

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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

NEWS RELEASE

FOR RELEASE

June 30, 2023

Contact: Ernest Ruben
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$12,314,147 for the year ended June 30, 2022, a less than 1.0% increase over the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$10,716,449, a 1.9% increase over the prior year.

AUDIT FINDINGS:

Sand reported three findings related to the receipt and expenditure of taxpayer funds. They are found on pages 76 through 80 of this report. The findings addressed issues such as lack of segregation of duties and material adjustments needed to properly record receivables and payables. Sand provided the County with recommendations to address each of the findings.

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

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

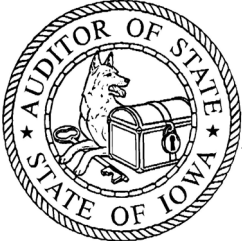
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AUDUBON COUNTY

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

JUNE 30, 2022

Audubon County



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Rob Sand
Auditor of State

June 28, 2023

Officials of Audubon County
Audubon, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Audubon County for the year ended June 30, 2022. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Rob Sand
Auditor of State

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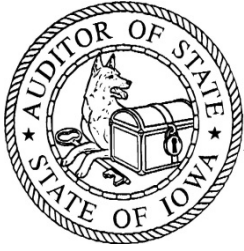
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Audubon County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gary VanAernam	Board of Supervisors	Jan 2023
Doug Sorensen	Board of Supervisors	Jan 2025
Rick Thompson	Board of Supervisors	Jan 2025
Lisa Frederiksen	County Auditor	Jan 2025
Debbie Campbell	County Treasurer	Jan 2023
Miranda Bills	County Recorder	Jan 2023
Todd Johnson	County Sheriff	Jan 2025
Christopher Swensen	County Attorney	Nov 2022
Debra Umland	County Assessor	Jan 2028

Audubon County



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Independent Auditor's Report

To the Officials of Audubon 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 Audubon 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 Audubon 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 Audubon 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 13 to the financial statements, Audubon 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 Audubon 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 GAAS 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 GAAS 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 Audubon 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 Audubon 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 52 through 61 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.

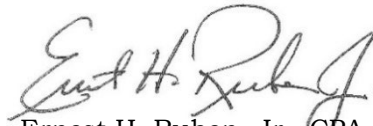
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Audubon 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 28, 2023 on our consideration of Audubon 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 Audubon County's internal control over financial reporting and compliance.



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

June 28, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2022 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, however had no effect on the beginning net position for governmental activities.
- Revenues of the County's governmental activities increased less than 1.0%, or approximately \$107,000, from fiscal year 2021 to fiscal year 2022. Local option sales tax revenues increased approximately \$191,000 while capital grants, contributions and restricted interest decreased approximately \$93,000.
- Program expenses of the County's governmental activities were 1.9%, or approximately \$196,000, more in fiscal year 2022 than in fiscal year 2021. County environment and education expenses increased approximately \$1,243,000 while roads and transportation and public safety and legal services expenses decreased approximately \$913,000 and \$218,000, respectively.
- The County's net position increased 7.4%, or approximately \$1,598,000, 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 Audubon 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 Audubon 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 Audubon County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds 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 and interest on long-term debt. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Audubon County’s combined net position increased from approximately \$21.7 million to approximately \$23.3 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2022	2021
Current and other assets	\$ 21,093	17,542
Capital assets	27,536	24,516
Total assets	48,629	42,058
Deferred outflows of resources	434	658
Long-term liabilities	16,706	14,643
Other liabilities	960	299
Total liabilities	17,666	14,942
Deferred inflows of resources	8,131	6,106
Net position:		
Net investment in capital assets	11,478	17,655
Restricted	10,259	3,649
Unrestricted	1,529	364
Total net position	\$ 23,266	21,668

Net position of Audubon County’s governmental activities increased 7.4% (approximately \$23.3 million compared to approximately \$21.7 million).

The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category decreased approximately \$6,177,000, or 35.0%, from the prior year.

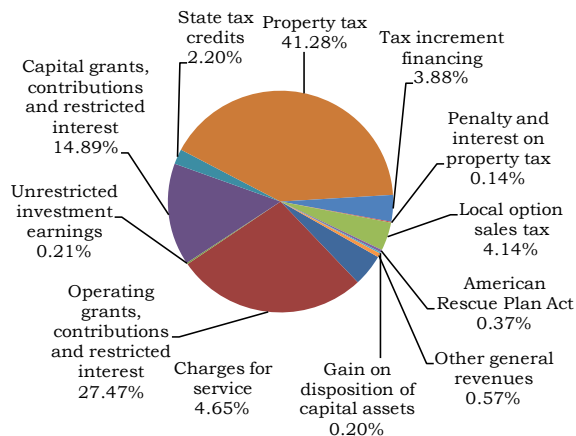
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$6,610,000, or 181.5%, over the prior year. This increase is primarily due to an increase in the balances of the Special Revenue, Rural Services and Secondary Roads Funds and Capital Projects Fund offset by a decrease in the Special Revenue, Mental Health Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$1,165,000, or 320%, over the prior year. The increase is mainly due to a decrease in the net pension liability (asset).

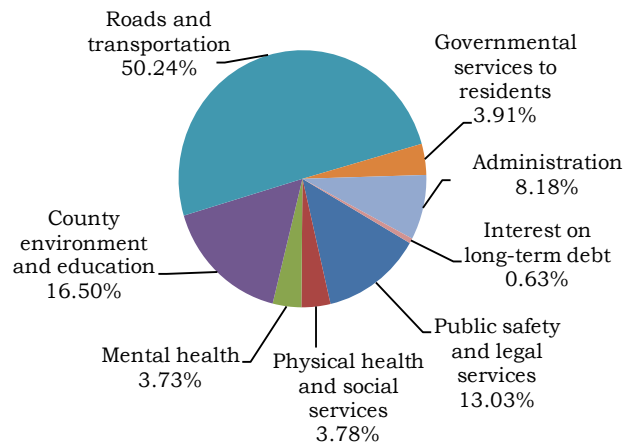
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2022	2021
Revenues:		
Program revenues:		
Charges for service	\$ 572	529
Operating grants, contributions and restricted interest	3,383	3,460
Capital grants, contributions and restricted interest	1,833	1,926
General revenues:		
Property tax	5,083	5,165
Tax increment financing	478	402
Penalty and interest on property tax	17	32
State tax credits	271	278
Local option sales tax	510	319
American Rescue Plan Act	46	-
Unrestricted investment earnings	26	36
Gain on disposition of capital assets	25	18
Other general revenues	70	42
Total revenues	12,314	12,207
Program expenses:		
Public safety and legal services	1,396	1,614
Physical health and social services	405	416
Mental health	400	149
County environment and education	1,768	525
Roads and transportation	5,383	6,296
Governmental services to residents	419	443
Administration	877	907
Interest on long-term debt	68	170
Total expenses	10,716	10,520
Change in net position	1,598	1,687
Net position beginning of year	21,668	19,981
Net position end of year	\$ 23,266	21,668

Revenues by Source



Expenses by Function



The County decreased property tax rates for fiscal year 2022 by 2.8%. The overall rate decrease, coupled with an increase in taxable valuation of approximately \$1,099,000, decreased the County's property tax revenue approximately \$82,000 in fiscal year 2022.

