



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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Des Moines, Iowa 50319-0006
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NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

June 27, 2023

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$21,917,461 for the year ended June 30, 2022, a 5.8% decrease from the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$19,624,156, a 9.5% increase over the prior year. The significant increase in expenses is primarily due to the spending of ARPA funding received in fiscal year 2021.

AUDIT FINDINGS:

Sand reported twelve findings related to the receipt and expenditure of taxpayer funds. They are found on pages 74 through 82 of this report. The findings address issues such as lack of segregation of duties, material amounts of receivables not properly recorded in the County's financial statements, lack of reconciliations of public health billings, collections and delinquent accounts and an unallowable donation to a private entity. Sand provided the County with recommendations to address each of these findings.

Ten of the 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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HENRY COUNTY

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

Henry County



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Rob Sand
Auditor of State

June 8, 2023

Officials of Henry County
Mount Pleasant, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Henry County, Iowa, 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 Henry 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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Henry County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Marc Lindeen	Board of Supervisors	Jan 2023
Greg Moeller	Board of Supervisors	Jan 2025
Chad White	Board of Supervisors	Jan 2025
Shelly Barber	County Auditor	Jan 2025
Ana Lair	County Treasurer	Jan 2023
Mindy Fitzgibbon	County Recorder	Jan 2023
Rich McNamee	County Sheriff	Jan 2025
Darin Stater	County Attorney	Jan 2023
Nathan Milks	County Assessor	Jan 2028



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Independent Auditor's Report

To the Officials of Henry 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 Henry 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 Henry 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 (GAAS) 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 Henry 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 16 to the financial statements, Henry County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

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 Henry 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 Henry 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 Henry 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 14 and 50 through 59 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.

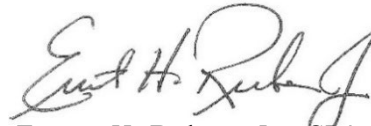
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Henry 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 June 8, 2023 on our consideration of Henry 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 Henry County's internal control over financial reporting and compliance.



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

June 8, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Henry 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 accounts related to leases, however had no effect on the beginning net position for governmental activities.
- Revenues of the County's governmental activities decreased 5.8%, or approximately \$1,348,000, from fiscal year 2021 to fiscal year 2022. Property tax increased approximately \$173,000, charges for services increased approximately \$256,000, operating grants, contributions and restricted interest decreased approximately \$596,000 and capital grants, contributions and restricted interest decreased approximately \$3,266,000.
- Program expenses of the County's governmental activities increased 9.5%, or approximately \$1,698,000, more in fiscal year 2022 than in fiscal year 2021. Nonprogram expenditures increased approximately \$1,930,000 due to spending ARPA federal awards.
- The County's net position increased 5.4%, or approximately \$2,293,000, 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 Henry 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 Henry 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 Henry County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two 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) Fiduciary funds are used to report assets held in a trust or custodial capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Custodial Funds that account for auto license and use tax, emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2022	2021
Current and other assets	\$ 23,543	20,943
Capital assets	45,462	45,608
Total assets	69,005	66,551
Deferred outflows of resources	1,146	1,635
Long-term liabilities	8,162	13,045
Other liabilities	2,433	2,241
Total liabilities	10,595	15,286
Deferred inflows of resources	14,492	10,129
Net position:		
Net investment in capital assets	38,052	37,578
Restricted	6,999	6,383
Unrestricted	13	(1,190)
Total net position	\$ 45,064	42,771

Net position of Henry County's governmental activities increased 5.4% (approximately \$45.1 million compared to approximately \$42.8 million).

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, 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 1.3%, or approximately \$474,000, over the prior year.

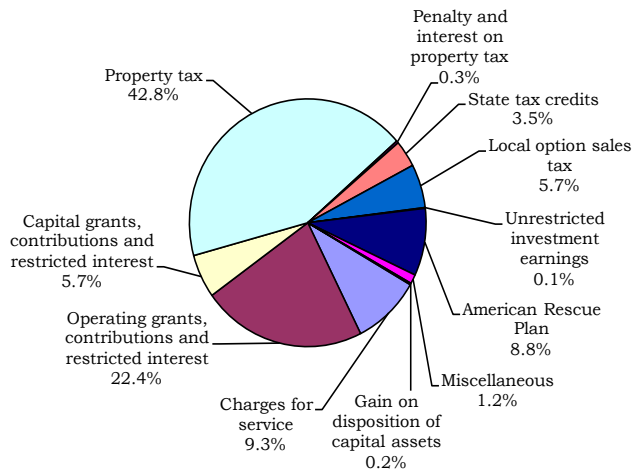
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$616,000, or 9.65%, over the prior year. This increase is primarily due to an increase in the amounts held at year end in the Special Revenue, Community Betterment Fund and Special Revenue, Opioid Abatement.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of approximately \$1,190,000 at June 30, 2021 to approximately \$13,000 at the end of this year. This increase is due to a decrease in pension related liabilities.

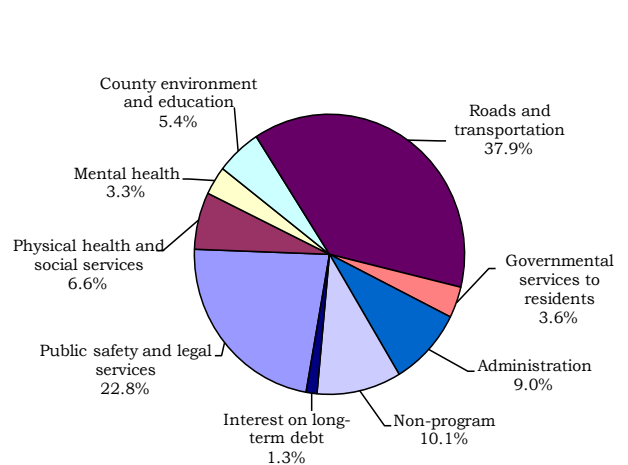
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2022	2021
Program revenues:		
Charges for service	\$ 2,036	1,780
Operating grants, contributions and restricted interest	4,899	5,495
Capital grants, contributions and restricted interest	1,253	4,519
General revenues:		
Property tax	9,384	9,211
Penalty and interest on property tax	70	151
State tax credits	758	762
Local option sales tax	1,254	1,221
Unrestricted investment earnings	24	53
Gain on disposition of capital assets	37	45
American Rescue Plan	1,937	-
Miscellaneous	265	28
Total revenues	21,917	23,265
Program expenses:		
Public safety and legal services	4,478	4,788
Physical health and social services	1,293	1,382
Mental health	640	1,034
County environment and education	1,053	1,372
Roads and transportation	7,445	6,439
Governmental services to residents	705	822
Administration	1,757	1,755
Non-program	1,990	60
Interest on long-term debt	263	274
Total expenses	19,624	17,926
Change in net position	2,293	5,339
Net position beginning of year	42,771	37,432
Net position end of year	\$ 45,064	42,771

Revenues by Source



Expenses by Program



The County's governmental activities net position increased approximately \$2,293,000 during the year. Revenues for governmental activities decreased approximately \$1,348,000 from the prior year, including property tax revenue which increased over the prior year approximately \$173,000, or 1.9%.

The County's taxable property valuation increased approximately \$22,523,000 and the tax levy rate increased approximately 2.9% to \$12.87506 per \$1,000 of taxable valuation. Therefore, property tax revenue increased approximately \$173,000.

The County's capital grants, contributions and restricted interest decreased 72.3% from fiscal year 2021 due to a decrease in infrastructure assets contributed by the Iowa Department of Transportation.

The cost of all governmental activities this year was approximately \$19.6 million compared to approximately \$17.9 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$11.4 million because some of the cost was paid by those who directly benefited from programs (approximately \$2,036,000) or by other government and organizations which subsidized certain programs with grants and contributions (approximately \$6,152,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for services decreased in fiscal year 2022 from approximately \$11,794,000 to approximately \$8,188,000. As discussed above, the County received more contributions of roads paid for by the Iowa Department of Transportation during fiscal year 2021 than 2022.

