

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004
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NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

November 6, 2023

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$24,234,132 for the year ended June 30, 2022, a 5.0% increase over the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$19,258,331, a 3.5% increase over the prior year.

AUDIT FINDINGS:

Sand reported thirteen findings related to the receipt and expenditure of taxpayer funds. They are found on pages 86 through 95 of this report. The findings address issues such as a lack of segregation of duties, material amounts of payables not properly recorded in the County's financial statements, advance pay of salaried employees, the lack of an independent review of the monthly bank to book reconciliation by the Conservation Welcome Center and disbursements in certain departments exceeding amounts appropriated prior to amendment. Sand provided the County with recommendations to address each of these findings.

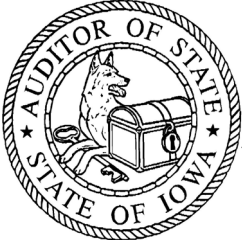
Eleven of the thirteen findings discussed above are repeated from the prior year. The County Board of Supervisors and other County officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and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

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

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

Harrison County



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Rob Sand
Auditor of State

September 19, 2023

Officials of Harrison County
Logan, Iowa

Dear Board Members:

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

Sincerely,

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

Rob Sand
Auditor of State

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Harrison County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tony Smith	Board of Supervisors	Jan 2023
Walter Utman	Board of Supervisors	Jan 2023
John Straight	Board of Supervisors	Jan 2025
Susan E. Bonham	County Auditor	Jan 2025
Shelia Phillips	County Treasurer	Jan 2023
Lorie A. Thompson	County Recorder	Jan 2023
Brandon Doiel	County Sheriff	Jan 2025
Jennifer Mumm	County Attorney	Jan 2023
Brenda Loftus	County Assessor	(Resigned Mar 2022)
Emily Allmon (Appointed Nov 2022)	County Assessor	Jan 2028



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Independent Auditor's Report

To the Officials of Harrison County:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Harrison 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, the business type activities, each major fund and the aggregate remaining fund information of Harrison 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 Harrison 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 17 to the financial statements, Harrison 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 Harrison 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 the Harrison 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 Harrison 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 the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 62 through 71 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.

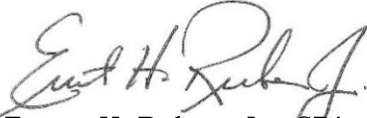
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harrison 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 GAAS. 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 September 19, 2023 on our consideration of Harrison 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 Harrison County’s internal control over financial reporting and compliance.


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

September 19, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Harrison 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 5.0%, or approximately \$1,144,000, from fiscal year 2021 to fiscal year 2022. The County received \$1,364,427 of federal grants for the American Rescue Plan Act (ARPA). Charges for service decreased approximately \$88,000. Operating grants, contributions and restricted interest decreased approximately \$1,127,000. Capital grants, contributions and restricted interest increased approximately \$165,000. Also, property tax increased by approximately \$695,000.
- Program expenses of the County's governmental activities were 3.4%, or approximately \$634,000, more in fiscal year 2022 than in fiscal year 2021. County environment and education function expenses increased approximately \$733,000 and physical health and social services function expenses increased approximately \$51,000.
- The County's governmental activities net position increased 8.8%, or approximately \$5,008,000, 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 Harrison 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 Harrison 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 Harrison County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

- 2) A proprietary fund accounts for the County’s Enterprise Fund. This fund reports services for which the County charges customers for the service it provides. The proprietary fund is reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the proprietary fund and the business type activities included in the government-wide financial statements is the detail and additional information, such as cash flows, provided in the proprietary fund financial statements. The Enterprise, Water and Wastewater Disposal System Fund is considered to be a major fund of the County. The County is responsible for ensuring the assets reported in this fund are used only for their intended purposes.

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 trustee-controlled drainage districts, emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental and Business Type Activities (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total		
	June 30,		June 30,		June 30,		
	2022	2021	2022	2021	2022	2021	
Current and other assets	\$ 28,455	28,678	108	123	28,563	28,801	
Capital assets	55,566	49,865	1,898	1,929	57,464	51,794	
Total assets	84,021	78,543	2,006	2,052	86,027	80,595	
Deferred outflows of resources	1,003	1,360	-	-	1,003	1,360	
Long-term liabilities	7,313	11,812	615	629	7,928	12,441	
Other liabilities	1,513	1,846	-	-	1,513	1,846	
Total liabilities	8,826	13,658	615	629	9,441	14,287	
Deferred inflows of resources	14,015	9,070	-	-	14,015	9,070	
Net position:							
Net investment in capital assets	50,817	46,445	1,282	1,300	52,099	47,745	
Restricted	10,944	10,560	70	84	11,014	10,644	
Unrestricted	422	170	39	39	461	209	
Total net position	\$ 62,183	57,175	1,391	1,423	63,574	58,598	

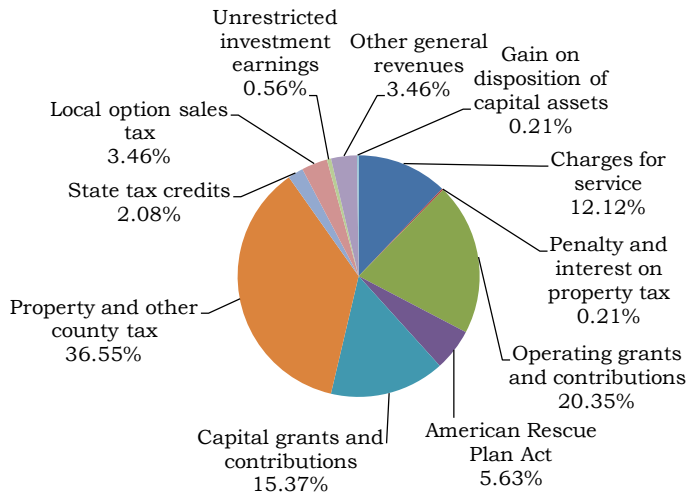
The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position component increased approximately \$4,372,000, or 9.4%, over the prior year. The significant increase is due primarily to the additional infrastructure assets contributed by the Iowa Department of Transportation during fiscal year 2022.

Governmental activities 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 \$384,000, or approximately 4%, over the prior year.

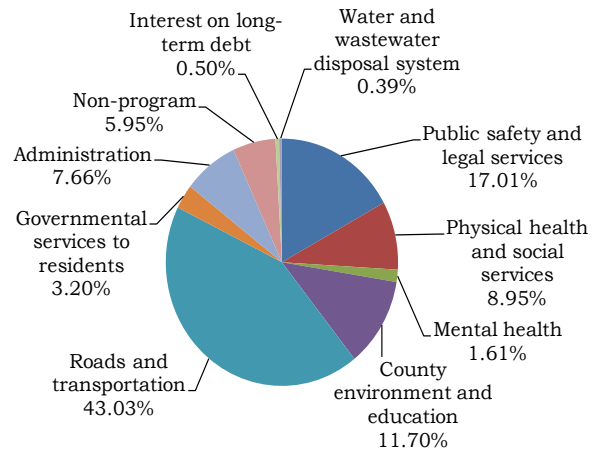
Governmental activities unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increase from approximately \$170,000 at June 30, 2021 to approximately \$422,000 at the end of this year, in part due to a decrease in certain long-term liabilities.