The cost of all governmental activities this year was approximately \$10.7 million compared to approximately \$10.5 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$4.9 million because some of the cost was paid by those directly benefited from the programs (approximately \$572,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5,216,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2022 from approximately \$5,915,000 to approximately \$5,788,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Audubon County completed the year, its governmental funds reported a combined fund balance of approximately \$12.7 million, an increase of approximately \$2.2 million over last year's total of approximately \$10.5 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$1,145,000 over the prior year due to the sale of Valley Business Park, a nonprofit corporation organized to promote economic development between and among Audubon and Cass Counties. When Valley Business Park was sold, the proceeds were split equally between Audubon and Cass Counties. Expenditures increased approximately \$1,451,000 over the prior year due to the contribution of Valley Business Park sale proceeds to Audubon County Economic Development. The ending balance increased approximately \$482,000 over the prior year to approximately \$3,325,000.
- Special Revenue, Mental Health Fund revenues decreased approximately \$147,000, due to the County not levying property taxes in fiscal year 2022. Expenditures totaled approximately \$401,000, an increase of 164.2% over the prior year, primarily due to the elimination of this fund at June 30, 2022. The County was required by Senate File 619 to transfer the remaining fund balance to the Heart of Iowa Mental Health Region prior to June 30, 2022.
- Special Revenue, Rural Services Fund revenues increased approximately \$52,000 due to increased property tax revenues. Expenditures decreased less than 1 percent from fiscal year 2021 to fiscal year 2022. The ending balance increased approximately \$266,000 over the prior year to approximately \$1,035,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$643,000 over the prior year. Local option sales tax revenues increased approximately \$190,000 and intergovernmental revenues increased approximately \$394,000 due to increased road reimbursements in fiscal year 2022. Expenditures increased approximately \$2,547,000 over the prior year primarily due to increased capital projects during fiscal year 2022. The Special Revenue, Secondary Roads Fund ending balance increased approximately \$600,000 to approximately \$2,271,000.
- The Capital Projects Fund expenditures increased approximately \$984,000 due to the construction of conservation cabins during fiscal year 2022. The ending balance increased approximately \$1,201,000 over the prior year to approximately \$5,924,000 due to the issuance of \$5 million of general obligation bonds offset by the transfers of debt proceeds to other funds for project expenditures.

BUDGETARY HIGHLIGHTS

Over the course of the year, Audubon County amended its budget two times. The first amendment was made in March 2022 and resulted in an increase of \$2,369,955 in budgeted receipts and a decrease of \$1,741,053 in budgeted disbursements. The largest increase in revenues was due to increases in local option sales tax received and ARPA funds received. The largest decrease in budgeted expenditures was in the capital projects function for tax increment financing projects that were no longer planned for the current fiscal year. The second amendment was made in May 2022 and resulted in an overall increase in budgeted disbursements of \$1,445,093. The largest increase in disbursements was related to the contribution to the Audubon County Economic Development for the sale of Valley Business Park.

The County’s receipts were \$537,619 more than budgeted, a variance of 4.4%. The most significant variance resulted from the County receiving more local option sales tax receipts in fiscal year 2022 than anticipated.

Total disbursements were \$3,115,158 less than the amended budget. Actual disbursements for the capital projects function were \$2,053,117 less than budgeted. This was primarily due to projects not being completed by June 30, 2022.

Even with the budget amendments, the County exceeded the budget amount in the mental health function for the year ended June 30, 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, Audubon County had approximately \$27.5 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities and roads and bridges. This is a net increase (including additions and deletions) of approximately \$3,021,000, or 12.3%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2022	2021
Land	\$ 931	931
Construction in progress	2,763	248
Buildings and improvements	749	750
Equipment and vehicles	2,127	2,448
Intangibles	41	-
Infrastructure, road network and other	20,926	20,139
Total	<u>\$ 27,537</u>	<u>24,516</u>
This year's major additions included (in thousands):		
Construction on conservation cabins	\$	994
Courthouse HVAC project		43
Courthouse wiring project		28
County bridge project		1,080
County Sheriff and Secondary Roads vehicles		131
Conservation playground complex		101
Infrastructure assets		<u>2,006</u>
	<u>\$</u>	<u>4,383</u>

The County had depreciation/amortization expense of \$1,838,704 for fiscal year 2022 and total accumulated depreciation/amortization of \$20,135,889 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, Audubon County had approximately \$16,059,000 of general obligation bonds and other debt outstanding, compared to approximately \$11,584,000 at June 30, 2021, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2022	2021
General obligation bonds	\$ 15,385	10,700
Equipment purchase agreement	674	884
Total	\$ 16,059	11,584

Debt increased as a result of issuing general obligation urban renewal bonds to finance projects in the Audubon County consolidated urban renewal area involving the construction, reconstruction and improvement of county roads and bridges.

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. Audubon County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$38.8 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Audubon County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2023 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.2% versus 3.7% a year ago. This compares with the State's unemployment rate of 2.7% 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 \$21.6 million, a decrease of 20.5% from the final fiscal year 2022 budget. This decrease is primarily due to issuing \$5 million of debt in fiscal year 2022. Budgeted disbursements are \$15,883,064, a decrease of \$2,260,217, or 12.5%, from the final fiscal year 2022 budget. The majority of the disbursements are for roads and transportation and capital projects as road improvements in the urban renewal area continue during fiscal year 2023.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$4,664,000 by the close of fiscal year 2023.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Audubon 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 Audubon County Auditor's Office, 318 Leroy Street, #4, Audubon, Iowa 50025.

Basic Financial Statements

Audubon County
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 13,562,457
Receivables:	
Property tax:	
Delinquent	1,369
Succeeding year	5,383,000
Succeeding year tax increment financing	591,000
Interest and penalty on property tax	5,199
Accounts	55,679
Opioid settlement	93,119
Due from other governments	384,440
Lease receivable	9,521
Inventories	420,670
Prepaid expenses	30,714
Capital assets, net of accumulated depreciation	27,536,390
Net pension asset	555,229
	48,628,787
Total assets	
Deferred Outflows of Resources	
Pension related deferred outflows	434,445
	434,445
Liabilities	
Accounts payable	296,408
Accrued interest payable	13,947
Salaries and benefits payable	65,507
Due to other governments	96,237
Unearned revenues	488,043
Long-term liabilities:	
Portion due or payable within one year:	
Equipment purchase agreement	217,480
Bonds payable	325,000
Compensated absences	128,802
Portion due or payable after one year:	
Equipment purchase agreement	456,186
Bonds payable	15,060,000
Compensated absences	131,562
Total OPEB liability	386,605
	17,665,777
Total liabilities	
Deferred Inflows of Resources	
Lease related	9,521
Unavailable property tax revenue	5,383,000
Unavailable tax increment financing	591,000
Pension related deferred inflows	2,148,096
	8,131,617
Total deferred inflows of resources	
Net Position	
Net investment in capital assets	11,477,724
Restricted for:	
Supplemental levy purposes	980,779
Capital projects	5,923,966
Rural services purposes	1,004,667
Secondary roads purposes	2,142,402
Conservation purposes	900
Opioid abatement	93,119
Other purposes	112,882
Unrestricted	1,529,399
	\$ 23,265,838

See notes to financial statements.