INDIVIDUAL MAJOR FUND ANALYSIS

As Henry County completed the year, its governmental funds reported a combined fund balance of approximately \$8.9 million, an increase of approximately \$400,000 from last year's total of approximately \$8.7 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ended fiscal year 2022 with an ending balance of \$3,396,596 compared to the prior year ending balance of \$3,053,691, an increase of \$342,905. Revenues increased \$1,928,849 or 21.4%, primarily due to a \$1,936,985 recognition of ARPA fund receipts. Expenditures increased \$2,090,881 or 24.6% when compared to the prior year. This is also due to the increase in ARPA expenditures. The County spent the ARPA funds primarily on broadband expansion and to both the licensed child care centers in the County to provide safe facilities.
- The Special Revenue, Mental Health Fund closed in fiscal year 2022 and ended with no fund balance as the entire amount was paid out to its Mental Health Region. The County was required by Senate File 619 to transfer the remaining fund balance to Southeast Iowa Link Mental Health and Disability Services prior to June 30, 2022.
- Special Revenue, Rural Services Fund revenues decreased approximately \$7,000. Expenditures decreased approximately \$213,000, or 38.4% from the prior year due to physical health and social services and county environment and education service functions being moved to the Special Revenue, Community Betterment Fund. The ending fund balance increased approximately \$137,000 from the prior year to approximately \$236,000.
- The Special Revenue, Secondary Roads Fund ended fiscal year 2022 with an ending balance of \$3,702,771 compared to the prior year ending balance of \$4,142,958, a decrease of \$440,187. Revenues increased \$96,756. Expenditures increased \$1,601,836 due to increase in contract rock hauling and purchase of equipment.

- The Debt Service Fund ended fiscal year 2022 with an ending balance of \$104,447 compared to the prior year ending balance of \$86,568, an increase of \$17,879. Revenues decreased \$5,121 and expenditures increased \$3,571.

BUDGETARY HIGHLIGHTS

Over the course of the year, Henry County amended its budget once. The amendment was made in May 2022 to increase budgeted intergovernmental receipts for grant funding and to provide for additional American Rescue Plan expenditures.

The County’s receipts were \$2,952,284 more than budgeted, a variance of 16.8%. The County received \$2,814,088 more in intergovernmental receipts than anticipated in fiscal year 2022. This was primarily due to the recognition of the American Rescue Plan Act (ARPA) funds of \$1,935,000.

Total disbursements were \$805,264 less than the amended budget. Actual disbursements for the mental health functions were \$402,399 less than budgeted. This was primarily due to the closing of the mental health fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, Henry County had approximately \$45.5 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities and roads and bridges. This is a net decrease (including additions and deletions) of approximately \$146,000, or less than 1%.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2022	2021
Land	\$ 3,037	3,037
Construction in progress	1,128	497
Buildings and improvements	10,010	10,246
Intangibles	397	397
Equipment and vehicles	3,065	3,004
Infrastructure	27,825	28,427
Total	<u>\$ 45,462</u>	<u>45,608</u>

The County had depreciation expense of \$2,489,945 in fiscal year 2022 and total accumulated depreciation of \$37,789,678 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, Henry County had \$7,410,000 of general obligation notes outstanding, compared to \$8,030,000 at June 30, 2021.

Debt decreased as a result of scheduled debt repayments during fiscal year 2022.

The County continues to carry a general obligation bond rating of AA assigned by national rating agencies to the County's debt. 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. Henry County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$73.2 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

Henry County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2022 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.9% versus 4.6% a year ago. This compares with the State's unemployment rate of 2.6% and the national rate of 3.6%.

These indicators were taken into account when adopting the budget for fiscal year 2023. Amounts available for appropriation (i.e. beginning balance plus revenues) in the operating budget are approximately \$25,978,000, an increase of 13.3% over the final fiscal year 2022 budget. Budgeted disbursements are expected to increase approximately \$107,000 from the final fiscal year 2022 budget, primarily in the capital projects and roads and transportation functions. The County has added no major new programs or initiatives to the fiscal year 2023 budget.

The total Henry County assessed taxable property valuation for property tax payable in fiscal year 2023 increased approximately \$12,528,000. The tax levy rate is set to decrease to \$12.42700 per \$1,000 of taxable valuation. Property tax revenue is budgeted to increase approximately \$88,000 next year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Henry 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 Henry County Auditor's Office, 101 Main Street, Mt. Pleasant, Iowa 52641.

Basic Financial Statements

Henry County
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash and pooled investments	\$ 9,398,405
Cash held by health plan trustee	562,396
Receivables:	
Property tax:	
Delinquent	16,604
Succeeding year	9,956,775
Interest and penalty on property tax	9,670
Accounts	231,965
Opioid settlement	343,099
Accrued interest	6,786
Due from other governments	958,269
Lease receivable	32,204
Inventories	353,503
Prepaid insurance	135,183
Net pension asset	1,556,055
Capital assets not being depreciated	3,931,215
Capital assets, net of accumulated depreciation	41,531,190
Total assets	69,023,319
Deferred Outflows of Resources	
Pension related deferred outflows	1,111,131
OPEB related deferred outflows	35,316
	1,146,447
Liabilities	
Accounts payable	359,164
Accrued interest payable	20,481
Due to other governments	115,096
Unearned revenues	1,938,846
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes	395,000
Compensated absences	145,618
Total OPEB liability	41,087
Portion due or payable after one year:	
General obligation notes	7,015,000
Compensated absences	287,918
Landfill closure and postclosure care costs	7,598
Total OPEB liability	269,725
Total liabilities	10,595,533
Deferred Inflows of Resources	
Lease related	32,204
Unavailable property tax revenue	9,956,778
Pension related deferred inflows	4,448,852
OPEB related deferred inflows	54,278
Total deferred inflows of resources	14,492,112
Net Position	
Net investment in capital assets	38,052,405
Restricted for:	
Supplemental levy purposes	941,989
Rural services purposes	223,415
Secondary roads purposes	3,835,136
Debt service	85,671
Conservation land acquisition	96,352
Community betterment	1,090,437
Opioid abatement	343,099
Other purposes	382,644
Unrestricted	30,973
Total net position	\$ 45,082,121

See notes to financial statements.

Henry 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	\$ 4,478,185	1,036,545	3,836	-	(3,437,804)
Physical health and social services	1,293,264	178,440	612,739	-	(502,085)
Mental health	640,238	-	120,720	-	(519,518)
County environment and education	1,052,617	107,496	22,686	-	(922,435)
Roads and transportation	7,445,488	309,150	4,138,662	1,252,618	(1,745,058)
Governmental services to residents	705,001	394,848	189	-	(309,964)
Administration	1,756,490	27,516	-	-	(1,728,974)
Non-program	1,989,781	-	-	-	(1,989,781)
Interest on long-term debt	263,092	-	529	-	(262,563)
Total	\$ 19,624,156	2,053,995	4,899,361	1,252,618	(11,418,182)
General Revenues:					
Property and other county tax levied for:					
General purposes					8,554,112
Debt service					829,862
Penalty and interest on property tax					69,701
State tax credits and replacements					758,052
Local option sales tax					1,254,426
Unrestricted investment earnings					24,035
Gain on disposition of capital assets					37,030
American Rescue Plan Act					1,936,985
Miscellaneous					265,309
Total general revenues					13,729,512
Change in net position					2,311,330
Net position beginning of year					42,770,791
Net position end of year					\$ 45,082,121

See notes to financial statements.