Changes in Net Position of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for service	\$ 2,895	2,983	43	44	2,938	3,027
Operating grants and contributions	4,931	6,058	-	-	4,931	6,058
Capital grants and contributions	3,725	3,560	-	-	3,725	3,560
General revenues:						
Property and other county tax	8,860	8,165	-	-	8,860	8,165
Penalty and interest on property tax	50	76	-	-	50	76
State tax credits	503	475	-	-	503	475
Local option sales tax	839	861	-	-	839	861
American Rescue Plan Act	1,364	-	-	-	1,364	-
Unrestricted investment earnings	135	163	-	-	135	163
Gain on disposition of capital assets	50	41	-	-	50	41
Other general revenues	839	665	-	-	839	665
Total revenues	24,191	23,047	43	44	24,234	23,091
Program expenses:						
Public safety and legal services	3,276	3,299	-	-	3,276	3,299
Physical health and social services	1,724	1,673	-	-	1,724	1,673
Mental health	310	353	-	-	310	353
County environment and education	2,253	1,520	-	-	2,253	1,520
Roads and transportation	8,285	8,309	-	-	8,285	8,309
Governmental services to residents	617	685	-	-	617	685
Administration	1,476	1,578	-	-	1,476	1,578
Non-program	1,145	1,040	-	-	1,145	1,040
Interest on long-term debt	97	92	-	-	97	92
Water and wastewater disposal system	-	-	75	58	75	58
Total expenses	19,183	18,549	75	58	19,258	18,607
Change in net position	5,008	4,498	(32)	(14)	4,976	4,484
Net position beginning of year	57,175	52,677	1,423	1,437	58,598	54,114
Net position end of year	\$ 62,183	57,175	1,391	1,423	63,574	58,598

Revenues by Source



Expenses by Program



Revenues for governmental activities increased approximately \$1,144,000 over the prior year. Operating grants, contributions and restricted interest decreased approximately \$1,127,000, primarily due to a decrease in FEMA projects and grants in the current year. Capital grants, contributions and restricted interest increased approximately \$165,000, primarily due to an increase in bridge replacement reimbursements from Iowa Department of Transportation.

The County's countywide property tax rate increased \$.42088 per \$1,000 of taxable valuation and the rural tax rate remained consistent from the prior year. The countywide assessed property taxable valuation increased \$31,044,330. The rural assessed property taxable valuation increased \$25,892,741. These changes resulted in an overall increase in property tax revenue of approximately \$695,000.

The cost of all governmental activities this year was approximately \$19.2 million, a 3.4% increase over last year. County environment and education function expenses increased approximately \$733,000, primarily due to increased economic development costs in fiscal year 2022. Non-program function expenses increased approximately \$105,000, primarily due to drainage district expenditures. However, as shown in the Statement of Activities on pages 20 and 21, the amount taxpayers ultimately financed for these activities was approximately \$7.6 million because some of the cost was paid by those directly benefitting from the programs (approximately \$2,895,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$8,656,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2022 from approximately \$12,601,000 to approximately \$11,551,000 primarily due to receiving less contributions from Iowa Department of Transportation for farm to market roadway projects.

INDIVIDUAL MAJOR FUND ANALYSIS

As Harrison County completed the year, its governmental funds reported a combined fund balance of approximately \$14.7 million, a decrease of approximately \$3,200,000 from last year's total of approximately \$17.9 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund expenditures increased approximately \$950,000, or 11.5%. Revenue increased approximately \$894,000 from fiscal year 2020 to fiscal year 2021, or 10.3%. The increase in revenue is primarily due to the American Rescue Plan receipts. The ending fund balance decreased approximately \$1,199,000 or 20.0%, from the prior year to approximately \$4,808,000.
- Special Revenue, Mental Health Fund revenues decreased approximately \$63,000 and expenditures totaled approximately \$310,000, compared to approximately \$353,000 in the prior year. Property tax decreased approximately \$59,000 as a result of changes in legislation regarding funding. The County was required by Senate File 619 to transfer the remaining fund balance to Southwest Iowa MHDS Mental Health Region at the end of fiscal year 2022.
- Special Revenue, Rural Services Fund revenues decreased approximately \$4,000 and expenditures and transfers out decreased approximately \$35,000. Property tax increased approximately \$42,000 as a result of an increase in the rural property valuations. The ending fund balance decreased approximately \$142,000, or 11.4%, from the prior year to approximately \$1,098,000.
- Special Revenue, Secondary Roads Fund revenues decreased approximately \$163,000 and expenditures increased approximately \$1,410,000, primarily due to the County completing several road-maintenance projects during fiscal year 2022. The ending fund balance increased approximately \$137,000, or 2%, over the prior year to approximately \$7,068,000.
- Special Revenue, Capital Project Fund revenues decreased approximately \$16,000 and expenditures decreased approximately \$1,141,000, primarily due to the County completing several road-maintenance projects during fiscal year 2021. The ending fund balance decreased approximately \$1,597,000, or 81.8%, from the prior year to approximately \$355,000.

Proprietary Fund Highlights

- The Enterprise, Water and Wastewater Disposal System Fund, which accounts for the operation and maintenance of the County's sanitary sewer system, ended fiscal year 2022 with a net position of \$1,390,678 compared to the prior year ending net position balance of \$1,422,534, a decrease of 2.2%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Harrison County amended its budget two times. The first amendment was made on January 20, 2022. This amendment was made to account for the various departments' ARPA expenditures. The second amendment was made on May 26, 2022. This amendment was made to provide for additional disbursements in certain County departments.

The County's receipts were \$800,505 less than budgeted, a variance of 4.0%. Total disbursements were \$2,935,086 less than the amended budget, a variance of 11.9%, primarily due to less funds expended for capital projects than anticipated.

The County did not exceed the budgeted amounts in any disbursement functions for the year ended June 30, 2022. However, disbursements in certain departments exceeded the amount appropriated prior to amendment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, Harrison County had approximately \$56.5 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$5,691,000, or 11.4%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2022	2021
	(As Restated) *	
Land	\$ 2,241	2,241
Construction in progress	9,090	7,011
Buildings and improvements	4,444	4,145
Equipment and vehicles	4,415	4,761
Right-to-use leased building	5	10
Right-to-use leased equipment	6	-
Intangibles	979	979
Infrastructure	34,386	30,728
Total	<u>\$ 55,566</u>	<u>49,875</u>
This year's major additions include (in thousands):		
Capital assets contributed by the Iowa Department of Transportation		3,075
911 Tower Project		1,740
Nature Center Project		1,298
Sheriff indoor/outdoor cameras		94
Total		<u>\$ 6,207</u>

Capital Assets of Business Type Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2022	2021
Infrastructure	\$ 1,898	1,929

* Beginning capital assets were restated to implement GASB Statement No. 87, Leases.

For governmental activities, the County had depreciation/amortization expense of \$2,023,323 in fiscal year 2022 and total accumulated depreciation of \$35,238,605 at June 30, 2022. Capital assets for business type activities totaled \$1,897,442 (net of accumulated depreciation) at June 30, 2022. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2022, Harrison County had approximately \$6,053,000 of general obligation bonds and other debt outstanding, compared to approximately \$6,233,000 at June 30, 2021, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2022	2021 (As Restated)
General obligation notes	\$ 5,665	6,175
Lease agreements	16	10
Drainage warrants	372	48
Total	<u>\$ 6,053</u>	<u>6,233</u>

Outstanding Debt of Business Type Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2022	2021
USDA sewer revenue notes	<u>\$ 615</u>	<u>629</u>

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. Harrison County outstanding general obligation debt of \$5,665,000 is significantly below its constitutional debt limit of approximately \$78 million. Additional information about the County’s long-term debt is included in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Harrison County’s elected and appointed officials and citizens considered many factors when setting the fiscal year 2022 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.7% versus 3.5% a year ago. This compares with the State’s unemployment rate of 2.5% and the national rate of 3.5%.