Audubon 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	\$ 1,396,195	138,849	8,984	-	(1,248,362)
Physical health and social services	405,234	21,644	195,181	-	(188,409)
Mental health	400,265	-	4,272	-	(395,993)
County environment and education	1,768,246	138,396	8,398	1,278,727	(342,725)
Roads and transportation	5,382,886	102,403	3,165,157	554,300	(1,561,026)
Governmental services to residents	418,896	151,726	-	-	(267,170)
Administration	877,073	19,321	1,000	350	(856,402)
Interest on long-term debt	67,654	-	-	-	(67,654)
Total	\$ 10,716,449	572,339	3,382,992	1,833,377	(4,927,741)
General Revenues:					
Property and other county tax levied for general purposes					5,083,441
Tax increment financing					477,498
Penalty and interest on property tax					17,378
State tax credits					270,784
Local option sales tax					509,702
American Rescue Plan Act					45,724
Unrestricted investment earnings					25,657
Gain on disposition of capital assets					25,053
Miscellaneous					70,202
Total general revenues					6,525,439
Change in net position					1,597,698
Net position beginning of year					21,668,140
Net position end of year					\$ 23,265,838

See notes to financial statements.

Audubon County
Balance Sheet
Governmental Funds

June 30, 2022

	Special Revenue		
	General	Rural Services	Secondary Roads
Assets			
Cash, cash equivalents and pooled investments	\$ 3,937,629	1,068,090	1,679,611
Receivables:			
Property tax:			
Delinquent	1,355	14	-
Succeeding year	2,788,000	2,595,000	-
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	5,199	-	-
Accounts	41	-	55,638
Opioid settlement	-	-	-
Due from other governments	31,299	-	353,141
Lease receivable	9,521	-	-
Inventories	-	-	420,670
Prepaid expenditures	20,239	-	10,475
Total assets	\$ 6,793,283	3,663,104	2,519,535
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 60,496	23,106	212,806
Salaries and benefits payable	21,687	10,130	33,690
Due to other governments	94,337	28	1,872
Unearned revenues	488,043	-	-
Total liabilities	664,563	33,264	248,368
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	2,788,000	2,595,000	-
Succeeding year tax increment financing	-	-	-
Other	6,554	14	-
Lease related	9,521	-	-
Total deferred inflows of resources	2,804,075	2,595,014	-
Fund balances:			
Nonspendable:			
Inventories	-	-	420,670
Prepaid expenditures	20,239	-	10,475
Restricted for:			
Supplemental levy purposes	997,901	114,174	-
Rural services purposes	-	920,652	-
Secondary road purposes	-	-	1,840,022
Conservation land acquisition	900	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Assigned for:			
Sheriff	69,433	-	-
Fairboard	25,000	-	-
Park improvements	145,510	-	-
Economic development	405,683	-	-
Jail commissary	4,287	-	-
EMA	18,750	-	-
Unassigned	1,636,942	-	-
Total fund balances	3,324,645	1,034,826	2,271,167
Total liabilities, deferred inflows of resources and fund balances	\$ 6,793,283	3,663,104	2,519,535

See notes to financial statements.

Capital Projects	Nonmajor	Total
5,923,966	124,331	12,733,627
-	-	1,369
-	-	5,383,000
-	591,000	591,000
-	-	5,199
-	-	55,679
-	93,119	93,119
-	-	384,440
-	-	9,521
-	-	420,670
-	-	30,714
<u>5,923,966</u>	<u>808,450</u>	<u>19,708,338</u>
-	-	296,408
-	-	65,507
-	-	96,237
-	-	488,043
-	-	946,195
-	-	5,383,000
-	591,000	591,000
-	93,119	99,687
-	-	9,521
-	684,119	6,083,208
-	-	420,670
-	-	30,714
-	-	1,112,075
-	-	920,652
-	-	1,840,022
-	-	900
-	11,449	11,449
5,923,966	-	5,923,966
-	112,882	112,882
-	-	69,433
-	-	25,000
-	-	145,510
-	-	405,683
-	-	4,287
-	-	18,750
-	-	1,636,942
<u>5,923,966</u>	<u>124,331</u>	<u>12,678,935</u>
<u>5,923,966</u>	<u>808,450</u>	<u>19,708,338</u>

Audubon County

Audubon County

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

June 30, 2022

Total governmental fund balances (page 19) \$ 12,678,935

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 \$47,672,279 and the accumulated depreciation/amortization is \$20,135,889. 27,536,390

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

Deferred inflows of resources	\$ 99,687	
Net pension asset	<u>555,229</u>	654,916

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 828,830

Pension 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	434,445	
Deferred inflows of resources	<u>(2,148,096)</u>	(1,713,651)

Long-term liabilities, including equipment purchase agreements payable, bonds payable, total OPEB liability, compensated absences payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (16,719,582)

Net position of governmental activities (page 16) \$ 23,265,838

See notes to financial statements.

Audubon County

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

Year ended June 30, 2022

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 2,752,497	-	2,332,059	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	-	509,702
Interest and penalty on property tax	24,428	-	-	-
Intergovernmental	415,111	4,272	97,713	3,739,095
Licenses and permits	17,317	-	-	38,245
Charges for service	347,579	-	-	-
Use of money and property	35,713	-	-	-
Miscellaneous	1,311,439	-	1,305	56,956
Total revenues	<u>4,904,084</u>	<u>4,272</u>	<u>2,431,077</u>	<u>4,343,998</u>
Expenditures:				
Operating:				
Public safety and legal services	1,140,231	-	504,024	-
Physical health and social services	418,484	-	-	-
Mental health	-	400,733	-	-
County environment and education	1,588,499	-	161,645	-
Roads and transportation	-	-	470,942	3,936,151
Governmental services to residents	481,317	-	1,155	-
Administration	979,460	-	19,602	-
Debt service	-	-	-	-
Capital projects	113,730	-	6,613	3,326,733
Total expenditures	<u>4,721,721</u>	<u>400,733</u>	<u>1,163,981</u>	<u>7,262,884</u>
Excess (deficiency) of revenues over (under) expenditures	<u>182,363</u>	<u>(396,461)</u>	<u>1,267,096</u>	<u>(2,918,886)</u>
Other financing sources (uses):				
General obligation bonds issued	-	-	-	-
Premium on general obligation bond	-	-	-	-
Transfers in	300,000	-	-	3,516,762
Transfers out	-	-	(1,010,000)	-
Sale of capital assets	-	-	9,200	275
Total other financing sources (uses)	<u>300,000</u>	<u>-</u>	<u>(1,000,800)</u>	<u>3,517,037</u>
Change in fund balances	482,363	(396,461)	266,296	598,151
Fund balances beginning of year	<u>2,842,282</u>	<u>396,461</u>	<u>768,530</u>	<u>1,673,016</u>
Fund balances end of year	<u>\$ 3,324,645</u>	<u>-</u>	<u>1,034,826</u>	<u>2,271,167</u>