Henry County
Balance Sheet
Governmental Funds

June 30, 2022

	Special Revenue		
	General	Rural Services	Secondary Roads
Assets			
Cash and pooled investments:			
County Treasurer	\$ 4,739,637	235,946	2,967,312
Cash held by health plan trustee	354,252	-	196,068
Friends of Conservation	-	-	-
Receivables:			
Property tax:			
Delinquent	14,041	794	-
Succeeding year	7,179,969	1,905,541	-
Interest and penalty on property tax	9,670	-	-
Accounts	194,029	-	11,950
Opioid Settlement	-	-	-
Accrued interest	6,520	-	-
Due from other governments	107,160	-	753,544
Inventories	-	-	353,503
Prepaid insurance	135,183	-	-
Total assets	\$ 12,740,461	2,142,281	4,282,377
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 105,400	-	225,282
Due to other governments	35,091	-	76,108
Unearned revenues	1,938,846	-	-
Total Liabilities	2,079,337	-	301,390
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	7,179,969	1,905,542	-
Other	66,534	663	278,216
Total deferred inflows of resources	7,246,503	1,906,205	278,216
Fund balances:			
Nonspendable:			
Inventories	-	-	353,503
Prepaid insurance	135,183	-	-
Restricted for:			
Supplemental levy purposes	448,002	-	-
Rural services purposes	-	236,076	-
Secondary roads purposes	-	-	3,153,200
Conservation land acquisition	96,352	-	-
Debt service	-	-	-
Other purposes	33,604	-	-
Health benefits	354,252	-	196,068
Community betterment	-	-	-
Assigned for:			
Historic preservation	14,811	-	-
Conservation purposes	48,412	-	-
Economic development	185,735	-	-
Unassigned	2,098,270	-	-
Total fund balances	3,414,621	236,076	3,702,771
Total liabilities, deferred inflows of resources and fund balances	\$ 12,740,461	2,142,281	4,282,377

See notes to financial statements.

Debt Service	Nonmajor	Total
104,177	1,328,910	9,375,982
-	12,076	562,396
-	22,423	22,423
1,769	-	16,604
871,265	-	9,956,775
-	-	9,670
-	25,986	231,965
-	343,099	343,099
208	58	6,786
-	97,565	958,269
-	-	353,503
-	-	135,183
<u>977,419</u>	<u>1,830,117</u>	<u>21,972,655</u>
-	28,482	359,164
-	3,897	115,096
-	-	1,938,846
-	32,379	2,413,106
871,267	-	9,956,778
1,705	343,099	690,217
<u>872,972</u>	<u>343,099</u>	<u>10,646,995</u>
-	-	353,503
-	-	135,183
-	-	448,002
-	-	236,076
-	-	3,153,200
-	-	96,352
104,447	-	104,447
-	364,202	397,806
-	12,076	562,396
-	1,078,361	1,078,361
-	-	14,811
-	-	48,412
-	-	185,735
-	-	2,098,270
<u>104,447</u>	<u>1,454,639</u>	<u>8,912,554</u>
<u>977,419</u>	<u>1,830,117</u>	<u>21,972,655</u>

Henry County

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

June 30, 2022

Total governmental fund balances (page 19) \$ 8,912,554

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$83,252,083 and the accumulated depreciation is \$37,789,678. 45,462,405

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.

Deferred inflows of resources	\$ 690,217	
Net pension asset	1,556,055	2,246,272

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

Deferred outflows of resources	1,146,447	
Deferred inflows of resources	(4,503,130)	(3,356,683)

Long-term liabilities, including notes payable, compensated absences payable, landfill closure and postclosure care costs payable, total OPEB liability and accrued interest payable are not due and payable in the current year and, therefore, are not reported in the governmental funds. (8,182,427)

Net position of governmental activities (page 16) \$ 45,082,121

See notes to financial statements.

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

Year ended June 30, 2022

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 6,296,881	395,526	1,857,312
Local option sales tax	-	-	-
Interest and penalty on property tax	68,204	-	-
Intergovernmental	3,782,164	149,326	108,386
Licenses and permits	645	-	-
Charges for service	702,397	-	450
Use of money and property	40,666	-	-
Miscellaneous	53,379	-	-
Total revenues	<u>10,944,336</u>	<u>544,852</u>	<u>1,966,148</u>
Expenditures:			
Operating:			
Public safety and legal services	4,331,903	-	337,621
Physical health and social services	1,166,855	-	-
Mental health	-	694,760	-
County environment and education	544,124	-	-
Roads and transportation	-	-	-
Governmental services to residents	769,610	-	3,293
Administration	1,730,914	-	-
Non-program	1,963,281	-	-
Debt service	-	-	-
Capital projects	76,719	-	-
Total expenditures	<u>10,583,406</u>	<u>694,760</u>	<u>340,914</u>
Excess (deficiency) of revenues over (under) expenditures	<u>360,930</u>	<u>(149,908)</u>	<u>1,625,234</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	(1,487,811)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,487,811)</u>
Change in fund balances	360,930	(149,908)	137,423
Fund balances beginning of year	<u>3,053,691</u>	<u>149,908</u>	<u>98,653</u>
Fund balances end of year	<u>\$ 3,414,621</u>	<u>-</u>	<u>236,076</u>

See notes to financial statements.

<u>Revenue</u>			
<u>Secondary</u> <u>Roads</u>	<u>Debt</u> <u>Service</u>	<u>Nonmajor</u>	<u>Total</u>
-	829,309	-	9,379,028
-	-	1,254,426	1,254,426
-	-	-	68,204
4,556,524	71,602	23,566	8,691,568
4,695	-	35,163	40,503
38,743	-	138,401	879,991
-	530	205	41,401
113,809	-	46,979	214,167
<u>4,713,771</u>	<u>901,441</u>	<u>1,498,740</u>	<u>20,569,288</u>
-	-	49,553	4,719,077
-	-	208,557	1,375,412
-	-	-	694,760
-	-	535,590	1,079,714
5,912,992	-	75,000	5,987,992
-	-	2,471	775,374
-	-	75,688	1,806,602
-	-	26,500	1,989,781
-	883,562	-	883,562
928,777	-	-	1,005,496
<u>6,841,769</u>	<u>883,562</u>	<u>973,359</u>	<u>20,317,770</u>
<u>(2,127,998)</u>	<u>17,879</u>	<u>525,381</u>	<u>251,518</u>
1,687,811	-	4,688	1,692,499
-	-	(204,688)	(1,692,499)
<u>1,687,811</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
(440,187)	17,879	325,381	251,518
<u>4,142,958</u>	<u>86,568</u>	<u>1,129,258</u>	<u>8,661,036</u>
<u>3,702,771</u>	<u>104,447</u>	<u>1,454,639</u>	<u>8,912,554</u>

Henry 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 23) \$ 251,518

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

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

Expenditures for capital assets	\$ 1,471,300	
Capital assets contributed by the Iowa Department of Transportation	836,227	
Depreciation expense	<u>(2,489,945)</u>	(182,418)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 37,030

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:

Property tax	4,946	
Other	<u>492,118</u>	497,064

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	(2,598)	
Repaid	<u>620,000</u>	617,402

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. 586,147

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	103,371	
Pension expense	398,355	
OPEB expense	2,391	
Interest payable	<u>470</u>	<u>504,587</u>

Change in net position of governmental activities (page 17) \$ 2,311,330

See notes to financial statements.

Henry County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2022

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,732,228
Other County officials	59,956
Cash held by health plan trustee	33,857
Receivables:	
Property tax:	
Delinquent	52,706
Succeeding year	22,523,000
Accounts	23,913
Accrued interest	27
Special assessments	9,653
Due from other governments	32,547
Total assets	24,467,887

Liabilities

Accounts payable	1,655
Due to other governments	940,252
Trusts payable	59,956
Compensated absences	13,389
Total liabilities	1,015,252

Deferred Inflows of Resources

Unavailable property tax revenue	22,523,000
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Net position

Restricted for individuals, organizations and other governments	\$ 929,635
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See notes to financial statements.

Henry County

Henry County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2022

Additions:	
Property and other county tax	\$ 22,211,600
911 surcharge	254,130
State tax credits	2,053,193
Drivers license fees	94,916
Office fees and collections	1,490,682
Auto licenses, use tax and postage	6,588,610
Assessments	53,505
Trusts	1,282,718
Miscellaneous	<u>371,152</u>
Total additions	<u>34,400,506</u>
Deductions:	
Agency remittances:	
To other funds	1,404,714
To other governments	31,812,195
Trusts paid out	<u>1,282,718</u>
Total deductions	<u>34,499,627</u>
Changes in net position	(99,121)
Net position beginning of year	<u>1,028,756</u>
Net position end of year	<u>\$ 929,635</u>

See notes to financial statements.

Henry County

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

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

These financial statements present Henry County (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County.

Blended Component Unit – The Friends of Conservation in Henry County, LTD (Friends of Conservation) is legally separate from the County, but is so intertwined with the County it is, in substance, the same as the County. It is reported as part of the County and blended into the Special Revenue Funds.

