net Position
Balances June 30, 2021, as previously reported	\$ 31,980,183	-	39,475,633
Change to implement GASBS No. 87	55,199	59,199	-
Adjustment to properly report construction in progress	1,565,791	-	1,565,791
Balances July 1, 2021, as restated	<u>\$ 33,601,173</u>	<u>59,199</u>	<u>41,041,424</u>

16) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. The revised requirements of this statement will require reporting of the right to use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

Required Supplementary Information

Poweshiek 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, 2022

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
Receipts:				
Property and other county tax	\$ 9,640,159	9,179,174	9,179,174	460,985
Interest and penalty on property tax	48,913	-	-	48,913
Intergovernmental	7,851,500	6,764,355	8,619,537	(768,037)
Licenses and permits	121,661	24,350	24,350	97,311
Charges for service	662,467	634,740	634,740	27,727
Use of money and property	97,192	72,038	72,038	25,154
Miscellaneous	132,347	159,300	159,300	(26,953)
Total receipts	18,554,239	16,833,957	18,689,139	(134,900)
Disbursements:				
Public safety and legal services	3,388,536	3,730,345	3,748,847	360,311
Physical health and social services	347,323	374,491	411,491	64,168
Mental health	459,421	280,713	460,713	1,292
County environment and education	669,618	710,906	710,906	41,288
Roads and transportation	6,198,435	7,155,430	7,155,430	956,995
Governmental services to residents	678,353	750,716	750,716	72,363
Administration	3,208,592	1,341,070	3,350,621	142,029
Non-program	183,305	295,788	295,788	112,483
Debt service	1,401,058	1,400,708	1,401,208	150
Capital projects	3,185,247	4,968,276	6,693,276	3,508,029
Total disbursements	19,719,888	21,008,443	24,978,996	5,259,108
Excess (deficiency) of receipts over (under) disbursements	(1,165,649)	(4,174,486)	(6,289,857)	5,124,208
Balance beginning of year	18,745,526	14,021,121	14,021,121	4,724,405
Balance end of year	\$ 17,579,877	9,846,635	7,731,264	9,848,613

See accompanying independent auditor's report.

Poweshiek County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2022

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	Basis	Adjustments	Accrual
			Basis
Revenues	\$ 18,554,239	868,682	19,422,921
Expenditures	19,719,888	(22,355)	19,697,533
Net	(1,165,649)	891,037	(274,612)
Other financing sources, net	-	12,344	12,344
Beginning fund balances	18,745,526	785,603	19,531,129
Ending fund balances	<u>\$ 17,579,877</u>	<u>1,688,984</u>	<u>19,268,861</u>

See accompanying independent auditor's report.

Poweshiek County

Poweshiek County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2022

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the 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, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$3,970,553. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2022, disbursements did not exceed the amounts budgeted.

Poweshiek County

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

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

Required Supplementary Information

	2022	2021	2020	2019
County's proportion of the net pension liability /asset	0.426287% **	0.040086%	0.036458%	0.038798%
County's proportionate share of the net pension liability (asset)	\$ (1,472)	2,816	2,111	2,455
County's covered payroll	\$ 4,315	4,436	4,400	4,201
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(34.11%)	63.48%	47.98%	58.44%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

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

**Overall net pension asset

See accompanying independent auditor's report.

2018	2017	2016	2015
0.043203%	0.042252%	0.039848%	0.038791%
2,878	2,659	1,969	1,538
4,162	3,906	3,856	3,886
69.15%	68.07%	51.06%	39.58%
82.21%	81.82%	85.19%	87.61%

Poweshiek County

Schedule of County Contributions

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

Required Supplementary Information

	2022	2021	2020	2019
Statutorily required contribution	\$ 434	429	422	423
Contributions in relation to the statutorily required contribution	<u>(434)</u>	<u>(429)</u>	<u>(422)</u>	<u>(423)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 4,357	4,315	4,436	4,400
Contributions as a percentage of covered payroll	9.96%	9.94%	9.51%	9.61%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
382	382	360	361	359	351
(382)	(382)	(360)	(361)	(359)	(351)
-	-	-	-	-	-
4,201	4,162	3,906	3,856	3,886	3,874
9.09%	9.18%	9.22%	9.36%	9.24%	9.06%

Poweshiek County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2022

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.