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	-	5,084,556
-	477,498	477,498
-	-	509,702
-	-	24,428
-	23,457	4,279,648
-	-	55,562
-	1,863	349,442
12,011	30	47,754
-	-	1,369,700
<u>12,011</u>	<u>502,848</u>	<u>12,198,290</u>
-	-	1,644,255
-	-	418,484
-	-	400,733
-	-	1,750,144
-	-	4,407,093
-	-	482,472
-	-	999,062
-	612,434	612,434
<u>1,112,630</u>	<u>-</u>	<u>4,559,706</u>
<u>1,112,630</u>	<u>612,434</u>	<u>15,274,383</u>
<u>(1,100,619)</u>	<u>(109,586)</u>	<u>(3,076,093)</u>
4,949,626	50,374	5,000,000
233,936	-	233,936
-	75,575	3,892,337
(2,882,337)	-	(3,892,337)
-	-	9,475
<u>2,301,225</u>	<u>125,949</u>	<u>5,243,411</u>
1,200,606	16,363	2,167,318
<u>4,723,360</u>	<u>107,968</u>	<u>10,511,617</u>
<u>5,923,966</u>	<u>124,331</u>	<u>12,678,935</u>

Audubon 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) \$ 2,167,318

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

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

Expenditures for capital assets	\$ 4,837,776	
Capital assets contributed by the Iowa Department of Transportation	5,850	
Depreciation/amortization expense	<u>(1,838,704)</u>	3,004,922

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. 15,578

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 and other county tax	(1,114)	
Other	<u>86,068</u>	84,954

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 issuances exceeded repayments, as follows:

Issued	(5,000,000)	
Repaid	<u>525,431</u>	(4,474,569)

The current year County share of IPERS contributions are reported as expenditures in the governmental funds but are reported as a deferred outflow of resources in the Statement of Net Position. 281,699

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	36,152	
OPEB expense	155,570	
Pension expense	219,549	
Interest on long-term debt	<u>(4,156)</u>	407,115

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 110,681

Change in net position of governmental activities (page 17) \$ 1,597,698

See notes to financial statements.

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

	<u>Internal Service - Health Reserve Account</u>
Assets	
Cash and cash equivalents	<u>\$ 828,830</u>
Net Position	
Restricted for employee health	<u>\$ 828,830</u>

See notes to financial statements.

Audubon County

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

Year ended June 30, 2022

	<u>Internal Service - Health Reserve Account</u>
Operating revenues:	
Reimbursements from operating funds	\$ 236,063
Miscellaneous	<u>2,684</u>
Total operating revenues	238,747
Operating expenses:	
Medical claims	123,780
Administrative and other fees	<u>4,286</u>
Total operating expenses	<u>128,066</u>
Operating/net income	110,681
Net position beginning of year	<u>718,149</u>
Net position end of year	<u>\$ 828,830</u>

See notes to financial statements.

Audubon County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2022

	<u>Internal Service - Health Reserve Account</u>
Cash flows from operating activities:	
Cash received from operating fund contributions	\$ 236,063
Cash received from employees and others	2,684
Cash paid to suppliers for services	<u>(128,066)</u>
Net cash provided by operating activities	110,681
Cash and cash equivalents beginning of year	<u>718,149</u>
Cash and cash equivalents end of year	<u>\$ 828,830</u>

See notes to financial statements.

Audubon County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2022

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,162,523
Other County officials	13,276
Receivables:	
Property tax:	
Delinquent	8,704
Succeeding year	9,860,000
Accounts	2,679
Special assessments	8,000
Due from other governments	39,002
Prepaid expenses	<u>3,413</u>
Total assets	<u>11,097,597</u>
Liabilities	
Accounts payable	9,386
Salaries and benefits payable	621
Due to other governments	352,592
Trusts payable	50,388
Compensated absences	<u>18,485</u>
Total liabilities	<u>431,472</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	<u>9,860,000</u>
Net position	
Restricted for individuals, organizations and other governments	<u>\$ 806,125</u>

See notes to financial statements.

Audubon County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2022

Additions:	
Property and other county tax	\$ 9,691,389
911 surcharge	10,203
State tax credits	705,716
Office fees and collections	310,534
Auto licenses, use tax and postage	2,991,775
Assessments	15,098
Trusts	79,992
Miscellaneous	<u>228,694</u>
Total additions	<u>14,033,401</u>
Deductions:	
Agency remittances:	
To other funds	192,912
To other governments	13,972,150
Trusts paid out	<u>120,669</u>
Total deductions	<u>14,285,731</u>
Change in net position	(252,330)
Net position beginning of year	<u>1,058,455</u>
Net position end of year	<u>\$ 806,125</u>

See notes to financial statements.

Audubon County

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These special assessments are payable by individuals in no more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

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

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

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

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings	20 - 50
Building improvements	20 - 25
Infrastructure	30 - 65
Intangibles	5 - 20
Right-to-use leased assets	2 - 20
Equipment	3 - 20
Vehicles	3 - 5

Leases – County as Lessor: Audubon County is a lessor for a noncancellable lease of farmland. 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 judgements include how Audubon County determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Audubon 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. Unearned revenue consists of unspent American Rescue Plan Act proceeds.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2022. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the Audubon 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 the 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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are 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 and deferred amounts related to leases.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Health Reserve Account is designated for anticipated future catastrophic losses to the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, disbursements exceeded the amount budgeted in the mental health function and disbursements in one department exceeded the amounts appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$91,124. 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:

Transfer to	Transfer from	Amount
General	Capital Projects	\$ 300,000
Special Revenue: Secondary Roads	Special Revenue: Rural Services Basic Capital Projects	1,010,000 <u>2,506,762</u> 3,516,762
Debt Service	Capital Projects	<u>75,575</u>
Total		<u>\$ 3,892,337</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:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 930,886	-	-	930,886
Construction in progress	248,394	4,520,509	2,005,605	2,763,298
Total capital assets not being depreciated/amortized	1,179,280	4,520,509	2,005,605	3,694,184
Capital assets being depreciated/amortized:				
Buildings	1,565,081	-	-	1,565,081
Building improvements	205,035	36,865	-	241,900
Equipment and vehicles	7,549,242	260,235	67,401	7,742,076
Intangibles	-	43,950	-	43,950
Infrastructure, roads	31,064,494	2,005,605	-	33,070,099
Infrastructure, other	1,314,989	-	-	1,314,989
Total capital assets being depreciated/amortized	41,698,841	2,346,655	67,401	43,978,095
Less accumulated depreciation/amortization for:				
Buildings	814,906	36,424	-	851,330
Building improvements	205,035	1,843	-	206,878
Equipment and vehicles	5,101,152	579,233	65,046	5,615,339
Intangibles	-	2,930	-	2,930
Infrastructure, roads	11,296,040	1,153,775	-	12,449,815
Infrastructure, other	945,098	64,499	-	1,009,597
Total accumulated depreciation/amortization	18,362,231	1,838,704	65,046	20,135,889
Total capital assets being depreciated/amortized, net	23,336,610	507,951	2,355	23,842,206
Governmental activities capital assets, net	\$ 24,515,890	5,028,460	2,007,960	27,536,390

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 59,304
County environment and education		85,638
Roads and transportation		1,664,013
Governmental services to residents		1,692
Administration		<u>28,057</u>
Total depreciation/amortization expense - governmental activities		<u>\$ 1,838,704</u>

(5) County Farm Lease Receivable

The County owns farmland. Effective March 1, 2020, the County entered into a three-year lease with a local farmer whereby the farmer operates 57.5 acres of the farmland. The County is to receive \$9,700 in land rent semi-annually with an implicit rate of 3.75%.