Friends of Conservation has been incorporated under Chapter 504A of the Code of Iowa to solicit and accept gifts from persons or organizations for the development and enhancement of environmental education and conservation projects. These donations are to be used to purchase items which are not included in the County's budget. Financial information of Friends of Conservation can be obtained from the Henry County Conservation Office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoints representatives to the following boards and commissions: Henry County Assessor’s Conference Board, Henry County Emergency Management Commission and Henry 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: Henry County Industrial Development Corporation and the Great River Regional Waste Authority.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component unit. 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 notes attributable to the acquisition, construction or improvement of those assets.

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds 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 Debt Service fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

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 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.

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

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

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

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

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 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 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 it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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 if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	25 - 50
Building improvements	25 - 50
Infrastructure	10 - 65
Equipment	3 - 20
Vehicles	5 - 15

Lessor Leases - County is a lessor for a noncancellable lease of farmland and building space. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Sample County determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Henry County uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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

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

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

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

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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, 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 Henry County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, disbursements exceeded the amounts budgeted in the roads and transportation function and three departments exceeded their appropriation. Disbursements in the non-program function exceeded the budget prior to amendment and two departments exceeded the appropriation prior to amendment.

(2) Cash 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 \$6,254,149. 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 Roads	Special Revenue: Rural Services	\$ 1,487,811
	Community Betterment	<u>200,000</u>
		<u>1,687,811</u>
Special Revenue: Solid Waste Fund	Special Revenue: Community Betterment	<u>2,598</u>
Capital Projects	Special Revenue: Community Betterment	<u>2,090</u>
Total		<u>\$ 1,692,499</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>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	\$ 3,036,673	-	-	3,036,673
Intangibles, road network	397,124	-	-	397,124
Construction in progress	497,418	1,531,722	(900,818)	1,128,322
Total capital assets not being depreciated	<u>3,931,215</u>	<u>1,531,722</u>	<u>(900,818)</u>	<u>4,562,119</u>
Capital assets being depreciated:				
Buildings	11,529,680	-	-	11,529,680
Improvements other than buildings	24,207	-	-	24,207
Equipment and vehicles	8,621,159	818,335	(139,119)	9,300,375
Infrastructure, road network	56,934,884	900,818	-	57,835,702
Total capital assets being depreciated	<u>77,109,930</u>	<u>1,719,153</u>	<u>(139,119)</u>	<u>78,689,964</u>
Less accumulated depreciation:				
Buildings	1,301,354	235,017	-	1,536,371
Improvements other than buildings	6,568	692	-	7,260
Equipment and vehicles	5,616,904	751,706	(133,619)	6,234,991
Infrastructure, road network	28,508,526	1,502,530	-	30,011,056
Total accumulated depreciation	<u>35,433,352</u>	<u>2,489,945</u>	<u>(133,619)</u>	<u>37,789,678</u>
Total capital assets being depreciated, net	<u>41,676,578</u>	<u>(770,792)</u>	<u>(5,500)</u>	<u>40,900,286</u>
Governmental activities capital assets, net	<u>45,607,793</u>	<u>760,930</u>	<u>(906,318)</u>	<u>45,462,405</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 291,253
Physical health and social services		4,031
County environment and education		28,624
Roads and transportation		2,134,507
Administration		31,530
Total depreciation expense - governmental activities		<u>\$ 2,489,945</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		\$ 35,091
Special Revenue:		
Secondary Roads	Services	76,108
Community Betterment	Services	3,897
Total for government funds		<u>\$ 115,096</u>
Custodial:		
Schools	Collections	\$ 117,545
Community Colleges		10,402
Corporations		48,039
Townships		1,734
Auto License and Use Tax		596,471
All other		166,061
Total for custodial funds		<u>\$ 940,252</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 Capital Loan Notes	Compensated Absences	Landfill Closure and Postclosure Care Costs	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 8,030,000	536,907	5,000	4,192,266	281,037	13,045,210
Increases	-	296,233	2,598	-	67,090	365,921
Decreases	620,000	399,604	-	5,748,321	37,315	6,805,240
Balance end of year	<u>\$ 7,410,000</u>	<u>433,536</u>	<u>7,598</u>	<u>(1,556,055)</u>	<u>310,812</u>	<u>6,605,891</u>
Due within one year	<u>\$ 395,000</u>	<u>145,618</u>	<u>-</u>	<u>-</u>	<u>41,087</u>	<u>581,705</u>

Notes Payable

On May 23, 2018, the County issued \$8,875,000 of general obligation capital loan notes, Series 2018A, with interest rates ranging from 3.00-4.00% per annum. The notes were issued to provide funds for the construction of a jail and law enforcement center. During the year ended June 30, 2022, the County paid principal of \$385,000 and interest of \$257,322 on the notes.

On July 9, 2019, the County issued \$675,000 of general obligation capital loan notes, Series 2019A, with interest rate of 2.4% per annum. The notes were issued for the renovation of the old jail into office space, remodeling the County Recorder's office, courthouse computer systems, Secondary Roads maintenance building and purchase of County Sheriff's office vehicles. During the year ended June 30, 2022, the County paid the remaining principal of \$235,000 and interest of \$5,640 on the notes.

A summary of the County's June 30, 2022 general obligation indebtedness is as follows:

Year Ending June 30,	Jail and Law Enforcement Center		
	Series 2018A		
	Issued May 23, 2018		
	Interest Rates	Principal	Interest
2023	3.00%	\$ 395,000	245,772
2024	3.00	410,000	233,922
2025	3.00	420,000	221,623
2026	3.00	430,000	209,023
2027	3.00	445,000	196,122
2028-2032	3.00-3.15	2,430,000	772,263
2033-2037	3.50-4.00	2,880,000	327,070
Total		\$ 7,410,000	2,205,795

(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 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 totaled \$586,147.

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 overall net pension asset of \$1,556,055 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021, and the total pension liability used in its 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 0.450734%, which was an increase of 0.391055% over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of \$(398,355). 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	\$ 177,115	67,129
Changes of assumptions	68,593	43,092
Net difference between projected and actual earnings on IPERS' investments	-	4,270,724
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	279,276	67,907
County contributions subsequent to the measurement date	586,147	-
Total	<u>\$ 1,111,131</u>	<u>4,448,852</u>

\$586,147 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	\$ (943,754)
2024	(942,161)
2025	(903,757)
2026	(1,143,373)
2027	9,177
Total	<u>\$ (3,923,868)</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	100.0%	

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 liability (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)	\$ 2,349,086	(1,556,055)	(4,827,308)

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 Henry 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	8
Active employees	<u>106</u>
Total	<u>114</u>

Total OPEB Liability – The County’s total OPEB liability of \$310,812 was measured as of June 30, 2022 and was determined by an actuarial valuation as of January 1, 2022.

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 January 1, 2022)	3.00% per annum.
Rates of salary increase (effective January 1, 2022)	3.00% per annum, including inflation.
Discount rate (effective January 1, 2022)	2.06% compounded annually, including inflation.
Healthcare cost trend rate (effective January 1, 2022)	5.00% per annum.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.06% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP2021 generational projection of future mortality improvement.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 281,037
Changes for the year:	
Service cost	31,335
Interest	6,650
Differences between expected and actual experiences	20,778
Changes in assumptions	8,327
Benefit payments	<u>(37,315)</u>
Net changes	<u>29,775</u>
Total OPEB liability end of year	<u>\$ 310,812</u>

Changes in assumptions reflect a change in the discount rate from 3.50% in fiscal year 2021 to 2.06% 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 (1.06%) or 1% higher (3.06%) than the current discount rate.

	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
Total OPEB liability	\$ 328,239	310,812	294,082

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 (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 280,626	310,812	347,127

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized less OPEB expense than benefit payments, resulting in a net negative expense (reduction) of \$(4,547). At June 30, 2022, the County reported deferred outflows of resources and inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,239	42,035
Changes in assumptions	<u>16,077</u>	<u>12,243</u>
Total	<u>\$ 35,316</u>	<u>54,278</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	\$ (3,061)
2024	(3,061)
2025	(3,061)
2026	(3,061)
2027	(3,061)
Thereafter	<u>(3,657)</u>
	<u>\$ (18,962)</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 \$244,098.