Poweshiek County

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

For the Last Five Years
Required Supplementary Information

	2022	2021	2020	2019	2018
Service cost	\$ 109,603	110,995	115,462	113,418	255,165
Interest cost	31,121	39,963	59,817	71,458	119,490
Difference between expected and actual experiences	162,775	(144,326)	(264,898)	(263,744)	(1,639,820)
Changes in assumptions	(94,825)	27,194	(4,326)	32,167	48,668
Benefit payments	(119,121)	(108,352)	(98,298)	(96,907)	(168,533)
Net change in total OPEB liability	89,553	(74,526)	(192,243)	(143,608)	(1,385,030)
Total OPEB liability beginning of year	1,370,670	1,445,196	1,637,439	1,781,047	3,166,077
Total OPEB liability end of year	\$ 1,460,223	1,370,670	1,445,196	1,637,439	1,781,047
Covered-employee payroll	\$ 3,907,568	3,969,687	3,844,733	4,014,008	3,897,947
Total OPEB liability as a percentage of covered-employee payroll	37.4%	34.5%	37.6%	40.8%	45.7%

See accompanying independent auditor's report.

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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, 2022	4.09%
Year ended June 30, 2021	2.19%
Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%

Poweshiek County

Supplementary Information

Poweshiek County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

				Special
	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest	Conservation Easement
Assets				
Cash, cash equivalents and pooled investments	\$ 24,318	27,610	19,118	5,000
Receivables:				
Succeeding year tax increment financing	-	-	-	-
Opioid settlement	-	-	-	-
Due from other governments	-	406	-	-
Total assets	\$ 24,318	28,016	19,118	5,000
Deferred Inflows of Resources and Fund Balances				
Deferred inflows of resources:				
Unavailable revenue:				
Succeeding year tax increment financing	\$ -	-	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for:				
Landfill postclosure care	-	-	-	-
Debt service	-	-	-	-
Opioid abatement	-	-	-	-
Other purposes	24,318	28,016	19,118	5,000
Total fund balances	24,318	28,016	19,118	5,000
Total deferred inflows of resources and fund balances	\$ 24,318	28,016	19,118	5,000

See accompanying independent auditor's report.

Revenue							
Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Urban Renewal	Naturalist	Local Government Opiod Abatement		Total
20,628	113,773	1,704,023	174,883	5,577	-		2,094,930
-	-	-	477,000	-	-		477,000
-	-	-	-	-	368,598		368,598
-	-	-	-	-	-		406
20,628	113,773	1,704,023	651,883	5,577	368,598		2,940,934
-	-	-	477,000	-	-		477,000
-	-	-	-	-	355,898		355,898
-	-	-	477,000	-	355,898		832,898
-	-	1,704,023	-	-	-		1,704,023
-	-	-	174,883	-	-		174,883
-	-	-	-	-	12,700		12,700
20,628	113,773	-	-	5,577	-		216,430
20,628	113,773	1,704,023	174,883	5,577	12,700		2,108,036
20,628	113,773	1,704,023	651,883	5,577	368,598		2,940,934

Poweshiek County

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

Year ended June 30, 2022

	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest	Special Conservation Easement
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for service	-	4,695	-	-
Use of money and property	41	29	22	-
Miscellaneous	13,914	-	-	-
Total revenues	13,955	4,724	22	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	-	-
Governmental services to residents	-	1,258	-	-
Capital projects	19,957	-	-	-
Total expenditures	19,957	1,258	-	-
Excess (deficiency) of revenues over (under) expenditures	(6,002)	3,466	22	-
Other financing uses:				
Transfers out	-	-	-	-
Change in fund balances	(6,002)	3,466	22	-
Fund balances beginning of year	30,320	24,550	19,096	5,000
Fund balances end of year	\$ 24,318	28,016	19,118	5,000

See accompanying independent auditor's report.