Year Ending June 30,	Farm Land			
	Interest Rate	Principal	Interest	Total
2023	3.75%	\$ 9,521	179	<u>9,700</u>

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 94,337
Special Revenue:		
Rural Services	Services	28
Secondary Roads	Services	<u>1,872</u>
Total for governmental funds		<u>\$ 96,237</u>
Custodial:		
County Offices	Collections	\$ 12,370
Agriculture Extension Education		1,211
County Hospital		9,853
Schools		46,528
Community Colleges		2,897
Corporations		24,003
Townships		1,670
Auto License and Use Tax		251,533
All other		<u>2,527</u>
Total for custodial funds		<u>\$ 352,592</u>

(7) Long-Term Liabilities

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

	General Obligation Urban Renewal Bonds	Equipment Purchase Agreement	Compensated Absences	Net Pension Liability (Asset)	Total OPEB Liability	Total
Balance beginning of year	\$ 10,700,000	884,097	296,516	2,220,638	542,175	14,643,426
Increases	5,000,000	-	100,834	-	-	5,100,834
Decreases	315,000	210,431	136,986	2,775,867	155,570	3,593,854
Balance end of year	\$ 15,385,000	673,666	260,364	(555,229)	386,605	16,150,406
Due within one year	\$ 325,000	217,480	128,802	-	-	671,282

General Obligation Bonds

On February 20, 2018, the County issued \$6,265,000 of general obligation urban renewal bonds with interest rates ranging from 3.00 to 3.125% per annum. The bonds were issued to pay costs of carrying out projects in the Audubon County consolidated urban renewal area consisting of construction, reconstruction and improvement of county roads and making an economic development grant to Audubon County Economic Development. During the year ended June 30, 2022, the County paid principal of \$315,000 and interest of \$171,488 on the bonds.

On October 15, 2020, the County issued \$5,000,000 of general obligation urban renewal bonds with interest rates ranging from 1.00 to 2.00% per annum. The bonds were issued to finance projects in the Audubon County consolidated urban renewal area involving the construction, reconstruction and improvement of county roads and bridges. During the year ended June 30, 2022, the County made no principal payments and paid interest of \$74,975 on the bonds.

On December 22, 2021, the County issued \$5,000,000 of general obligation urban renewal bonds with interest rates ranging from 1.30 to 4.00% per annum. The bonds were issued to finance projects in the Audubon County consolidated urban renewal area involving the construction, reconstruction and improvement of county roads and bridges and making economic development grants for projects in the urban renewal area. During the year ended June 30, 2022, the County made no principal payments and paid interest of \$50,374 on the bonds.

Details of the general obligation bonds outstanding at June 30, 2022 are as follows:

Year Ending June 30,	General Obligation Urban Renewal Bonds, Series 2018A Issued Feb 20, 2018				General Obligation Urban Renewal Bonds, Series 2020A Issued Oct 15, 2020			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2023	3.00%	\$ 325,000	162,037	487,037	1.55-2.00%	\$ -	74,975	74,975
2024	3.00	335,000	152,288	487,288	1.55-2.00	-	74,975	74,975
2025	3.00	345,000	142,237	487,237	2.00	150,000	74,975	224,975
2026	3.00	355,000	131,888	486,888	0.55	150,000	71,975	221,975
2027	3.00	365,000	121,237	486,237	2.00	255,000	71,150	326,150
2028-2032	3.00	2,005,000	434,438	2,439,438	1.00-2.00	1,590,000	285,120	1,875,120
2033-2037	3.00-3.125	1,655,000	122,700	1,777,700	1.40-1.60	1,730,000	176,250	1,906,250
2038-2041		-	-	-	1.65-1.75	1,125,000	38,985	1,163,985
		<u>\$ 5,385,000</u>	<u>1,266,825</u>	<u>6,651,825</u>		<u>\$ 5,000,000</u>	<u>868,405</u>	<u>5,868,405</u>

Year Ending June 30,	General Obligation Urban Renewal Bonds, Series 2021A Issued Dec 22, 2021				Total		
	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2023		\$ -	114,055	114,055	\$ 325,000	351,067	676,067
2024		-	114,055	114,055	335,000	341,318	676,318
2025	4.00%	100,000	114,055	214,055	595,000	331,267	926,267
2026	4.00	150,000	110,055	260,055	655,000	313,918	968,918
2027	4.00	200,000	104,055	304,055	820,000	296,442	1,116,442
2028-2032	1.30-4.00	1,305,000	395,830	1,700,830	4,900,000	1,115,388	6,015,388
2033-2037	1.45-2.00	1,480,000	265,560	1,745,560	4,865,000	564,510	5,429,510
2038-2041	2.00	1,765,000	101,500	1,866,500	2,890,000	140,485	3,030,485
		<u>\$ 5,000,000</u>	<u>1,319,165</u>	<u>6,319,165</u>	<u>\$ 15,385,000</u>	<u>3,454,395</u>	<u>18,839,395</u>

Equipment Purchase Agreement – Direct Borrowing

On April 23, 2020, the County entered into an equipment purchase agreement for 4 motor graders with interest at 3.35% per annum. The agreement is payable over 5 years with annual installments of \$240,562, with a final payment due April 23, 2025. During the year ended June 30, 2022, principal and interest paid were \$210,431 and \$30,131, respectively.

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

Year Ending June 30,	Motor Graders			
	Interest Rates	Principal	Interest	Total
2023	3.35%	\$ 217,480	23,082	240,562
2024	3.35	224,766	15,796	240,562
2025	3.35	231,420	8,751	240,171
		<u>\$ 673,666</u>	<u>47,629</u>	<u>721,295</u>

(8) Pension Plan

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

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

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

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

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

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

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

If a member retires before normal retirement age, the member’s monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member’s earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member received 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 contributions 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 \$281,699.

Net Pension Asset, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County had an asset of \$555,229 for its proportionate share of the collective net pension asset. The overall plan net pension asset was measured as of June 20, 2021. The total plan 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 0.160830%, which was an increase of 0.129218% over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of (\$219,549). 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	\$ 73,631	35,041
Changes of assumptions	33,723	20,101
Net difference between projected and actual earnings on IPERS' investments	-	2,033,304
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	45,392	59,650
County contributions subsequent to the measurement date	281,699	-
Total	\$ 434,445	2,148,096

\$281,699 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (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	\$ (493,848)
2024	(489,536)
2025	(457,623)
2026	(556,014)
2027	1,671
Total	\$ (1,995,350)

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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	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	<u>100.0%</u>	

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)	\$ 1,319,677	(555,229)	(2,125,983)

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.

(9) Other Postemployment Benefits (OPEB)

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

OPEB Benefits – Individuals who are employed by Audubon 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	-
Active employees	<u>60</u>
Total	<u>60</u>

Total OPEB Liability – The County's total OPEB liability of \$386,605 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2022)	2.60% per annum.
Rates of salary increase (effective June 30, 2022)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2022)	4.09% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	7.50% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

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

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 542,175
Changes for the year:	
Service cost	57,629
Interest	13,136
Differences between expected and actual experiences	(192,086)
Changes in assumptions	<u>(34,249)</u>
Net changes	<u>(155,570)</u>
Total OPEB liability end of year	<u>\$ 386,605</u>

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

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.09%) or 1% higher (5.09%) than the current discount rate.