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 \$100,000, respectively. In addition, the County also carries commercial insurance from other insurers for coverage associated with computer crime for \$500,000. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Employee Health Insurance Plan

The County, in conjunction with the City of Fairfield, Iowa and other organizations entered into an agreement as authorized in Chapter 28E of the Code of Iowa for health insurance which is funded through employer and employee contributions. The counties, cities and other participating organizations are contingently liable with respect to medical claims made by the participants in the plan. Employee Benefit Systems/Cobra Administrator (EBS) provides a service designed to administer compliance requirements. All claims handling procedures are performed by an independent claims administrator. Settled claims have not exceeded the plan coverage during any of the past three years.

The cash balance of the Henry County Health Care Plan was \$596,253 at June 30, 2022.

(11) Lease Receivable

The County owns land it rents out as crop ground. Effective March 1, 2021, the County entered into a 3-year lease for \$5,812 annually with an implicit interest rate of 2.4%. The County is to receive \$2,906 on or before June 1st and on or before December 1st each year. During the year ended June 30, 2022, the County received \$5,509 in principal and \$303 in interest.

The County leases office space to Hillcrest Family Services to provide mental health services. Effective May 1, 2022, the County entered into a fourteen-month agreement for \$2,000 each month and an implicit interest rate of 2.4%. During the year ended June 30, 2022, the County received \$3,894 in principal and \$106 in interest.

The following is a schedule by year of minimum future rentals on these operating leases as of June 30, 2022:

Year ending June 30,	Farm Ground			Building Space		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 5,641	171	5,812	\$ 23,691	309	24,000
2024	2,872	34	2,906	-	-	-
Total	\$ 8,513	205	8,718	\$ 23,691	309	24,000

Year ending June 30,	Total		
	Principal	Interest	Total
2023	\$ 29,332	480	29,812
2024	2,872	34	2,906
Total	\$ 32,204	514	32,718

(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 Wayland	Urban renewal and economic development projects	\$ 7,022

Henry County Financial Information Included in the Southeast Iowa Link Mental Health Region

Southeast Iowa Link 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: Jefferson County, Keokuk County, Henry County, Louisa County, Van Buren County, Washington County and Henry County. The financial activity of Henry County’s Special Revenue, Mental Health Fund is included in the Southeast Iowa Link Mental Health Region for the year ended June 30, 2022, as follows:

Revenues:		
Property and other county tax		\$ 395,526
Intergovernmental:		
State tax credits	\$ 34,167	
Payments from regional fiscal agent	113,896	
Other	1,263	149,326
		<u>544,852</u>
Total revenues		
Expenditures:		
Services to persons with:		
Mental illness		4,583
General administration:		
Direct administration	75,458	
Distribution to regional fiscal agent	454,252	529,710
County provided services		160,467
		<u>694,760</u>
Total expenditures		
Deficiency of revenues under expenditures		(149,908)
Fund balance beginning of year		149,908
		<u>149,908</u>
Fund balance end of year		<u>\$ -</u>

(14) Closure and Postclosure Care Cost

The County established a Citizens Convenience Center in March 2013. The closure and postclosure care costs have been estimated at \$5,000. The County has established a Special Revenue, Solid Waste Fund to set aside \$5,000 to cover the estimated cost. A liability for \$5,000 has been reported for these costs in the Statement of Net Position through fiscal year 2021. In FY22, a revised closure cost estimate was prepared and a transfer to the fund was recorded to meet the new estimate of \$7,597.

(15) 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, and recovery services.

(16) Accounting Change

Governmental Accounting Standards Board Statement No. 87, Leases was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets, lease receivables, deferred inflows of resources and liabilities which were previously not reported. The restated balance of lease receivables and deferred inflows of resources at July 1, 2021 is \$14,022. The result of these changes had no effect on the beginning net position.

(17) Subsequent Event

On July 7, 2022, the Board of Supervisors approved an amended version of the March 8, 2022 resolution authorizing \$600,000 of general obligation capital loan notes, series 2022A, to pay costs of public buildings including construction and equipping of a salt shed, motorgrader shed, and a cold storage shed. The general obligation capital loan notes were issued on July 7, 2022.

(18) 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 certain assets and liabilities for 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

Henry 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	Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 10,627,211	-	10,627,211
Interest and penalty on property tax	68,085	-	68,085
Intergovernmental	8,714,035	-	8,714,035
Licenses and permits	41,811	-	41,811
Charges for service	854,746	-	854,746
Use of money and property	33,713	-	33,713
Miscellaneous	212,645	16,493	196,152
Total receipts	20,552,246	16,493	20,535,753
Disbursements:			
Public safety and legal services	4,692,191	-	4,692,191
Physical health and social services	1,381,020	-	1,381,020
Mental health	695,245	-	695,245
County environment and education	1,064,317	18,536	1,045,781
Roads and transportation	5,216,949	-	5,216,949
Governmental services to residents	776,240	-	776,240
Administration	1,823,646	-	1,823,646
Non-program	1,989,379	-	1,989,379
Debt service	884,813	-	884,813
Capital projects	915,835	-	915,835
Total disbursements	19,439,635	18,536	19,421,099
Excess (deficiency) of receipts over (under) disbursements	1,112,611	(2,043)	1,114,654
Other financing sources, net	-	-	-
Change in balances	1,112,611	(2,043)	1,114,654
Balance beginning of year	8,848,190	24,466	8,823,724
Balance end of year	\$ 9,960,801	22,423	9,938,378

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
10,836,819	10,547,507	79,704
53,300	53,300	14,785
5,609,130	5,899,947	2,814,088
33,050	33,050	8,761
664,270	812,819	41,927
86,280	86,280	(52,567)
121,300	149,989	46,163
17,404,149	17,582,892	2,952,861
4,714,113	4,804,113	111,922
1,468,218	1,512,418	131,398
1,097,644	1,097,644	402,399
1,197,727	1,215,596	169,815
4,931,700	4,931,700	(285,249)
832,969	839,469	63,229
1,845,223	1,897,548	73,902
68,000	2,116,502	127,123
884,825	884,825	12
923,100	926,548	10,713
17,963,519	20,226,363	805,264
(559,370)	(2,643,471)	3,758,125
-	-	-
(559,370)	(2,643,471)	3,758,125
5,350,169	5,350,169	3,473,555
4,790,799	2,706,698	7,231,680

Henry County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2022

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	<u>Basis</u>	<u>Adjustments</u>	<u>Basis</u>
Revenues	\$ 20,552,246	17,042	20,569,288
Expenditures	19,439,635	878,135	20,317,770
Net	1,112,611	(861,093)	251,518
Other financing sources, net	-	-	-
Beginning fund balances	8,848,190	(187,154)	8,661,036
Ending fund balances	<u>\$ 9,960,801</u>	<u>(1,048,247)</u>	<u>8,912,554</u>

See accompanying independent auditor's report.

Henry County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2022

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the blended component unit 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, one budget amendment increased budgeted disbursements by \$2,262,844. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County 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 exceeded the amount budgeted for the roads and transportation function and disbursements exceeded the appropriation for three departments. Also, disbursements in the roads and transportation and nonprogram functions and two departments exceeded the amounts budgeted and appropriated prior to approval of an amendment. Also, during the year ended June 30, 2022, disbursements exceeded the amount budgeted for Emergency Management.

Henry 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	0.450734% **	0.059679%	0.054766%	0.049495%
County's proportionate share of the net pension liability (asset)	\$ (1,556)	4,192	3,171	3,132
County's covered payroll	\$ 6,216	6,110	5,633	4,940
County's proportionate share of the net pension liability as a percentage of its covered payroll	(25.03%)	68.61%	56.29%	63.40%
IPERS' net position as a percentage of the total pension liability (asset)	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 preceding fiscal year.

** Overall plan net pension asset.

See accompanying independent auditor's report.