Revenue						
Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Urban Renewal	Naturalist	Local Government Opiod Abatement	Total
-	-	-	146,888	-	-	146,888
-	-	27,808	4,300	-	-	32,108
-	-	-	-	-	-	4,695
-	-	-	199	-	-	291
-	3,192	-	-	4,200	12,700	34,006
-	3,192	27,808	151,387	4,200	12,700	217,988
-	657	-	-	-	-	657
-	-	8,533	-	-	-	8,533
-	-	-	-	-	-	1,258
-	-	-	-	-	-	19,957
-	657	8,533	-	-	-	30,405
-	2,535	19,275	151,387	4,200	12,700	187,583
-	-	-	(36,203)	-	-	(36,203)
-	2,535	19,275	115,184	4,200	12,700	151,380
20,628	111,238	1,684,748	59,699	1,377	-	1,956,656
20,628	113,773	1,704,023	174,883	5,577	12,700	2,108,036

Poweshiek County

Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2022

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	887	1,896	671,971	126,669
Other County officials	59,110	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	36	77	2,248
Succeeding year	-	268,000	258,000	541,000	19,895,000
Accounts	-	-	-	-	-
Special assessment	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	59,110	268,887	259,932	1,213,048	20,023,917
Liabilities					
Accounts payable	-	-	-	7,289	-
Salaries and benefits payable	-	-	-	14,348	-
Due to other governments	44,534	887	1,896	-	126,669
Trusts payable	14,576	-	-	-	-
Compensated absences	-	-	-	13,855	-
Total liabilities	59,110	887	1,896	35,492	126,669
Deferred Inflows of Resources					
Unavailable revenues	-	268,000	258,000	541,000	19,895,000
Net Position					
Restricted for individuals, organizations and other governments	\$ -	-	36	636,556	2,248

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	911 Service	Other	Total
14,221	39,325	670	644,908	711,991	261,600	2,474,138
-	-	-	-	-	-	59,110
219	2,306	-	-	-	-	4,886
2,405,000	8,976,000	74,000	-	-	446,000	32,863,000
-	-	-	-	15,761	-	15,761
-	-	-	-	-	61,538	61,538
-	-	-	-	53,153	-	53,153
2,419,440	9,017,631	74,670	644,908	780,905	769,138	35,531,586
-	-	-	-	4,117	50,904	62,310
-	-	-	-	-	2,294	16,642
14,221	39,325	670	644,908	-	34,774	907,884
-	-	-	-	-	-	14,576
-	-	-	-	-	4,812	18,667
14,221	39,325	670	644,908	4,117	92,784	1,020,079
2,405,000	8,976,000	74,000	-	-	446,000	32,863,000
219	2,306	-	-	776,788	230,354	1,648,507

Poweshiek County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2022

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
Additions:					
Property and other county tax	\$ -	299,782	263,292	565,541	17,663,919
911 surcharge	-	-	-	-	-
State tax credits	-	5,604	18,991	40,792	1,289,596
Office fees and collections	666,443	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	181,036	-	-	-	-
Miscellaneous	-	-	-	11,207	-
Total additions	847,479	305,386	282,283	617,540	18,953,515
Deductions:					
Agency remittances:					
To other funds	232,902	-	-	-	-
To other governments	437,866	305,386	282,268	666,237	18,952,700
Trusts paid out	176,711	-	-	-	-
Total deductions	847,479	305,386	282,268	666,237	18,952,700
Changes in net position	-	-	15	(48,697)	815
Net position beginning of year	-	-	21	685,253	1,433
Net position end of year	\$ -	-	36	636,556	2,248

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	911 Service	Other	Total
2,020,900	8,413,388	76,745	-	-	398,032	29,701,599
-	-	-	-	258,792	-	258,792
149,182	1,036,690	3,381	-	-	19,975	2,564,211
-	-	-	-	-	4,750	671,193
-	-	-	8,041,359	-	-	8,041,359
-	-	-	-	-	26,236	26,236
-	-	-	-	-	-	181,036
-	-	-	-	3,276	300,674	315,157
2,170,082	9,450,078	80,126	8,041,359	262,068	749,667	41,759,583
-	-	-	268,398	-	-	501,300
2,169,997	9,449,181	80,127	7,772,961	115,668	729,201	40,961,592
-	-	-	-	-	-	176,711
2,169,997	9,449,181	80,127	8,041,359	115,668	729,201	41,639,603
85	897	(1)	-	146,400	20,466	119,980
134	1,409	1	-	630,388	209,888	1,528,527
219	2,306	-	-	776,788	230,354	1,648,507