	<u>1% Decrease (3.09%)</u>	<u>Discount Rate (4.09%)</u>	<u>1% Increase (5.09%)</u>
Total OPEB liability	\$ 408,461	386,605	366,281

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

	<u>1% Decrease (6.50%)</u>	<u>Healthcare Cost Trend Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Total OPEB liability	\$ 360,899	386,605	416,321

OPEB Expense – For the year ended June 30, 2022, the County recognized OPEB expense of \$155,570. Under the alternative measurement method, all deferred outflows/inflows of resources related to OPEB are fully recognized immediately.

(10) Voluntary Termination Benefit Program for the County Engineer's and Sheriff's Offices

A voluntary termination benefit program has been established for County employees who are covered by the County Engineer Union contract and the County Sheriff Union contract. The program allows employees who are eligible, upon a bona fide retirement, to use the value of their unused sick leave to pay towards the purchase of health insurance after their retirement.

Upon retirement, employees with at least 15 years of service may convert 25% of their accumulated, unused sick leave at their current regular hourly rate of pay.

The final calculated dollar value will be credited to the employee's Sick Leave Upon Retirement account. Each month, the County will pay 100% of the employee's monthly health insurance premium from the retiree's Sick Leave Upon Retirement account.

The employer will continue to pay the employee's monthly health insurance premium each month until the converted value of the retiree's Sick Leave Upon Retirement balance is exhausted.

All program benefits are financed on a pay-as-you-go basis by the County. A liability of \$84,596 has been included in compensated absences on the Statement of Net Position.

During the year ended June 30, 2022, three employees received benefits totaling \$2,427 under the Sick Leave Upon Retirement program.

(11) 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 expense 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 \$111,713.

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 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. 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.

(12) Employee Health Insurance Plan

The Internal Service, Health Reserve Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Secure Benefits Systems. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$15,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Health Reserve Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Secure Benefits Systems from the Health Reserve Fund. The County's contributions for the year ended June 30, 2022 was \$236,063.

Unpaid claims at June 30, 2022, as determined by an actuary, were not material and were not recorded in the financial statements.

(13) Audubon County Financial Information Included in the Heart of Iowa Community Services Mental Health Region

Heart of Iowa Community Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Dallas, Guthrie and Audubon County. The financial activity of Audubon County's Special Revenue, Mental Health Fund is included in the Heart of Iowa Community Services Mental Health Region for the year ended June 30, 2022, as follows:

Revenues:	
Intergovernmental:	
Payments from regional fiscal agent	\$ 4,272
Total revenues	<u>4,272</u>
Expenditures:	
Services to persons with:	
Intellectual disabilities	3,793
General administration:	
Distribution to regional fiscal agent	<u>396,940</u>
Total expenditures	<u>400,733</u>
Excess of expenditures over revenues	(396,461)
Fund balance beginning of year	<u>396,461</u>
Fund balance end of year	<u>\$ -</u>

(14) 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 \$28,568. The result of these changes had no effect on the beginning net position.

(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, treatment, and recovery services.

(16) Subsequent Event

In April 2023, the County issued \$6,675,000 of general obligation urban renewal county purpose bonds to finance the Littlefield Recreation Area improvement project within the urban renewal area.

(17) Prospective Accounting Change

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

Required Supplementary Information

Audubon County

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

Required Supplementary Information

Year ended June 30, 2022

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
Receipts:				
Property and other county tax	\$ 5,994,150	6,078,981	6,178,981	(184,831)
Interest and penalty on property tax	24,428	-	-	24,428
Intergovernmental	4,824,427	3,250,481	4,295,976	528,451
Licenses and permits	55,967	40,000	46,300	9,667
Charges for service	351,507	265,530	265,530	85,977
Use of money and property	49,328	2,522	9,522	39,806
Miscellaneous	1,344,228	2,720	1,310,107	34,121
Total receipts	12,644,035	9,640,234	12,106,416	537,619
Disbursements:				
Public safety and legal services	1,601,633	1,737,372	1,831,638	230,005
Physical health and social services	373,625	455,430	549,257	175,632
Mental health	401,145	157,624	396,572	(4,573)
County environment and education	1,756,911	633,712	1,785,712	28,801
Roads and transportation	4,442,107	4,564,649	4,669,649	227,542
Governmental services to residents	481,457	577,813	577,813	96,356
Administration	943,527	1,024,666	1,024,666	81,139
Nonprogram	-	100	225,300	225,300
Debt service	612,436	613,275	614,275	1,839
Capital projects	4,415,282	8,674,600	6,468,399	2,053,117
Total disbursements	15,028,123	18,439,241	18,143,281	3,115,158
Excess (deficiency) of receipts over (under) disbursement	(2,384,088)	(8,799,007)	(6,036,865)	3,652,777
Other financing sources, net	5,182,946	4,986,000	5,128,887	54,059
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,798,858	(3,813,007)	(907,978)	3,706,836
Balance beginning of year	9,934,769	8,237,590	9,934,771	(2)
Balance end of year	\$ 12,733,627	4,424,583	9,026,793	3,706,834

See accompanying independent auditor's report.

Audubon County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2022

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 12,644,035	(445,745)	12,198,290
Expenditures	15,028,123	246,260	15,274,383
Net	(2,384,088)	(692,005)	(3,076,093)
Other financing sources, net	5,182,946	60,465	5,243,411
Beginning fund balances	9,934,769	576,848	10,511,617
Ending fund balances	<u>\$ 12,733,627</u>	<u>(54,692)</u>	<u>12,678,935</u>

See accompanying independent auditor's report.

Audubon County

Audubon 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 Internal Service Fund and Custodial Funds and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$295,960. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2022, disbursements exceeded the amount budgeted in the mental health function and disbursements in one department exceeded the amounts appropriated.

Audubon 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)	0.160830% **	0.031612%	0.030619%	0.029908%
County's proportionate share of the net pension liability (asset)	\$ (555)	2,221	1,773	1,893
County's covered payroll	\$ 3,004	2,958	2,895	2,745
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-18.48%	75.08%	61.24%	68.96%
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
0.031062%	0.030089%	0.028348%	0.026995%
2,069	1,894	1,400	1,071
2,650	2,492	2,384	2,295
78.08%	76.00%	58.72%	46.67%
82.21%	81.82%	85.19%	87.61%

Audubon 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	\$ 282	284	280	276
Contributions in relation to the statutorily required contribution	<u>(282)</u>	<u>(284)</u>	<u>(280)</u>	<u>(276)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 3,000	3,004	2,958	2,895
Contributions as a percentage of covered payroll	9.40%	9.45%	9.47%	9.53%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
248	242	227	220	210	197
(248)	(242)	(227)	(220)	(210)	(197)
-	-	-	-	-	-
2,745	2,650	2,492	2,384	2,295	2,207
9.03%	9.13%	9.11%	9.23%	9.15%	8.93%

Audubon 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.