2018	2017	2016	2015
0.050205%	0.049920%	0.047435%	0.044927%
3,344	3,142	2,344	1,782
4,583	4,432	4,227	4,156
72.97%	70.89%	55.45%	42.88%
82.21%	81.82%	85.19%	87.61%

Henry County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 586	590	581	539
Contributions in relation to the statutorily required contribution	<u>(586)</u>	<u>(590)</u>	<u>(581)</u>	<u>(539)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 6,258	6,216	6,110	5,633
Contributions as a percentage of covered payroll	9.36%	9.49%	9.51%	9.57%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
449	419	406	389	382	358
(449)	(419)	(406)	(389)	(382)	(358)
-	-	-	-	-	-
4,940	4,583	4,432	4,227	4,156	3,978
9.09%	9.14%	9.16%	9.20%	9.19%	9.00%

Henry County

Notes to Required Supplementary Information – Pension Liability (Asset)

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.

Henry 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	\$ 31,335	24,403	23,692	18,168	17,639
Interest cost	6,650	9,594	8,565	7,710	7,168
Difference between expected and actual experiences	20,778	-	(14,702)	-	(48,190)
Changes in assumptions	8,327	-	10,758	-	(19,278)
Benefit payments	(37,315)	(5,368)	(1,730)	(12,047)	(7,063)
Net change in total OPEB liability	29,775	28,629	26,583	13,831	(49,724)
Total OPEB liability beginning of year	281,037	252,408	225,825	211,994	261,718
Total OPEB liability end of year	\$ 310,812	281,037	252,408	225,825	211,994
Covered-employee payroll	\$ 5,770,439	5,651,016	5,486,423	4,510,219	4,378,853
Total OPEB liability as a percentage of covered-employee payroll	5.4%	5.0%	4.6%	5.0%	4.8%

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	2.06%
Year ended June 30, 2021	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.44%
Year ended June 30, 2018	3.44%
Year ended June 30, 2017	4.50%

Henry County

Supplementary Information

Henry County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

	Special			
	Resource Enhancement and Protection	Community Betterment	Sheriff's Foreiture	Opioid Abatement
Assets				
Cash and pooled investments:				
County Treasurer	\$ 156,584	1,001,115	61,279	-
Cash held by health plan trustee	-	12,076	-	-
Friends of Conservation	-	-	-	-
Receivables:				
Accounts	-	956	-	-
Opioid Settlement	-	-	-	343,099
Accrued interest	9	-	38	-
Due from other governments	-	97,565	-	-
Total assets	\$ 156,593	1,111,712	61,317	343,099
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	10,662	17,378	330	-
Due to other government	-	3,897	-	-
	10,662	21,275	330	-
Deferred inflows of resources:				
Other	-	-	-	343,099
Fund balances:				
Restricted for:				
Health benefits	-	12,076	-	-
Community betterment	-	1,078,361	-	-
Other purposes	145,931	-	60,987	-
Total fund balances	145,931	1,090,437	60,987	-
Total liabilities, deferred inflows of resources and fund balances	\$ 156,593	1,111,712	61,317	343,099

See accompanying independent auditor's report.

Revenue							
Inmate Comm/Phone	County Recorder's Records Management	Attorney's Forfeiture	Solid Waste	K-9	Friends of Conservation in Henry County	Total	
58,192	26,869	16,403	7,598	870	-	1,328,910	
-	-	-	-	-	-	12,076	
-	-	-	-	-	22,423	22,423	
24,742	288	-	-	-	-	25,986	
-	-	-	-	-	-	343,099	
-	1	10	-	-	-	58	
-	-	-	-	-	-	97,565	
82,934	27,158	16,413	7,598	870	22,423	1,830,117	
112	-	-	-	-	-	28,482	
-	-	-	-	-	-	3,897	
112	-	-	-	-	-	32,379	
-	-	-	-	-	-	343,099	
-	-	-	-	-	-	12,076	
-	-	-	-	-	-	1,078,361	
82,822	27,158	16,413	7,598	870	22,423	364,202	
82,822	27,158	16,413	7,598	870	22,423	1,454,639	
82,934	27,158	16,413	7,598	870	22,423	1,830,117	

Henry County

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

Year ended June 30, 2022

	Special			
	Resource Enhancement and Protection	Community Betterment	Sheriff's Forfeiture	Inmate Comm/Phone
Revenues:				
Local option sales tax	\$ -	1,254,426	-	-
Intergovernmental	11,640	11,926	-	-
Licenses and permits	-	35,163	-	-
Charges for service	-	3,186	-	129,665
Use of money and property	107	-	68	-
Miscellaneous	-	22,169	4,069	-
Total revenues	11,747	1,326,870	4,137	129,665
Expenditures:				
Operating:				
Public safety and legal services	-	-	1,510	46,843
Physical health and social services	-	208,557	-	-
County environment and education	10,662	506,391	-	-
Roads and transportation	-	75,000	-	-
Governmental services to residents	-	-	-	-
Administration	-	75,688	-	-
Non-program	-	26,500	-	-
Total expenditures	10,662	892,136	1,510	46,843
Excess (deficiency) of revenues over (under) expenditures	1,085	434,734	2,627	82,822
Other financing uses:				
Transfer in	-	-	-	-
Transfer out	-	(204,688)	-	-
Total other financing sources (uses)	-	(204,688)	-	-
Changes in fund balances	1,085	230,046	2,627	82,822
Fund balances beginning of year	144,846	860,391	58,360	-
Fund balances end of year	\$ 145,931	1,090,437	60,987	82,822

See accompanying independent auditor's report.

Revenue							
County Recorder's Records Management	Attorney's Forfeiture	Solid Waste	K-9	Friends of Conservation in Henry County	Capital Projects	Total	
-	-	-	-	-	-	-	1,254,426
-	-	-	-	-	-	-	23,566
-	-	-	-	-	-	-	35,163
3,414	2,136	-	-	-	-	-	138,401
14	16	-	-	-	-	-	205
-	-	-	800	16,493	3,448	-	46,979
3,428	2,152	-	800	16,493	3,448	-	1,498,740
-	1,200	-	-	-	-	-	49,553
-	-	-	-	-	-	-	208,557
-	-	-	-	18,537	-	-	535,590
-	-	-	-	-	-	-	75,000
2,471	-	-	-	-	-	-	2,471
-	-	-	-	-	-	-	75,688
-	-	-	-	-	-	-	26,500
2,471	1,200	-	-	18,537	-	-	973,359
957	952	-	800	(2,044)	3,448	-	525,381
-	-	2,598	-	-	2,090	-	4,688
-	-	-	-	-	-	-	(204,688)
-	-	2,598	-	-	2,090	-	(200,000)
957	952	2,598	800	(2,044)	5,538	-	325,381
26,201	15,461	5,000	70	24,467	(5,538)	-	1,129,258
27,158	16,413	7,598	870	22,423	-	-	1,454,639

Henry County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	2,356	294,477	117,545
Other County officials	59,956	-	-	-
Cash held by health plan trustee	-	-	24,248	-
Receivables:				
Property tax:				
Delinquent	-	515	1,137	25,834
Succeeding year	-	269,000	594,000	12,580,000
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	59,956	271,871	913,862	12,723,379
Liabilities				
Accounts payable	-	-	254	-
Due to other governments	-	2,356	-	117,545
Trusts payable	59,956	-	-	-
Compensated absences	-	-	10,463	-
Total liabilities	59,956	2,356	10,717	117,545
Deferred Inflows of Resources				
Unavailable revenues	-	269,000	594,000	12,580,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	515	309,145	25,834

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
10,402	48,039	1,734	63,681	596,471	597,523	1,732,228
-	-	-	-	-	-	59,956
-	-	-	-	-	9,609	33,857
2,375	18,464	113	-	-	4,268	52,706
1,236,000	5,264,000	200,000	-	-	2,380,000	22,523,000
-	-	-	-	-	23,913	23,913
-	-	-	-	-	27	27
-	-	-	9,653	-	-	9,653
-	-	-	-	-	32,547	32,547
1,248,777	5,330,503	201,847	73,334	596,471	3,047,887	24,467,887
-	-	-	-	-	1,401	1,655
10,402	48,039	1,734	63,681	596,471	100,024	940,252
-	-	-	-	-	-	59,956
-	-	-	-	-	2,926	13,389
10,402	48,039	1,734	63,681	596,471	104,351	1,015,252
1,236,000	5,264,000	200,000	-	-	2,380,000	22,523,000
2,375	18,464	113	9,653	-	563,536	929,635