Poweshiek County

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

For the Last Ten Years

	2022	2021	2020	2019
Revenues:				
Property and other county tax	\$ 8,160,527	7,889,431	7,378,573	7,298,439
Tax increment financing	146,888	-	117,533	142,951
Local option sales tax	1,345,216	1,195,658	1,054,900	975,685
Penalty and interest on property tax	48,913	62,426	20,338	46,097
Intergovernmental	8,707,963	5,706,472	5,918,674	5,391,590
Licenses and permits	122,966	82,533	96,409	105,625
Charges for service	668,983	722,974	647,062	654,254
Use of money and property	96,490	94,650	284,155	390,913
Miscellaneous	124,975	172,984	167,243	267,404
Total	\$ 19,422,921	15,927,128	15,684,887	15,272,958
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,422,848	3,595,484	3,301,671	3,175,246
Physical health and social services	363,392	295,945	323,175	279,656
Mental health	457,916	465,756	655,900	458,260
County environment and education	674,089	648,789	658,706	612,064
Roads and transportation	6,165,388	6,582,639	5,845,681	6,850,344
Governmental services to residents	684,112	602,480	701,347	653,427
Administration	3,197,826	1,255,531	1,034,011	1,180,365
Non-program	194,915	113,037	582,452	407,006
Debt service	1,401,058	799,962	744,620	748,108
Capital projects	3,135,989	1,875,925	1,052,576	466,212
Total	\$ 19,697,533	16,235,548	14,900,139	14,830,688

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
7,322,569	7,160,995	6,935,410	6,892,299	6,986,195	6,585,265
122,489	143,967	129,640	126,695	144,924	-
859,121	885,507	823,298	928,085	807,091	785,610
46,945	47,869	50,834	47,241	48,720	51,443
4,843,177	5,043,984	4,850,079	4,664,378	4,588,245	3,944,072
167,613	68,139	59,816	76,811	121,538	57,490
621,357	617,775	582,872	510,079	514,703	550,596
234,638	266,059	116,529	106,394	171,910	152,092
433,091	321,683	141,519	207,046	213,085	234,567
14,651,000	14,555,978	13,689,997	13,559,028	13,596,411	12,361,135
3,094,293	2,986,068	2,990,207	2,838,158	2,792,814	2,734,316
325,026	287,841	282,499	326,373	391,098	283,905
417,020	428,180	337,001	1,186,377	604,358	892,271
610,792	608,902	517,242	497,603	538,801	463,706
5,382,525	6,128,455	5,261,739	5,042,502	4,696,708	5,428,293
655,514	614,973	652,598	679,317	628,471	674,934
1,263,348	1,258,694	1,343,275	1,222,300	1,161,822	1,066,481
284,926	95,852	103,994	138,849	274,769	235,808
745,108	841,832	843,368	847,052	847,650	739,998
775,670	445,954	551,825	628,342	1,266,712	167,526
13,554,222	13,696,751	12,883,748	13,406,873	13,203,203	12,687,238



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

To the Officials of Poweshiek County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Poweshiek County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are 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 Poweshiek County's internal control. Accordingly, we do not express an opinion on the effectiveness of Poweshiek County's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Poweshiek County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-001 and 2022-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item 2022-003 to be a significant deficiency.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Poweshiek County's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Poweshiek 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.

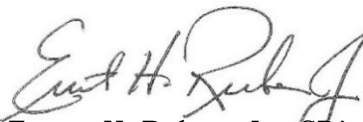
Poweshiek County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Poweshiek County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Poweshiek County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Poweshiek 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

April 13, 2023

Poweshiek County

Schedule of Findings

Year ended June 30, 2022

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties

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

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

	<u>Applicable Offices</u>
(1) All incoming mail is opened by an employee who is also authorized to make entries to the accounting records.	Recorder, Sheriff
(2) Generally, one individual may have control over collecting, depositing, posting and maintaining receivable records for which no compensating controls exist.	Recorder, Sheriff

Cause – The County offices 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 the County Office’s ability to prevent or detect and correct misstatements, errors or misappropriations on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Current personnel, including elected officials and personnel from other County offices, should be utilized to provide additional control through review of financial transactions and reconciliations. Such reviews should be performed by independent persons and should be documented by the signature or initials of the reviewer and the date of the review.

Poweshiek County

Schedule of Findings

Year ended June 30, 2022

Responses –

Sheriff – Segregation of duties involving the commissary account has been resolved by the implementation of the new kiosk system in June 2022. Additionally, we have reviewed our procedures involving internal controls. Separate employees pick up that mail, sort and prepare a list of incoming checks, as well as preparing the bank deposit, making the bank deposit reconciling the bank statement, balancing with the internal software, and a monthly review of all such documents for accuracy and internal controls is done by the sheriff

We have always done what the State Auditor’s Office has asked and will continue to do so. Due to our limited staff, we are doing the best we can under the circumstances.