These indicators were taken into account when adopting the budget for fiscal year 2023. Amounts available for appropriation in the operating budget are approximately \$33 million, a 1.9% decrease under the final fiscal year 2022 budget. Disbursements are expected to decrease 10.53% from the final fiscal year 2022 budget.

If the budget estimates are realized, the County’s budgetary operating balance is expected to decrease to \$10,588,974 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 Harrison 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 Harrison County Auditor’s Office, 111 North Second Avenue, Logan, Iowa 51546.

Harrison County

Basic Financial Statements

Exhibit A

Harrison County
Statement of Net Position
June 30, 2022

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 12,672,309	108,327	12,780,636
Receivables:			
Property tax:			
Delinquent	14,874	-	14,874
Succeeding year	9,646,000	-	9,646,000
Interest and penalty on property tax	41,853	-	41,853
Accounts	12,502	-	12,502
Drainage assessments	606,919	-	606,919
Special assessments	287,662	-	287,662
Loan to Harrison County Landfill Commission	810,000	-	810,000
Opioid settlement	476,218	-	476,218
Lease receivable	47,661	-	47,661
Due from other governments	464,418	-	464,418
Inventories	2,149,559	-	2,149,559
Prepaid items	88,948	-	88,948
Net pension asset	1,136,156	-	1,136,156
Capital assets not being depreciated	12,309,957		12,309,957
Capital assets, net of accumulated depreciation/amortization	43,256,121	1,897,442	45,153,563
Total assets	84,021,157	2,005,769	86,026,926
Deferred Outflows of Resources			
Pension related deferred outflows	929,852	-	929,852
OPEB related deferred outflows	72,842	-	72,842
Total deferred outflows of resources	1,002,694	-	1,002,694

Harrison County
Statement of Net Position
June 30, 2022

	Governmental Activities	Business Type Activities	Total
Liabilities			
Accounts payable	1,248,338	-	1,248,338
Accrued interest payable	7,549	-	7,549
Salaries and benefits payable	247,587	-	247,587
Due to other governments	9,267	-	9,267
Long-term liabilities:			
Portion due or payable within one year:			
USDA sewer revenue notes	-	14,440	14,440
American Rescue Plan Act	540,000	-	540,000
Lease agreements	7,409	-	7,409
Compensated absences	253,080	-	253,080
Total OPEB liability	20,336	-	20,336
Portion due or payable after one year:			
USDA sewer revenue notes	-	600,651	600,651
General obligation notes	5,125,000	-	5,125,000
Lease agreements	9,096	-	9,096
Compensated absences	769,317	-	769,317
Drainage warrants	371,873	-	371,873
Total OPEB liability	216,702	-	216,702
Total liabilities	8,825,554	615,091	9,440,645
Deferred Inflows of Resources			
Lease related	47,661	-	47,661
Unavailable property tax revenue	9,646,000	-	9,646,000
Pension related deferred inflows	4,278,843	-	4,278,843
OPEB related deferred inflows	42,899	-	42,899
Total deferred inflows of resources	14,015,403	-	14,015,403
Net Position			
Net investment in capital assets	50,817,252	1,282,351	52,099,603
Restricted for:			
Supplemental levy purposes	935,764	-	935,764
Rural services purposes	1,067,224	-	1,067,224
Secondary roads purposes	6,737,403	-	6,737,403
Debt service	9,707	43,901	53,608
Capital projects	-	25,926	25,926
Drainage district purposes	327,828	-	327,828
Opioid abatement	476,218	-	476,218
Other purposes	1,389,872	-	1,389,872
Unrestricted	421,626	38,500	460,126
Total net position	\$ 62,182,894	1,390,678	63,573,572

See notes to financial statements.

Harrison County

Statement of Activities

Year ended June 30, 2022

	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 3,275,821	261,192	227,297	-
Physical health and social services	1,723,828	435,404	47,090	-
Mental health	309,811	-	-	-
County environment and education	2,252,969	340,466	15,525	-
Roads and transportation	8,285,280	417,880	4,641,265	3,724,493
Governmental services to residents	617,513	397,310	-	-
Administration	1,475,881	32,403	-	-
Non-program	1,145,192	1,010,727	-	-
Interest on long-term debt	96,721	-	-	-
Total governmental activities	19,183,016	2,895,382	4,931,177	3,724,493
Business type activities:				
Water and wastewater disposal system	75,315	43,459	-	-
Total	\$ 19,258,331	2,938,841	4,931,177	3,724,493
General Revenues:				
Property and other county tax levied for general purposes				
Penalty and interest on property tax				
State tax credits				
Local option sales tax				
American Rescue Plan Act				
Unrestricted investment earnings				
Gain on the disposition of capital assets				
Miscellaneous				
Total general revenues				
Change in net position				
Net position beginning of year				
Net position end of year				
See notes to financial statements.				

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
(2,787,332)	-	(2,787,332)
(1,241,334)	-	(1,241,334)
(309,811)	-	(309,811)
(1,896,978)	-	(1,896,978)
498,358	-	498,358
(220,203)	-	(220,203)
(1,443,478)	-	(1,443,478)
(134,465)	-	(134,465)
(96,721)	-	(96,721)
(7,631,964)	-	(7,631,964)
-	(31,856)	(31,856)
(7,631,964)	(31,856)	(7,663,820)
8,860,206	-	8,860,206
49,541	-	49,541
502,763	-	502,763
839,288	-	839,288
1,364,427	-	1,364,427
134,474	-	134,474
50,330	-	50,330
838,592	-	838,592
12,639,621	-	12,639,621
5,007,657	(31,856)	4,975,801
57,175,237	1,422,534	58,597,771
\$ 62,182,894	1,390,678	63,573,572

Harrison County
Balance Sheet
Governmental Funds

June 30, 2022

	Special Revenue		
	General	Rural Services	Secondary Roads
Assets			
Cash, cash equivalents and pooled investments	\$ 5,279,355	1,084,665	4,809,482
Receivables:			
Property tax:			
Delinquent	11,332	2,705	-
Succeeding year	6,633,000	2,518,000	-
Interest and penalty on property tax	41,853	-	-
Accounts	11,002	1,500	-
Drainage assessments	-	-	-
Special assessments	-	-	287,662
Loan to Harrison County Landfill Commission	-	-	-
Opioid settlement	-	-	-
Lease receivable	47,661	-	-
Due from other governments	19,796	17,052	425,394
Inventories	-	-	2,149,559
Prepaid items	81,198	-	7,750
Total assets	\$ 12,125,197	3,623,922	7,679,847
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 469,895	358	185,946
Salaries and benefits payable	105,860	4,924	136,803
Due to other governments	8,158	-	1,109
Total liabilities	583,913	5,282	323,858
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	6,633,000	2,518,000	-
Other	53,029	2,676	287,662
Lease related	47,661	-	-
Total deferred inflows of resources	6,733,690	2,520,676	287,662
Fund balances:			
Nonspendable:			
Inventories	-	-	2,149,559
Prepaid items	81,198	-	7,750
Restricted for:			
Supplemental levy purposes	1,132,849	-	-
Rural services purposes	-	1,097,964	-
Secondary roads purposes	-	-	4,911,018
Conservation land acquisition	822,116	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	115,731	-	-
Assigned for:			
Conservation	102,402	-	-
Unassigned	2,553,298	-	-
Total fund balances	4,807,594	1,097,964	7,068,327
Total liabilities, deferred inflows of resources and fund balances	\$ 12,125,197	3,623,922	7,679,847

See notes to financial statements.