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

Year ended June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	249,598	478,702	12,564,948
911 surcharge	-	-	-	-
State tax credits	-	21,545	41,309	1,083,085
Drivers license fees	-	-	-	-
Office fees and collections	1,490,682	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	693,880	-	-	-
Miscellaneous	-	-	2	-
Total additions	2,184,562	271,143	520,013	13,648,033
Deductions:				
Agency remittances:				
To other funds	1,189,593	-	-	-
To other governments	301,089	270,978	690,971	13,639,819
Trusts paid out	693,880	-	-	-
Total deductions	2,184,562	270,978	690,971	13,639,819
Changes in net position	-	165	(170,958)	8,214
Net position beginning of year	-	350	480,103	17,620
Net position end of year	\$ -	515	309,145	25,834

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
1,106,953	5,404,077	174,593	-	-	2,232,729	22,211,600
-	-	-	-	-	254,130	254,130
95,584	613,627	9,755	-	-	188,288	2,053,193
-	-	-	-	94,916	-	94,916
-	-	-	-	-	-	1,490,682
-	-	-	-	6,588,610	-	6,588,610
-	-	-	53,505	-	-	53,505
-	-	-	-	-	588,838	1,282,718
-	-	-	-	-	371,150	371,152
<u>1,202,537</u>	<u>6,017,704</u>	<u>184,348</u>	<u>53,505</u>	<u>6,683,526</u>	<u>3,635,135</u>	<u>34,400,506</u>
-	-	-	-	215,121	-	1,404,714
1,201,729	6,010,985	184,343	50,931	6,468,405	2,992,945	31,812,195
-	-	-	-	-	588,838	1,282,718
<u>1,201,729</u>	<u>6,010,985</u>	<u>184,343</u>	<u>50,931</u>	<u>6,683,526</u>	<u>3,581,783</u>	<u>34,499,627</u>
808	6,719	5	2,574	-	53,352	(99,121)
1,567	11,745	108	7,079	-	510,184	1,028,756
<u>2,375</u>	<u>18,464</u>	<u>113</u>	<u>9,653</u>	<u>-</u>	<u>563,536</u>	<u>929,635</u>

Henry County

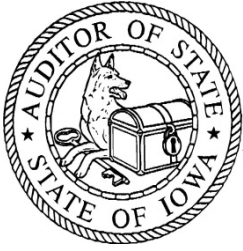
Schedule of Revenues By Source and Expenditures By Function –
All Governmental Funds

For the Last Ten Years

	2022	2021	2020	2019
Revenues:				
Property and other county tax	\$ 9,379,028	9,264,216	8,190,519	7,604,496
Local option sales tax	1,254,426	1,220,995	981,339	953,607
Interest and penalty on property tax	68,204	152,809	48,073	65,908
Intergovernmental	8,691,568	7,171,784	5,305,696	5,068,540
Licenses and permits	40,503	44,810	38,366	32,500
Charges for service	879,991	779,010	649,244	726,259
Use of money and property	41,401	79,037	210,136	281,879
Miscellaneous	214,167	125,886	157,011	134,901
Total	<u>\$ 20,569,288</u>	<u>18,838,547</u>	<u>15,580,384</u>	<u>14,868,090</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 4,719,077	4,457,595	4,137,544	3,860,506
Physical health and social services	1,375,412	1,363,762	1,461,387	1,325,111
Mental health	694,760	1,033,736	935,696	1,037,006
County environment and education	1,079,714	1,247,568	1,122,452	1,092,766
Roads and transportation	5,987,992	4,682,343	4,522,210	5,005,164
Governmental services to residents	775,374	788,348	732,753	688,521
Administration	1,806,602	1,667,025	1,407,783	1,544,612
Non-program	1,989,781	59,618	74,896	74,306
Debt service	883,562	879,991	865,464	871,760
Capital projects	1,005,496	938,802	3,877,138	7,003,224
Total	<u>\$ 20,317,770</u>	<u>17,118,788</u>	<u>19,137,323</u>	<u>22,502,976</u>

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
6,658,892	6,457,527	7,020,608	6,878,857	7,041,662	6,865,372
904,185	996,246	920,179	783,381	864,028	777,807
49,353	56,632	60,283	54,816	70,180	70,778
4,547,287	4,970,154	4,450,334	4,034,237	3,956,994	3,754,964
43,840	22,455	26,800	54,217	50,844	45,897
535,507	563,050	599,611	506,529	538,556	577,826
138,798	109,846	92,833	63,087	56,905	59,925
140,586	348,673	131,610	186,410	363,188	100,310
13,018,448	13,524,583	13,302,258	12,561,534	12,942,357	12,252,879
3,694,061	3,464,399	3,115,584	3,210,299	3,091,679	2,913,511
1,025,678	897,765	932,994	847,679	829,896	919,124
777,916	720,300	449,387	455,095	431,591	440,919
1,025,557	1,183,223	1,000,390	1,276,337	1,073,816	996,801
4,569,075	4,399,107	4,058,854	3,849,219	3,659,681	3,789,962
692,055	636,934	601,242	552,586	546,676	522,693
1,473,997	1,527,382	1,328,083	1,315,147	1,331,540	1,126,226
56,928	62,135	72,466	56,424	59,105	53,964
358,388	233,800	233,100	232,303	232,625	230,821
1,362,413	1,192,337	608,289	546,443	858,275	843,576
15,036,068	14,317,382	12,400,389	12,341,532	12,114,884	11,837,597



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Rob Sand
Auditor of State

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 Henry 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 Henry 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 June 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Henry 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 Henry County's internal control. Accordingly, we do not express an opinion on the effectiveness of Henry 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 Henry 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 deficiencies described in the accompanying Schedule of Findings as items 2022-003 through 2022-006 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henry 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 instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Henry 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 Henry 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.

Henry County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Henry County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Henry 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 Henry County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



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

June 8, 2023

Henry 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 and the Friends of Conservation of Henry County, LTD’s (Friends of Conservation) financial statements.

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

	Applicable Offices
(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Treasurer, Recorder, Secondary Roads and Conservation
(2) Generally, one individual may have control over collecting, depositing, posting, maintaining receivable records and daily reconciling of receipts for which no compensating controls exist.	Recorder, Secondary Roads, Conservation, Sheriff, Public Health Nurse and Friends of Conservation
(3) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Sheriff
(4) Responsibilities for maintaining detail accounts receivable records is not segregated from posting receipts.	Public Health Nurse, Secondary Roads
(5) The person who signs checks is not independent of the person preparing the checks, approving disbursements, posting disbursements and handling cash.	Sheriff

Henry County

Schedule of Findings

Year ended June 30, 2022

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

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

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

Responses and Corrective Action Planned

Treasurer – With limited staff, all employees need access to the accounting records. Having one employee open the mail but not work at the counter daily would not be efficient. We will strive to have more than one person involved in opening mail.

Recorder – There are four full time individuals working in the Recorder’s Office. We will do our best to segregate duties.

Sheriff – With limited staff we will continue to try our best to segregate duties.

Secondary Roads – We will continue to do our best with the limited resources available to our office.

Conservation – We will do our best to segregate duties and use resources available to improve internal controls.

Public Health Nurse – With limited staff we will attempt to segregate duties as much as possible. We have measures in place for fiscal year 2022 to work on segregation of duties. We have one person open the mail and do the deposit while a different person posts, maintains receivable records and daily reconciling of receipts.

Friends of Conservation – We have had a limited number of members, so it is difficult to segregate duties. We will try to segregate duties as much as possible.

Conclusion – Responses acknowledged. All offices should continue to review current operating procedure for the areas noted to obtain the maximum internal control possible. The officials should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Henry County

Schedule of Findings

Year ended June 30, 2022

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 their assigned functions, to prevent, or detect and correct misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County’s financial statements.

Condition – During the audit, we identified material amounts of receivables not properly recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

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

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

Response – We will review our procedures to ensure all receivables are properly recorded. This will include discussion with other departments who provide the receipting information including the date earned.

Conclusion – Responses accepted.

2022-003 Accounting Policies and Procedures Manual

Criteria – Accounting policies and procedures manuals provide the following benefits:

- (1) Aid in training additional or replacement staff.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

Condition – The Sheriff’s Office does not have accounting policies and procedures manual.

Cause – Officials have not developed an accounting policies and procedures manual.