Audubon 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	\$ 57,629	54,871	52,207	45,878	32,042
Interest cost	13,136	14,604	19,239	17,815	13,989
Difference between expected and actual experiences	(192,086)	(24,001)	(58,620)	24,618	9,088
Changes in assumptions	(34,249)	14,686	7,509	10,822	13,387
Benefit payments	-	(24,128)	(20,054)	(15,322)	(10,223)
Net change in total OPEB liability	(155,570)	36,032	281	83,811	58,283
Total OPEB liability beginning of year	542,175	506,143	505,862	422,051	363,768
Total OPEB liability end of year	\$ 386,605	542,175	506,143	505,862	422,051
Covered-employee payroll	\$ 2,629,669	2,932,954	2,753,630	2,653,580	2,606,392
Total OPEB liability as a percentage of covered-employee payroll	14.7%	18.5%	18.4%	19.1%	16.2%

See accompanying independent auditor's report.

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2022	4.09%
Year ended June 30, 2021	2.19%
Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

Audubon County

Supplementary Information

Audubon County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2022

	Resource Enhancement and Protection	County Recorder's Records Management	Forfeiture	Special AAE Task Force
Assets				
Cash, cash equivalents and pooled investments	\$ 19,018	7,848	33,316	4,297
Receivables:				
Property tax:				
Succeeding year tax increment financing	-	-	-	-
Opioid settlement	-	-	-	-
Total assets	\$ 19,018	7,848	33,316	4,297
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
None	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year tax increment financing	-	-	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
Other purposes	19,018	7,848	33,316	4,297
Total fund balances	19,018	7,848	33,316	4,297
Total liabilities, deferred inflows of resources and fund balances	\$ 19,018	7,848	33,316	4,297

See accompanying independent auditor's report.

Revenue				
Equitable Sharing - Sheriff	Equitable Sharing - Attorney	Tax Increment Financing	Local Government Opioid Abatement	Total
40,184	8,219	11,449	-	124,331
-	-	591,000	-	591,000
-	-	-	93,119	93,119
40,184	8,219	602,449	93,119	808,450
-	-	-	-	-
-	-	591,000	-	591,000
-	-	-	93,119	93,119
-	-	591,000	93,119	684,119
-	-	11,449	-	11,449
40,184	8,219	-	-	112,882
40,184	8,219	11,449	-	124,331
40,184	8,219	602,449	93,119	808,450

Audubon County

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

Year ended June 30, 2022

	Resource Enhancement and Protection	County Recorder's Records Management	Forfeiture	Special AAE Task Force
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	8,398	-	-	-
Charges for service	-	1,863	-	-
Use of money and property	8	1	-	-
Total revenues	8,406	1,864	-	-
Expenditures:				
Operating:				
Debt service	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	8,406	1,864	-	-
Other financing uses:				
Transfers in	-	-	-	-
Proceeds from long term debt	-	-	-	-
Total other financing uses	-	-	-	-
Change in fund balances	8,406	1,864	-	-
Fund balances beginning of year	10,612	5,984	33,316	4,297
Fund balances end of year	\$ 19,018	7,848	33,316	4,297

See accompanying independent auditor's report.

Revenue

Equitable Sharing - Sheriff	Equitable Sharing - Attorney	Tax Increment Financing	Debt Service	Total
-	-	477,498	-	477,498
-	-	15,059	-	23,457
-	-	-	-	1,863
21	-	-	-	30
21	-	492,557	-	502,848
-	-	486,485	125,949	612,434
-	-	486,485	125,949	612,434
21	-	6,072	(125,949)	(109,586)
-	-	-	75,575	75,575
-	-	-	50,374	50,374
-	-	-	125,949	125,949
21	-	6,072	-	16,363
40,163	8,219	5,377	-	107,968
40,184	8,219	11,449	-	124,331

Audubon County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	County Hospital
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,211	167,252	9,853
Other County officials	13,276	-	-	-
Receivables:				
Property tax:				
Delinquent	-	73	126	591
Succeeding year	-	139,000	307,000	1,247,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid expenses	-	-	3,413	-
Total assets	13,276	140,284	477,791	1,257,444
Liabilities				
Accounts payable	-	-	755	-
Salaries and benefits payable	-	-	621	-
Due to other governments	12,370	1,211	-	9,853
Trusts payable	906	-	-	-
Compensated absences	-	-	18,485	-
Total liabilities	13,276	1,211	19,861	9,853
Deferred Inflows of Resources				
Unavailable revenues	-	139,000	307,000	1,247,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	73	150,930	591

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
46,528	2,897	24,003	1,670	251,533	657,576	1,162,523
-	-	-	-	-	-	13,276
2,815	160	4,936	2	-	1	8,704
6,017,000	375,000	1,517,000	257,000	-	1,000	9,860,000
-	-	-	-	-	2,679	2,679
-	-	-	-	-	8,000	8,000
-	-	-	-	-	39,002	39,002
-	-	-	-	-	-	3,413
6,066,343	378,057	1,545,939	258,672	251,533	708,258	11,097,597
-	-	-	-	-	8,631	9,386
-	-	-	-	-	-	621
46,528	2,897	24,003	1,670	251,533	2,527	352,592
-	-	-	-	-	49,482	50,388
-	-	-	-	-	-	18,485
46,528	2,897	24,003	1,670	251,533	60,640	431,472
6,017,000	375,000	1,517,000	257,000	-	1,000	9,860,000
2,815	160	4,936	2	-	646,618	806,125

Audubon County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	County Hospital
Additions:				
Property and other county tax	\$ -	147,327	256,914	1,199,795
911 surcharge	-	-	-	-
State tax credits	-	8,460	14,755	68,899
Office fees and collections	277,844	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	79,992	-	-	-
Miscellaneous	-	-	22	-
Total additions	357,836	155,787	271,691	1,268,694
Deductions:				
Agency remittances:				
To other funds	99,337	-	-	-
To other governments	178,507	155,835	262,305	1,269,092
Trusts paid out	79,992	-	-	-
	357,836	155,835	262,305	1,269,092
Changes in net position	-	(48)	9,386	(398)
Net position beginning of year	-	121	141,544	989
Net position end of year	\$ -	73	150,930	591

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
5,726,436	356,839	1,762,043	245,687	-	(3,652)	9,691,389
-	-	-	-	-	10,203	10,203
328,631	20,465	254,465	9,970	-	71	705,716
-	-	-	-	-	32,690	310,534
-	-	-	-	2,991,775	-	2,991,775
-	-	-	-	-	15,098	15,098
-	-	-	-	-	-	79,992
-	-	-	-	-	228,672	228,694
<u>6,055,067</u>	<u>377,304</u>	<u>2,016,508</u>	<u>255,657</u>	<u>2,991,775</u>	<u>283,082</u>	<u>14,033,401</u>
-	-	-	-	93,575	-	192,912
6,056,967	377,395	2,019,182	255,666	2,898,200	499,001	13,972,150
-	-	-	-	-	40,677	120,669
<u>6,056,967</u>	<u>377,395</u>	<u>2,019,182</u>	<u>255,666</u>	<u>2,991,775</u>	<u>539,678</u>	<u>14,285,731</u>
(1,900)	(91)	(2,674)	(9)	-	(256,596)	(252,330)
4,715	251	7,610	11	-	903,214	1,058,455
<u>2,815</u>	<u>160</u>	<u>4,936</u>	<u>2</u>	<u>-</u>	<u>646,618</u>	<u>806,125</u>