Capital Projects	Nonmajor	Total
946,269	552,538	12,672,309
-	837	14,874
-	495,000	9,646,000
-	-	41,853
-	-	12,502
-	606,919	606,919
-	-	287,662
-	810,000	810,000
-	476,218	476,218
-	-	47,661
-	2,176	464,418
-	-	2,149,559
-	-	88,948
946,269	2,943,688	27,318,923
591,139	1,000	1,248,338
-	-	247,587
-	-	9,267
591,139	1,000	1,505,192
-	495,000	9,646,000
-	1,086,145	1,429,512
-	-	47,661
-	1,581,145	11,123,173
-	-	2,149,559
-	-	88,948
-	-	1,132,849
-	-	1,097,964
-	-	4,911,018
-	-	822,116
-	818,875	818,875
355,130	-	355,130
-	542,668	658,399
-	-	102,402
-	-	2,553,298
355,130	1,361,543	14,690,558
946,269	2,943,688	27,318,923

Harrison County

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

June 30, 2022

Total governmental fund balances (page 21) \$ 14,690,558

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 \$90,804,683 and the accumulated depreciation/amortization is \$35,238,605. 55,566,078

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

Deferred inflows of resources	\$ 1,429,512	
Net pension asset	<u>1,136,156</u>	2,565,668

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

Deferred outflows of resources	1,002,694	
Deferred inflows of resources	<u>(4,321,742)</u>	(3,319,048)

Long-term liabilities, including notes payable, lease agreements payable, drainage warrants payable, compensated absences payable, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.

		<u>(7,320,362)</u>
Net position of governmental activities (page 17)		<u>\$ 62,182,894</u>

See notes to financial statements.

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

Year ended June 30, 2022

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 5,802,482	282,231	2,277,185	-
Local option sales tax	-	-	209,822	629,466
Interest and penalty on property tax	55,558	-	-	-
Intergovernmental	2,517,546	17,331	98,975	5,288,645
Licenses and permits	-	-	30,502	3,440
Charges for service	823,876	-	18,425	68,628
Use of money and property	180,837	-	-	-
Fines, forfeitures and defaults	73,263	-	-	-
Miscellaneous	123,739	-	-	86,980
Total revenues	9,577,301	299,562	2,634,909	6,077,159
Expenditures:				
Operating:				
Public safety and legal services	3,283,577	-	157,236	-
Physical health and social services	1,793,420	-	105,375	-
Mental health	-	309,811	-	-
County environment and education	1,812,676	-	291,219	-
Roads and transportation	-	-	-	7,259,736
Governmental services to residents	661,344	-	-	-
Administration	1,549,190	-	-	-
Non-program	-	-	-	-
Debt service	-	-	-	-
Capital projects	126,686	-	-	1,061,434
Total expenditures	9,226,893	309,811	553,830	8,321,170
Excess (deficiency) of revenues over (under) expenditures	350,408	(10,249)	2,081,079	(2,244,011)
Other financing sources (uses):				
Transfers in	-	-	-	2,381,000
Transfers out	(1,549,000)	-	(2,223,000)	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	(1,549,000)	-	(2,223,000)	2,381,000
Change in fund balances	(1,198,592)	(10,249)	(141,921)	136,989
Fund balances beginning of year	6,006,186	10,249	1,239,885	6,931,338
Fund balances end of year	\$ 4,807,594	-	1,097,964	7,068,327

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	497,579	8,859,477
-	-	839,288
-	-	55,558
-	43,673	7,966,170
-	-	33,942
-	3,644	914,573
-	20,331	201,168
-	2,035	75,298
163,152	545,177	919,048
163,152	1,112,439	19,864,522
-	1,000	3,441,813
-	370	1,899,165
-	-	309,811
-	19,796	2,123,691
-	-	7,259,736
-	55	661,399
-	-	1,549,190
-	1,145,192	1,145,192
-	1,452,111	1,452,111
3,131,420	15,220	4,334,760
3,131,420	2,633,744	24,176,868
(2,968,268)	(1,521,305)	(4,312,346)
1,371,000	20,000	3,772,000
-	-	(3,772,000)
-	1,142,269	1,142,269
1,371,000	1,162,269	1,142,269
(1,597,268)	(359,036)	(3,170,077)
1,952,398	1,720,579	17,860,635
355,130	1,361,543	14,690,558

Harrison County

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

Year ended June 30, 2022

Change in fund balances - Total governmental funds (page 25) \$ (3,170,077)

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	\$ 4,596,382	
Capital assets contributed by the Iowa Department of Transportation	3,074,937	
Depreciation/amortization expense	<u>(2,023,323)</u>	5,647,996

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. 42,500

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

Property tax	729	
Other	<u>1,207,985</u>	1,208,714

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

Issued	(1,154,817)	
Repaid	<u>1,334,775</u>	179,958

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 598,809

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	32,520	
OPEB expense	(1,577)	
Pension expense	442,048	
Interest on long-term debt	<u>26,766</u>	<u>499,757</u>

Change in net position of governmental activities (page 19) \$ 5,007,657

See notes to financial statements.

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

	Business Type Activities
	Enterprise
	Water and Wastewater Disposal System
Assets	
Current assets:	
Cash and cash equivalents	\$ 108,327
Capital assets, net of accumulated depreciation	1,897,442
Total assets	2,005,769
Liabilities	
Current liabilities:	
USDA sewer revenue notes	14,440
Long-term liabilities:	
USDA sewer revenue notes	600,651
Total liabilities	615,091
Net Position	
Net investment in capital assets	1,282,351
Restricted for:	
Debt service	43,901
Capital projects	25,926
Unrestricted	38,500
	\$ 1,390,678

See notes to financial statements.

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

Year ended June 30, 2022

	<u>Enterprise</u>
	<u>Water and Wastewater Disposal System</u>
Operating revenues:	
Charges for service	\$ 43,459
Operating expenses:	
Maintenance	17,728
Depreciation	<u>31,167</u>
Total operating expenses	<u>48,895</u>
Operating loss	(5,436)
Non-operating expense:	
Interest expense	<u>(26,420)</u>
Change in net position	(31,856)
Net position beginning of year	<u>1,422,534</u>
Net position end of year	<u>\$ 1,390,678</u>

See notes to financial statements.

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

	<u>Enterprise</u>
	<u>Water and Wastewater Disposal System</u>
Cash flows from operating activities:	
Cash received from sewer fees	\$ 43,459
Cash paid to suppliers for services	<u>(17,728)</u>
Net cash provided by operating activities	25,731
Cash flows from capital and related financing activities:	
Principal paid on USDA sewer revenue notes	(13,859)
Interest paid on USDA sewer revenue notes	<u>(26,420)</u>
Net cash used by capital and related financing activities	<u>(40,279)</u>
Net decrease in cash and cash equivalents	(14,548)
Cash and cash equivalents beginning of year	<u>122,875</u>
Cash and cash equivalents end of year	<u>\$ 108,327</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (5,436)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	<u>31,167</u>
Net cash provided by operating activities	<u>\$ 25,731</u>

See notes to financial statements.