Effect – Lack of an accounting policies and procedures manual could result in the County Sheriff’s office lack of ability to continue operating effectively and efficiently in the event there is accounting staff turnover.

Recommendation – An accounting policies and procedures manual should be developed for the County Sheriff.

Henry County

Schedule of Findings

Year ended June 30, 2022

Response – We are currently working on a policies and procedures manual.

Conclusion – Response accepted.

2022-004 County Sheriff's Jail Room and Board

Criteria – Policies and procedures over room and board receipts should address that all receipts are to be properly collected, recorded and deposited. Reconciliations and independent review would ensure these policies and procedures are being accurately followed.

Condition – Policies and procedures have not been developed to account for room and board receipts. Reconciliations between the amounts billed and the amounts collected are not performed.

Cause – Policies have not been established and procedures have not been implemented to address collection, recording and depositing of receipts for the room and board account. In addition, reconciliations and review have not been completed for the account.

Effect – Lack of policies and procedures could result in unrecorded or misstated receipts.

Recommendation – The Sheriff's Office should establish policies and procedures which address room and board duties to ensure all receipts are properly collected, recorded and deposited. Also, an independent person should perform a reconciliation of inmate census data to billings, collections and deposits to ensure all sentenced inmates are properly billed for room and board and fees collected are properly deposited.

Response – We are currently working on a policies and procedures manual.

Conclusion – Response acknowledged. The Sheriff's Office should have an independent person perform a reconciliation of inmate census data to billings, collections and deposits.

2022-005 Reconciliation of Public Health Billings, Collections, Delinquent Accounts and Write-offs

Criteria – An effective internal control system provides for internal controls related to maintaining delinquent account listings, reconciling billings, collections and delinquent accounts and comparing collections to deposit to ensure proper recording of receipts, the propriety of adjustments and write-offs and the propriety of delinquent account balances.

Condition – Billings, collections and delinquent accounts were not reconciled throughout the year and delinquent accounts list was not prepared. Also, collections were not reconciled to deposits.

Henry County

Schedule of Findings

Year ended June 30, 2022

Cause – During the year the Public Health Department utilized a moment in time billing system and reports were not run at year end to establish accounts receivable at June 30, 2021. Policies have not been established and procedures have not been implemented to maintain delinquent account listings, reconcile billings, collections and receivables, reconcile collections to deposits and adjust and write off uncollectible balances.

Effect – The condition could result in unrecorded or misstated revenues and receivables.

Recommendation – A listing of delinquent accounts should be prepared on a monthly basis. Procedures should be established to reconcile billings, collections and delinquent accounts for each billing period and to reconcile collections to deposits. The Department should designate an independent person to review the reconciliations and monitor delinquents. The review of the reconciliations should be documented by the signature or initials of the reviewer and the date of the review. In addition, the Department should establish written procedures for write-offs of delinquent account balances.

Response – We still need to do more than review the aging report monthly as we started last year. We have spoken to the state auditor and our public health regional consultant to develop ways to meet the expectations of the state auditor. We will attempt to develop a flow sheet to capture the billings, collections, and delinquent accounts and reconcile with deposits. Once a procedure is in place and working, we will develop a policy.

Conclusion – Response acknowledged. While the director is reviewing a summary of aging of receivables, this is not a reconciliation of billings, collections and delinquent accounts. Procedures should be established to perform this reconciliation.

2022-006 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 – Bank reconciliations were not prepared for the Conservation and Friends of Conservation's bank account.

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

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

Recommendation – The Conservation Department and Friends of Conservation should prepare bank reconciliations and have an independent person review the reconciliations for propriety. The reviews should be documented by the signature of initials of the reviewer and the date of the review.

Henry County
Schedule of Findings
Year ended June 30, 2022

Responses –

Conservation – We will do our best to prepare monthly bank reconciliations.

Friends of Conservation – We will begin preparing monthly bank reconciliations and have an independent person review them.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Henry County

Schedule of Findings

Year ended June 30, 2022

Other Findings Related to Required Statutory Reporting:

2022-A Certified Budget – Disbursements during the year ended June 30, 2022 exceeded the amount budgeted in the roads and transportation function. In addition, disbursements in the non-program function exceeded the amount budgeted prior to amendment. Also, during the year ended June 30, 2022 disbursements in three departments exceeded the amount appropriated.

Recommendation – The budget should have been amended as required by Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget. Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increase or decrease should be made before disbursements are allowed to exceed the appropriations.

Response – The County will amend future budgets before the function is exceeded.

Conclusion – Response accepted.

2022-B Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion dated April 25, 1979 were noted.

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, 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 periodically reviewed to ensure coverage is adequate for current operations.

2022-G Board Minutes – No transactions were found that 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 investment 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).

Henry County

Schedule of Findings

Year ended June 30, 2022

2022-J County Sheriff – The County Sheriff maintains a bank account for activity related to reserve officers. This account’s activity was not reflected in the County’s accounting system and has not been included in the County’s annual budget or financial report.

Recommendation – Chapter 80D.11 of the Code of Iowa defines reserve peace officers as employees of the governing body. The activity should be included in the County’s annual budget and financial statements and disbursements should be charged to the appropriate expenditure account in accordance with the Uniform Chart of Accounts for County Governments in Iowa.

Response – The Sheriff will continue to handle it in the same manner and will not report it for budgeting and financial purposes, as this money is all self-funded and not taxpayer funded.

Conclusion – Response acknowledged. The County Sheriff should work with the County Auditor to ensure compliance with Chapter 80D.11 of the Code of Iowa.

2022-K Donations – During the fiscal year, the County donated \$7,500 to Iowa Wesleyan University and \$7,500 to Main Street Mount Pleasant.

The Constitution of the State of Iowa prohibits governmental bodies from making a gift to a private non-profit corporation. Article III Section 31 of the Iowa Constitution states, “...no public money or property shall be appropriated for local or private purposes, unless such appropriation, compensation, or claim, be allowed by two thirds of the members elected to each branch of the General Assembly.”

Recommendation – We are not aware of any statutory authority for the County to donate public funds to a private non-profit organization. The County should seek reimbursement of current and past donations and should cease providing donations in the future, in compliance with the Iowa Constitution.

Response – The Board of Supervisors will discuss these transactions with the County Attorney as the Board of Supervisors feel it is of value to the economic development of the County.

Conclusion – Response acknowledged. The County should seek reimbursement of current and prior donations to this organization and should cease providing future donations in compliance with the Iowa Constitution. The County should follow and comply with Chapter 15A of the Code of Iowa if these payments are considered economic development.

2022-L Separately Maintained Records – The Conservation Department maintains separate accounting records for its operations. Monthly financial reports are not provided to the County and the activity of this outside bank account held by the Conservation Department is not included in the County’s computer system, the accounting records or the County’s financial reports.

Recommendation – Chapter 331.552 of the Code of Iowa states, in part, the County Treasurer shall “keep a true account of all receipt and disbursements of the county.” For better accountability, financial and budgetary control, the financial activity and balances of all County accounts should be reported in the County’s computer system, accounting records and financial reports.

Henry County

Schedule of Findings

Year ended June 30, 2022

Response – We will discuss this issue with other conservation directors and our County Treasurer to determine the best method for handling this account.

Conclusion – Response accepted.

2022-M Emergency Management Budget – Disbursements during the year ended June 30, 2022 exceeded the amount budgeted.

Recommendation – The budget should have been amended by the Emergency Management Commission in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will monitor the budget more closely in the future and amend if necessary.

Conclusion – Response accepted.

2022-O Outstanding Checks – Chapter 556.11 of the Code of Iowa requires entities to report and remit outstanding obligations, including checks, trusts, and bonds held for more than two years to the Office of Treasurer of State annually. The County Sheriff did not remit all outstanding obligations held for more than two years to the Office of Treasurer of State annually.

Recommendation – Outstanding obligations should be reviewed annually and amounts over two years old should be remitted to the Office of Treasurer of State annually, as required.

Response – We will investigate addressing outstanding checks with the Great Iowa Treasure Hunt.

Conclusion – Response accepted.

Henry County

Staff

This audit was performed by:

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Katherine L. Rupp, CPA, Manager
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William J. Sallen, CPA, Senior Auditor
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