Recorder – With limited staff, segregation of duties is difficult. We will work with staff to obtain the maximum internal control under the current circumstances.

Conclusion – Responses accepted.

2022-002 Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing 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. The County's policy is to record construction in progress for capital asset road infrastructure being completed by the Iowa Department of Transportation when the project expenditures are incurred.

Condition – A material amount of construction in progress for infrastructure projects FM-CO79(58)-55-79 and FM-CO79(59)-55-79 funded by the Iowa Department of Transportation’s Farm to Market program were not properly recorded by the County for expenses incurred in fiscal years 2020 and 2021. An adjustment was subsequently made by the County to properly include the asset balance in the financial statements.

Cause – The County Engineer Office did not implement procedures to ensure costs for road projects being completed by the Iowa Department of Transportation were properly recorded as construction in progress when project expenditures were incurred.

Effect – Lack of implementation of procedures resulted in County employees not detecting the error in the normal course of performing their assigned functions. As a result, a material misstatement to the County's financial statements was necessary

Recommendation – The County should establish and implement procedures to ensure road projects are properly recorded as infrastructure as the expenses flow through Iowa Department of Transportation for projects.

Poweshiek County

Schedule of Findings

Year ended June 30, 2022

Response From Engineer – The projects not included in the GASB-34 report were funded through Poweshiek County’s account in the Farm-to-Market fund. Payments did not flow through the Poweshiek County Secondary Road Fund. The Engineer’s Office failed to identify these expenditures from the FM fund in order to report them for the GASB-34. The Engineer’s Office will be required to review annual expenditures from the FM fund prior to completion of the GASB-34 report to more accurately identify all projects for inclusion.

Conclusion – Response accepted.

2022-003 County Sheriff Bank Reconciliation

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances.

Condition – The County Sheriff’s office maintains a bank account for commissary activity. Although the bank statements are reviewed by an independent person, bank reconciliations are not properly documented. Bank reconciliations would include the bank statement balance at month end plus or minus reconciling items such as outstanding checks and deposits in transit to equal the general ledger balance.

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

Effect – Lack of bank to book reconciliations can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – To improve financial accountability and control, monthly bank reconciliations should be prepared. Any differences should be investigated and resolved in a timely manner.

Response – Our new commissary account system was installed in June 2022, will be able to provide the adequate record and report that will show all the transactions and allow for the bank reconciliation to be completed on a monthly and yearly basis.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Poweshiek County
Schedule of Findings
Year ended June 30, 2022

Other Findings Related to Required Statutory Reporting:

- 2022-A Certified Budget – Disbursements for the year ended June 30, 2022 did not exceed the amounts budgeted.
- 2022-B Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 2022-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 2022-D Business Transactions – No business transactions between the County and County officials or employees were noted.
- 2022-E Restricted Donor Activity – No transactions were noted between the County, County officials or County employees and restricted donors in compliance with Chapter 68B of the code of Iowa.
- 2022-F Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- 2022-G Board Minutes – No transactions were found which we believe should have been approved in the Board minutes but were not.
- 2022-H Deposits and Investments – No instances of non-compliance with the deposit and investments provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- 2022-I 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).
- 2022-J 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.
- 2022-I Vertical Infrastructure – During the fiscal year, the County Conservation Board approved public improvement projects for The Diamond Lake Shop addition. The approval was done without a calculated estimated total cost by a licensed engineer, licensed landscape engineer or a licensed architect as required by Chapter 26.3(2) of the Code of Iowa and the County did not obtain competitive bids as required by Chapter 26.3 of the Code of Iowa.
- Recommendation – The County should consult legal counsel on the disposition of this matter. For future public improvement projects, the County should comply with Chapter 26 of the Code of Iowa.

Poweshiek County

Schedule of Findings

Year ended June 30, 2022

Conservation Director Response – The Poweshiek County Conservation Board will comply with Chapter 26 of Code of Iowa for any future construction projects. The Board will contract with a licensed engineer/architect for project design and current estimate projects cost before proceeding with the projected project.

Conclusion – Response accepted.

Poweshiek County

Staff

This audit was performed by:

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