Harrison County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2022

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 2,996,801
Other County officials	174,131
Receivables:	
Property tax receivable:	
Delinquent	39,973
Succeeding year	20,976,000
Accounts	81,235
Drainage assessments	744,374
Special assessments	94,082
Lease receivable	9,139
Prepaid items	9,220
	<hr/>
Total assets	25,124,955

Liabilities

Accounts payable	133,728
Accrued interest payable	8,979
Stamped warrants payable	299,953
Salaries and benefits payable	21,558
Due to other governments	1,153,345
Trusts payable	22,575
Compensated absences	31,194
	<hr/>
Total liabilities	1,671,332

Deferred Inflows of Resources

Unavailable revenues	
Succeeding year property tax	20,976,000
Lease related	9,139
	<hr/>
Total deferred inflows of resources	20,985,139

Net position	<u><u>\$ 2,468,484</u></u>
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See notes to financial statements.

Harrison County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2022

Additions:	
Property and other county tax	\$ 19,419,772
911 surcharge	264,999
State tax credits	1,435,940
Office fees and collections	839,086
Drivers license fees, auto licenses, use tax and postage	6,767,638
Assessments	632,820
Trusts	604,539
Miscellaneous	<u>1,508,432</u>
Total additions	<u>31,473,226</u>
Deductions:	
Agency remittances:	
To other funds	749,151
To other governments	29,814,978
Trusts paid out	<u>535,919</u>
Total deductions	<u>31,100,048</u>
Change in net position	373,178
Net position beginning of year, as restated	<u>2,095,306</u>
Net position end of year	<u>\$ 2,468,484</u>

See notes to financial statements.

Harrison County

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

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

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

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

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

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

In addition, the County is involved in the following jointly governed organizations: Southwest Iowa Planning Council, Southwest Iowa Juvenile Emergency Services Board, Harrison County Landfill Commission, Southwest Iowa MHDS and WESCO Industries. Financial transactions of these organizations are not included in the County’s financial statements.

B. Basis of Presentation

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation/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, transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary roads construction and maintenance.

The 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 – The Enterprise, Water and Wastewater Disposal System fund is utilized to account for the acquisition, system improvements and repayment of related debt. The debt is serviced through payments received from the City of Little Sioux which provides for the operation and maintenance of the system.

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 90 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 positions available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Fund are charged to customers for sales and services. Operating expenses for the Enterprise Fund include depreciation on capital assets. 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 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 receivable 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 receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which are due and payable but have not been collected. Special assessments receivable in the Secondary Roads Fund represent assessments established in accordance with Code of Iowa Chapter 311 for the payment of costs associated with road surface improvements. Assessments are payable by property owners in 10 annual installments at an interest rate of 2.5%.

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

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	5,000
Intangibles	50,000
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	25 - 50
Building improvements	25 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
Right-to-use leased assets	3 - 20
Equipment	3 - 20
Vehicles	5 - 15

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

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

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

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

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

County as Lessor: Harrison County is a lessor for a noncancellable lease of an E911 tower and 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 judgments include how Harrison County determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Harrison 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 expense and OPEB expense and contributions from the County after the measurement date but before the end of the County's reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and 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 applicable governmental activities or proprietary fund Statement of Net Position.

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

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

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

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, unrecognized items not yet credited 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 Balance – In the governmental fund financial statements, fund balances are classified as follows:

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, disbursements did not exceed the amounts budgeted. However, disbursements in certain departments exceeded the amounts appropriated prior to approval of an amendment.

(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 no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 178,000
	Special Revenue:	
	Rural Services	<u>2,203,000</u>
		<u>2,381,000</u>
Special Revenue:	Special Revenue:	
Flood and Erosion	Rural Services	<u>20,000</u>
Capital Projects	General	<u>1,371,000</u>
Total		<u>\$ 3,772,000</u>

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

(4) 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:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 8,158
Special Revenue:		
Secondary Roads	Services	<u>1,109</u>
Total for governmental funds		<u>\$ 9,267</u>
Custodial:		
County Offices	Collections	\$ 84,923
Auto License and Use Tax		587,587
Drainage Districts		444,421
All other		<u>36,414</u>
Total for custodial funds		<u>\$ 1,153,345</u>

(5) **Capital Assets**

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

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 2,240,985	-	-	2,240,985
Intangibles, road network	978,728	-	-	978,728
Construction in progress	7,011,245	7,291,603	(5,212,604)	9,090,244
Total capital assets not being depreciated	10,230,958	7,291,603	(5,212,604)	12,309,957
Capital assets being depreciated/amortized:				
Buildings	7,378,683	508,347	-	7,887,030
Improvements other than buildings	268,191	-	-	268,191
Equipment and vehicles	11,982,665	394,491	(137,937)	12,239,219
Right-to-use leased building	10,108	-	-	10,108
Right-to-use leased equipment	-	6,875	-	6,875
Intangibles	63,559	-	-	63,559
Infrastructure, road network and other	53,294,637	4,725,107	-	58,019,744
Total capital assets being depreciated/amortized	72,997,843	5,634,820	(137,937)	78,494,726
Less accumulated depreciation/amortization for:				
Buildings	3,386,711	191,966	-	3,578,677
Improvements other than buildings	115,378	17,537	-	132,915
Equipment and vehicles	7,221,235	740,379	(137,937)	7,823,677
Right-to-use leased building	-	5,054	-	5,054
Right-to-use leased equipment	-	1,195	-	1,195
Intangibles	63,559	-	-	63,559
Infrastructure, road network and other	22,566,336	1,067,192	-	23,633,528
Total accumulated depreciation/amortization	33,353,219	2,023,323	(137,937)	35,238,605
Total capital assets being depreciated/amortized, net	39,644,624	3,611,497	-	43,256,121
Governmental activities capital assets, net	\$ 49,875,582	10,903,100	(5,212,604)	55,566,078
Business type activities:				
Capital assets being depreciated:				
Infrastructure	\$ 2,332,995	-	-	2,332,995
Less accumulated depreciation for:				
Infrastructure	404,386	31,167	-	435,553
Total capital assets being depreciated, net	\$ 1,928,609	(31,167)	-	1,897,442

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 181,797
Physical health and social services	29,143
Roads and transportation	1,636,129
Governmental services to residents	19,136
Administration	51,680
Total depreciation/amortization expense - governmental activities	\$ 2,023,323
Business type activities:	
Water and wastewater disposal system	\$ 31,106

(6) Lease Receivable

The County owns a E911 Tower. Effective January, 2022, the County entered into a five-year lease with Nextlink whereby Nextlink operates the Tower. The County is to receive \$2,400 in tower rent annually with an implicit rate of 2.0%.

Year Ending June 30,	Amount
2023	\$ 2,400
2024	2,400
2025	2,400
2026	<u>2,400</u>
Total	9,600
Less interest	<u>(461)</u>
Present value	<u>\$ 9,139</u>

The County owns the Harrison County Farm. Effective June, 2013, the County entered into a ten and half-year lease with Lynn Wohlers whereby the farm is maintained under the Conservation Reserve Program. The County is to receive \$32,282 in land rent annually with an implicit rate of 2.0%.