Audubon 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	\$ 5,084,556	5,213,777	4,261,938	4,245,176
Tax increment financing	477,498	402,654	385,272	274,941
Local option sales tax	509,702	319,454	380,496	265,405
Interest and penalty on property tax	24,428	32,844	9,906	20,762
Intergovernmental	4,279,648	3,944,452	3,810,050	3,526,381
Licenses and permits	55,562	33,762	18,758	34,168
Charges for service	349,442	333,288	358,945	318,462
Use of money and property	47,754	58,749	84,712	88,925
Miscellaneous	1,369,700	88,485	488,124	190,985
Total	<u>\$ 12,198,290</u>	<u>10,427,465</u>	<u>9,798,201</u>	<u>8,965,205</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,644,255	1,650,551	1,510,520	1,478,344
Physical health and social services	418,484	410,600	617,093	675,267
Mental health	400,733	151,706	178,065	240,102
County environment and education	1,750,144	570,534	588,606	636,162
Roads and transportation	4,407,093	4,900,141	5,985,828	4,699,232
Governmental services to residents	482,472	447,847	406,057	369,895
Administration	999,062	793,176	858,095	761,970
Debt service	612,434	530,436	355,138	511,094
Capital projects	4,559,706	582,215	97,724	1,384,155
Total	<u>\$ 15,274,383</u>	<u>10,037,206</u>	<u>10,597,126</u>	<u>10,756,221</u>

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
3,876,798	3,730,942	3,527,666	3,485,797	3,558,722	3,846,211
201,664	145,762	62,342	29,838	51,049	-
247,841	279,922	271,219	257,299	264,025	268,687
18,977	22,188	2,471	25,509	23,612	20,974
3,414,156	3,670,689	4,153,940	3,392,261	3,095,806	2,996,795
20,728	18,149	18,059	20,981	12,950	17,329
284,569	257,485	275,371	243,060	219,127	243,770
69,625	42,379	39,961	40,578	26,474	29,102
252,301	53,374	161,662	89,954	45,791	129,890
8,386,659	8,220,890	8,512,691	7,585,277	7,297,556	7,552,758
1,315,278	1,211,549	1,224,285	1,247,374	1,118,953	1,055,931
714,437	575,084	585,452	557,236	514,634	488,418
173,116	190,073	121,160	123,209	67,910	155,940
913,290	564,937	803,029	418,009	456,250	451,977
4,277,948	5,302,504	4,859,086	3,695,082	3,352,445	3,550,745
364,252	337,918	314,193	282,009	271,696	314,132
800,890	758,697	669,661	649,867	623,242	650,937
3,518,280	220,295	58,714	66,203	108,757	151,401
1,637,430	965,179	2,268,816	410,345	26,701	399,279
13,714,921	10,126,236	10,904,396	7,449,334	6,540,588	7,218,760



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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

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

To the Officials of Audubon 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 Audubon 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 28, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 and 2022-0002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Audubon 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 the Audubon County's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the 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.

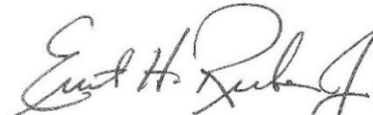
Audubon County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Audubon County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Audubon 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 Audubon 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 28, 2023

Audubon County

Schedule of Findings

Year ended June 30, 2022

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties

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

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

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	County Recorder, County Engineer and County Treasurer
(2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash.	County Recorder, County Engineer and County Treasurer
(3) The person who signs checks is not independent of the person preparing the checks, approving disbursements, recording cash disbursements and handling cash.	County Recorder
(4) Responsibility for the change fund is not assigned to only one person.	County Recorder
(5) Investments – investing, custody and accounting.	County Treasurer

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

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

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Audubon County

Schedule of Findings

Year ended June 30, 2022

Responses –

County Treasurer – The Treasurer opens the mail, and the other employees perform the transactions. With a small staff, it is difficult to not do both. We have different people that balance and do deposits. We have the Recorder reconciling the end of month after the Treasurer, or other staff in the office, reconciles.

County Engineer – We have limited staff. The small quantities don't warrant hiring an additional employee, but we are working on including additional staff members in the process.

County Recorder – With two employees in the office, including the Recorder, it remains unfeasible to maintain total segregation of duties. Staff not only from other County offices, but also from other outside entities, are utilized during daily and monthly financial tasks. Technology was upgraded in 2018 which allows for better security and tracking of transactions and further provides a means for establishing a digital trail for auditing purposes.

Conclusions – Responses acknowledged. Each official should continue to review the control activities of their office to obtain the maximum internal control possible under the circumstances.

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 – Material amounts of receivables and payables were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include and classify 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 accounts receivable and payable are identified and properly reported in the County's financial statements.

Audubon County

Schedule of Findings

Year ended June 30, 2022

Response – The County will work to establish procedures to ensure all receivables and payables are identified and properly reported.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Audubon 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 mental health function. Also, disbursements in one department exceeded the amount appropriated.

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

Response – The estimate in the amendment was not quite high enough to turn over our Mental Health Fund balance to the mental health region by the June 30th deadline. The County will monitor and amend the budget for functions and appropriations to avoid over disbursing in these areas.

Conclusion – Response accepted.

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

2022-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2022-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Description</u>	<u>Amount</u>
Larry Sorensen, Roadside Secondary Roads foreman, brother-in-law owns Options Ink	Sign decals	\$ 317
Chris Hemmingsen, Secondary Road Office Manager, brother owns Ace Hardware	Parts and supplies	11,501
Dustin Riesgaard, Secondary Roads Crew Leader, Uncle owns Riesgaard Farm Supply	Roadside seed	599

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions with Ace Hardware for the Secondary Roads department and other County departments do not appear to represent a conflict of interest since the Secondary Roads Office Manager’s remuneration of employment is not directly affected as a result of the transactions and her duties do not directly involve procurement of the parts and supplies.

Audubon County

Schedule of Findings

Year ended June 30, 2022

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

- 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 reviewed annually to ensure the 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).
- 2022-J Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1.
- 2022-K Tax Increment Financing – Payments from the Special Revenue, Tax Increment Financing (TIF) Fund properly included only payments for TIF loans and rebates. Also, the County properly completed the Tax Increment Debt Forms 1, 2 or 3, as appropriate, to certify TIF obligations (debt), to decertify TIF debt or to request a reduced distribution of TIF.
- 2022-L Economic Development – During the year ended June 30, 2022, the County contributed \$850,000 to the Audubon County Economic Development Corporation (ACED), a non-profit corporation, for economic development. However, the Board did not document how the contribution meets the Chapter 15A of the Code of Iowa definition of economic development.

Recommendation – The Board should require documentation of how the funds were used to accomplish economic development activities in accordance with Chapter 15A of the Code of Iowa.

Response – The Director of ACED will attend Board of Supervisor meetings monthly or as needed to review applications approved by ACED to note how the funds are to be spent for economic development. Disclosure to the public will then be noted in the Board of Supervisor minutes going forward.

Conclusion – Response acknowledged. Before funds are disbursed, the County should document how the disbursement meets the definition of economic development as defined by Chapter 15A of the Code of Iowa.

Audubon County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Jennifer L. Wall, CPA, Manager
Taylor A. Hepp, Staff Auditor
Kelsey R. Sauer, Staff Auditor
Jared A. Marshall, Assistant Auditor
Matthew F. Perry, Assistant Auditor