Year Ending June 30,	Amount
2023	\$ 32,280
2024	<u>16,140</u>
Total	48,420
Less interest	<u>(759)</u>
Present value	<u>\$ 47,661</u>

(7) Long-Term Liabilities

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

	Lease Agreements	General Obligation Notes	Drainage Warrants	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Governmental activities:							
Balance beginning of year	\$ 10,108	6,175,000	48,228	1,054,917	4,349,328	184,439	11,822,020
Increases	12,548	-	1,142,269	517,138	-	72,935	1,744,890
Decreases	6,151	510,000	818,624	549,658	5,485,483	20,336	7,390,252
Balance end of year	\$ 16,505	5,665,000	371,873	1,022,397	(1,136,155)	237,038	6,176,658
Due within one year	\$ 7,409	540,000	-	253,080	-	20,336	820,825
					USDA Sewer Revenue Notes		
Business type activities:							
Balance beginning of year				\$ 628,950			
Increases				-			
Decreases				13,859			
Balance end of year				\$ 615,091			
Due within one year				\$ 14,440			

Lease Agreements

On July 1, 2020, the County entered into a lease agreement for an office space for the Juvenile Probation Department. An initial lease liability was recorded in the amount of \$10,108. The agreement requires monthly payments of \$429 over 3 years with an implicit interest rate of 2.00% and final payment due June 30, 2023. During the year ended June 30, 2022, principal and interest paid were \$5,012 and \$136, respectively.

On January 1, 2022, the County entered into a lease agreement for a copier in the Public Health Department. An initial lease liability was recorded in the amount of \$12,548. The agreement requires monthly payments of \$210 over 5 years with an implicit interest rate of 2.00% and final payment due March 1, 2027. During the year ended June 30, 2022, principal and interest paid were \$1,139 and \$121, respectively.

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

Year Ending June 30,	Office Building			Copier Machine		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 5,096	52	5,148	\$ 2,313	207	2,520
2024	-	-	-	2,359	161	2,520
2025	-	-	-	2,407	113	2,520
2026	-	-	-	2,456	64	2,520
2027	-	-	-	1,874	16	1,890
Totals	\$ 5,096	52	5,148	\$ 11,409	561	11,970

Year Ending June 30,	Total		
	Principal	Interest	Total
2023	\$ 7,409	259	7,668
2024	2,359	161	2,520
2025	2,407	113	2,520
2026	2,456	64	2,520
2027	1,874	16	1,890
Totals	\$ 16,505	613	17,118

General Obligation Capital Loan and Refunding Notes

Details of the County's June 30, 2022 general obligation note indebtedness are as follows:

Year Ending June 30,	Series 2021A Refunding and Communication Equipment			
	Issued Mar 11, 2021			
	Interest Rates	Principal	Interest	Total
2023	2.00%	\$ 540,000	90,145	630,145
2024	2.00	555,000	79,345	634,345
2025	2.00	565,000	68,245	633,245
2026	2.00	580,000	56,945	636,945
2027	2.00	585,000	45,345	630,345
2028-2032	0.80-2.00	2,840,000	88,685	2,928,685
Total		\$ 5,665,000	428,710	6,093,710

On March 11, 2021, the County issued \$6,175,000 of taxable general obligation capital loan refunding notes with interest rates ranging from 0.80% to 2.00% per annum. The notes were issued partially to refund the outstanding series 2016A general obligation solid waste disposal capital loan notes issued for the purpose of paying the costs of improvements and extensions for the Harrison County Landfill Commission. The remaining proceeds were for the purpose of paying the costs of acquisition, construction and installation of peace officer communication equipment and system and to pay issuance costs. During the year ended June 30, 2022, the County paid \$510,000 principal and \$122,644 interest on the notes.

On November 10, 2021, the County amended the loan agreement signed during fiscal year 2016 with the Harrison County Landfill Commission. Under the amended loan agreement, the Commission is to make payments to the County equal to the payments the County is required to make on the general obligation notes for the portion related to the landfill debt, as they become due.

The June 30, 2022 loan receivable of \$810,000 is recorded in the Debt Service Fund and the principal and interest payments from the Commission are credited to the Debt Service Fund.

USDA Sewer Revenue Notes

Annual debt service requirements to maturity for the USDA sewer revenue notes are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2023	4.125-4.250%	\$ 14,440	25,839	40,279
2024	4.125-4.250	15,047	25,232	40,279
2025	4.125-4.250	15,679	24,600	40,279
2026	4.125-4.250	16,337	23,942	40,279
2027	4.125-4.250	17,024	23,255	40,279
2028-2032	4.125-4.250	96,465	104,930	201,395
2033-2037	4.125-4.250	118,499	82,896	201,395
2038-2042	4.125-4.250	145,568	55,827	201,395
2043-2047	4.125-4.250	176,032	22,573	198,605
Total		\$ 615,091	389,094	1,004,185

The County has pledged future sewer customer revenues, net of specified operating expenses, to repay \$758,000 of sewer revenue notes issued in June 2008. The notes mature annually on July 1 and bear interest at 4.125% to 4.250% per annum, which is also due and payable on July 1. Proceeds from the notes provided financing for the construction of water and wastewater disposal systems in the Little Sioux and River Sioux communities. The notes are payable solely from sewer customer net revenues and are payable through 2047. Annual principal and interest payments on the notes are expected to require 100% of net revenues. The total principal and interest remaining to be paid on the notes is \$1,004,185. For the current year, principal and interest paid and total customer net revenues were \$40,279 and \$(5,436), respectively.

The resolution providing for the issuance of the sewer revenue notes includes the following provisions:

- (a) Sufficient monthly transfers shall be made to a debt service account for the purpose of making the principal and interest payments when due.
- (b) Additional monthly transfers of \$337 shall be made to a sewer revenue reserve account until \$40,279 has been accumulated. This account is restricted for the purpose of paying principal and interest payments on the notes.
- (c) Monthly transfers of \$265 shall be made to a short-lived asset depreciation account for future capital improvements.
- (d) The County is required to submit a budget projection for the next fiscal year to the USDA Rural Development Office for approval by June 1 each year.
- (e) The County is required to submit a year-end report to the USDA Rural Development Office by August 30 each year.
- (f) The County is required to provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance and the establishment of adequate reserves.

Drainage Warrants

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

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

(8) Loan Receivable

Year Ending June 30,	General Obligation, Series 2016A Issued Feb 1, 2016			
	Interest Rates	Principal	Interest	Total
2023	2.00%	\$ 95,000	13,890	108,890
2024	2.00	100,000	11,990	111,990
2025	2.00	100,000	9,990	109,990
2026	2.00	105,000	7,990	112,990
2027	2.00	100,000	5,890	105,890
2028-2030	0.80-2.00	310,000	6,830	316,830
Total		\$ 810,000	56,580	866,580

As detailed in Note 7 of the Notes to Financial Statements, the County loaned note proceeds to the Harrison County Landfill Commission. Under the loan agreement, the Commission is to make payments to the County equal to the payments the County is required to make on the general obligation notes for the portion related to the landfill debt as they become due.

(9) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.01% of covered payroll, for a total rate of 18.02%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County's contributions to IPERS for the year ended June 30, 2022 were \$598,809.

Net Pension Asset, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County reported an asset of \$1,136,156 for its proportionate share of the overall plan net pension asset. The overall plan net asset was measured as of June 30, 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 0.329105%, which was an increase of 0.267190% over its collective proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of \$(442,048). 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	\$ 151,140	70,509
Changes of assumptions	68,358	36,248
Net difference between projected and actual earnings on IPERS' investments	-	4,132,016
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	111,545	40,070
County contributions subsequent to the measurement date	598,809	-
Total	<u>\$ 929,852</u>	<u>4,278,843</u>

\$598,809 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	\$ (979,415)
2024	(967,885)
2025	(907,828)
2026	(1,106,429)
2027	13,757
Total	<u>\$ (3,947,800)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension 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.
Discount rate (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Healthcare cost trend rate (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	100.0%	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 2,674,203	(1,136,156)	(4,328,373)

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.

(10) 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 Harrison 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	4
Active employees	<u>117</u>
Total	<u>121</u>

Total OPEB Liability – The County’s total OPEB liability of \$237,038 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. The total OPEB liability was rolled forward from the July 1, 2021 valuation to the June 30, 2022 measurement date.

Actuarial Assumptions – The total June 30, 2022 OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective July 1, 2021)	3.0% per annum.
Rates of salary increase (effective July 1, 2021)	2.75% per annum, including inflation.
Discount rate (effective July 1, 2021)	2.14% compounded annually, including inflation.
Healthcare cost trend rate (effective July 1, 2021)	5.0% annually

Discount Rate – The discount rate used to measure the total OPEB liability was 2.14% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 184,439</u>
Changes for the year:	
Service cost	16,552
Interest	5,179
Changes of benefit terms	-
Differences between expected and actual experiences	36,622
Changes in assumptions	14,582
Benefit payments	<u>(20,336)</u>
Net changes	<u>52,599</u>
Total OPEB liability end of year	<u>\$ 237,038</u>

Changes of assumptions reflect a change in the discount rate from 3.50% in fiscal year 2021 to 2.14% in fiscal year 2022. The mortality assumption changed to the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2021 generational projection of future mortality improvement.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.14%) or 1% higher (3.14%) than the current discount rate.

	<u>1% Decrease (1.14%)</u>	<u>Discount Rate (2.14%)</u>	<u>1% Increase (3.14%)</u>
Total OPEB liability	\$ 249,277	237,038	225,066

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	<u>1% Decrease (4.00%)</u>	<u>Healthcare Cost Trend Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Total OPEB liability	\$ 216,901	237,038	255,900

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized OPEB expense of \$1,577. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,996	32,583
Changes in assumptions	13,846	10,316
Total	<u>\$ 72,842</u>	<u>42,899</u>

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

Year ending June 30,	Amount
2023	\$ 182
2024	182
2025	182
2026	182
2027	182
Thereafter	<u>29,033</u>
	<u>\$ 29,943</u>

(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 expenses for property risks estimated for 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 \$300,099.

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 payments of such claims or losses shall be the obligation of the respective individual member against whom the claim was made, or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2022, no liability has been recorded in the County's financial statements. As of June 30, 2022, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$45,000, 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) Secondary Roads Department Insurance Benefit

Voluntary termination benefit programs have been established for Secondary Roads Department employees. The programs allow employees who are eligible, upon a bona fide retirement, to use the value of their unused sick leave to purchase group health insurance after separation.

Upon retirement, the value of the balance of the accrued sick leave is converted based upon the balance of sick leave hours, as follows:

Sick Leave Balance (hours)	Conversion Rate
0 - 559	0%
560 - 879	50%
880 - 1,119	75%
1,120 - 1,488	100%

The final calculated dollar value is credited to the employee's Sick Leave Upon Retirement account. The County will continue to pay the costs of the health insurance premium each month until the converted value of the employee's Sick Leave Upon Retirement account balance is exhausted. The converted value of the sick leave can only be applied to the payment of health, dependent health and/or Medicare supplement insurance premium payments or for the payment of expenses that qualify as medical expenses under the Internal Revenue Code.

For the year ended June 30, 2022, seven employees have retired and received benefits totaling \$48,865 under the program.

(13) Financial Assurance

The County participates in an agreement with the Harrison County Landfill Commission, which was created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the member county and municipalities.

The County has provided a local government guarantee for a portion of the closure and postclosure care costs of the Commission in accordance with Chapter 567-113.14(6)(h) of the Iowa Administrative Code. Total estimated costs for closure and postclosure care of the Commission as of June 30, 2022 are \$2,938,965 and the County's financial assurance obligation amount is \$1,344,977. At June 30, 2022, the County has met the guarantor conditions outlined in Chapter 567-104.26(5) of the Iowa Administrative Code.

In the event the Commission fails to perform closure or postclosure care in accordance with the appropriate plan or permit, whenever required to do so, or fails to obtain an alternate financial assurance within 90 days of intent to cancel, the County will perform or pay a third party to perform closure and/or postclosure care or establish a standby trust fund in the name of the Commission or obtain alternate financial assurance in the amount of the assured amount.

(14) Tax Abatements

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

Tax Abatements of Other Entities

Other entities within the County also provided tax abatements for urban renewal and economic development projects pursuant to Chapter 15 and 403 of the Code of Iowa.

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Dunlap	Urban renewal and economic development projects	\$ 36,923
City of Missouri Valley	Urban renewal and economic development projects	8,580
City of Woodbine	Urban renewal and economic development projects	11,420

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

Southwest Iowa MHDS Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Cass County, Fremont County, Mills County, Monona County, Montgomery County, Page County, Pottawattamie County, Shelby County and Harrison County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Southwest Iowa MHDS Region for the year ended June 30, 2022, as follows:

Revenues:	
Property and other county tax	\$ 282,231
Intergovernmental:	
State tax credits and replacements	<u>17,331</u>
Total revenues	<u>299,562</u>
Expenditures:	
General administration:	
Distribution to regional fiscal agent	<u>309,811</u>
Excess of expenditures over revenues	(10,249)
Fund balance beginning of year	<u>10,249</u>
Fund balance end of year	<u>\$ -</u>

(16) Construction Commitment

The County entered into a contract with an amount of \$3,391,365 for the construction of the Willow Lake Nature Center. As of June 30, 2022, costs of \$1,220,666 on the project have been incurred. The \$2,170,699 balance remaining on the project at June 30, 2022 will be paid as work on the project progresses.

(17) 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 and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Capital Assets	Long-term Liabilities Lease Agreements
Balances June 30, 2021, as previously reported	\$ 49,865,474	-
Change to implement GASBS No. 87	10,108	10,108
Balances July 1, 2021, as restated	<u>\$ 49,875,582</u>	<u>10,108</u>

(18) 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.

(19) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. The revised requirements of this statements 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.

(20) Subsequent Event

On June 22, 2023, the County approved an interfund loan from the General Fund to the Capital Projects Conservation Center Development Fund in the amount of \$1,075,097. The interfund loan was the result of an agreement between Harrison County and the Harrison County Conservation Board to provide funds to pay for the costs of construction of the Willow Lake Nature Center. The loan will be repaid no later than June 30, 2028 using funds collected from cabin rentals, grants, donations and any other means available.

Required Supplementary Information

Harrison 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	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 9,690,414	-	9,690,414
Interest and penalty on property tax	55,475	-	55,475
Intergovernmental	6,259,629	-	6,259,629
Licenses and permits	38,017	-	38,017
Charges for service	925,590	-	925,590
Use of money and property	171,678	-	171,678
Miscellaneous	2,511,488	545,177	1,966,311
Total receipts	19,652,291	545,177	19,107,114
Disbursements:			
Public safety and legal services	3,429,426	-	3,429,426
Physical health and social services	1,967,133	-	1,967,133
Mental health	309,580	-	309,580
County environment and education	1,775,438	-	1,775,438
Roads and transportation	7,067,716	-	7,067,716
Governmental services to residents	661,999	-	661,999
Administration	1,529,633	-	1,529,633
Non-program	1,145,192	1,145,192	-
Debt service	1,452,110	818,866	633,244
Capital projects	4,416,318	-	4,416,318
Total disbursements	23,754,545	1,964,058	21,790,487
Excess (deficiency) of receipts over (under) disbursements	(4,102,254)	(1,418,881)	(2,683,373)
Other financing sources	1,142,269	1,142,269	-
Change in balances	(2,959,985)	(276,612)	(2,683,373)
Balance beginning of year	15,632,294	367,255	15,265,039
Balance end of year	\$ 12,672,309	90,643	12,581,666

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
9,586,130	9,559,999	130,415
53,000	53,000	2,475
5,816,830	7,854,257	(1,594,628)
36,050	36,050	1,967
711,385	759,385	166,205
150,076	168,076	3,602
436,302	1,476,852	489,459
<u>16,789,773</u>	<u>19,907,619</u>	<u>(800,505)</u>
3,448,141	3,543,141	113,715
1,994,394	2,165,394	198,261
323,127	338,127	28,547
1,350,350	2,195,323	419,885
7,200,000	7,400,000	332,284
682,729	712,729	50,730
1,621,696	1,661,668	132,035
-	-	-
633,145	633,355	111
3,316,800	6,075,836	1,659,518
<u>20,570,382</u>	<u>24,725,573</u>	<u>2,935,086</u>
(3,780,609)	(4,817,954)	2,134,581
-	-	-
(3,780,609)	(4,817,954)	2,134,581
11,024,457	13,438,199	1,826,840
<u>7,243,848</u>	<u>8,620,245</u>	<u>3,961,421</u>

Harrison 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	\$ 19,652,291	212,231	19,864,522
Expenditures	23,754,545	422,323	24,176,868
Net	(4,102,254)	(210,092)	(4,312,346)
Other financing sources, net	1,142,269	-	1,142,269
Beginning fund balances	15,632,294	2,228,341	17,860,635
Ending fund balances	<u>\$ 12,672,309</u>	<u>2,018,249</u>	<u>14,690,558</u>

See accompanying independent auditor's report.

Harrison 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 blended component units, the Enterprise Fund and the 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, five budget amendments increased budgeted disbursements by \$4,155,191. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2022, disbursements did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated prior to approval of an amendment.

Harrison 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	0.329105% **	0.061915%	0.060293%	0.058613%
County's proportionate share of net pension liability (asset)	\$ (1,136)	4,349	3,491	3,709
County's covered payroll	\$ 6,147	5,932	5,838	5,456
County's proportionate share of the net pension liability as a percentage of its covered payroll	-18.48%	73.31%	59.80%	67.98%
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 year.

** Overall plan net pension asset.

See accompanying independent auditor's report.

2018	2017	2016	2015
0.060358%	0.061196%	0.0584007%	0.0569179%
4,021	3,851	2,885	2,257
5,305	5,165	4,934	4,860
75.80%	74.56%	58.47%	46.44%
82.21%	81.82%	85.19%	87.61%

Harrison 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	\$ 599	580	563	557
Contributions in relation to the statutorily required contribution	<u>(599)</u>	<u>(580)</u>	<u>(563)</u>	<u>(557)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 6,387	6,147	5,932	5,838
Contributions as a percentage of covered payroll	9.38%	9.44%	9.49%	9.54%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
494	483	470	449	444	427
(494)	(483)	(470)	(449)	(444)	(427)
-	-	-	-	-	-
5,456	5,305	5,165	4,934	4,860	4,780
9.05%	9.10%	9.10%	9.10%	9.14%	8.93%

Harrison 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.

Harrison 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	\$ 16,552	11,441	11,135	11,113	10,816
Interest cost	5,179	6,413	6,218	5,578	5,216
Changes of benefit terms	-	-	(18,485)	-	-
Difference between expected and actual experiences	36,622	-	33,676	-	(58,038)
Changes in assumptions	14,582	-	550	-	(18,371)
Benefit payments	(20,336)	(10,426)	(13,706)	(7,541)	(4,896)
Net change in total OPEB liability	52,599	7,428	19,388	9,150	(65,273)
Total OPEB liability beginning of year	184,439	177,011	157,623	148,473	213,746
Total OPEB liability end of year	\$ 237,038	184,439	177,011	157,623	148,473
Covered-employee payroll	\$ 6,162,654	5,638,418	5,487,511	5,239,411	5,099,183
Total OPEB liability as a percentage of covered-employee payroll	3.8%	3.3%	3.2%	3.0%	2.9%

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:

Changes in benefit terms reflect the effects of changes in the secondary roads department sick leave conversion in the year ended June 30, 2019.

Changes in assumptions:

The 2022 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2022.

- Changed mortality assumptions to the MP 2021 generational projection of future mortality improvement.

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

Year ended June 30, 2022	2.14%
Year ended June 30, 2021	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	4.50%
Year ended June 30, 2017	4.25%

Harrison County

Supplementary Information

Harrison County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

	County Recorder's Records Management	Urban Renewal Revenue	Resource Enhancement and Protection	Special Flood and Erosion
Assets				
Cash, cash equivalents and pooled investments	\$ 20,083	115,204	97,271	213,019
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Drainage assessments	-	-	-	-
Loan to Harrison County Landfill Commission	-	-	-	-
Opioid settlement	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 20,083	115,204	97,271	213,019
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	-	1,000
Total liabilities	-	-	-	1,000
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for debt service	-	-	-	-
Restricted for other purposes	20,083	115,204	97,271	212,019
Total fund balance	20,083	115,204	97,271	212,019
Total liabilities, deferred inflows of resources and fund balances	\$ 20,083	115,204	97,271	213,019

See accompanying independent auditor's report.

Revenue							
Seizures	Drug Search and Seizures	Drainage Districts	Pass Thru Grants	Local Government Opioid Abatement	Debt Service		Total
1,600	5,463	90,643	385	-	8,870		552,538
-	-	-	-	-	837		837
-	-	-	-	-	495,000		495,000
-	-	606,919	-	-	-		606,919
-	-	-	-	-	810,000		810,000
-	-	-	-	476,218	-		476,218
-	-	2,176	-	-	-		2,176
1,600	5,463	699,738	385	476,218	1,314,707		2,943,688
-	-	-	-	-	-		1,000
-	-	-	-	-	-		1,000
-	-	-	-	-	495,000		495,000
-	-	609,095	-	476,218	832		1,086,145
-	-	609,095	-	476,218	495,832		1,581,145
-	-	-	-	-	818,875		818,875
1,600	5,463	90,643	385	-	-		542,668
1,600	5,463	90,643	385	-	818,875		1,361,543
1,600	5,463	699,738	385	476,218	1,314,707		2,943,688

Harrison County

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

Year ended June 30, 2022

	County Recorder's Records Management	Urban Renewal Revenue	Resource Enhancement and Protection	Special Flood and Erosion
Revenues:				
Property and other county tax	\$ -	-	-	-
Intergovernmental	-	-	13,045	-
Charges for service	3,594	-	-	-
Use of money and property	135	-	719	-
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>3,729</u>	<u>-</u>	<u>13,764</u>	<u>-</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	370	-	-
County environment and education	-	-	-	19,796
Governmental services to residents	55	-	-	-
Non-program	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	15,220	-
Total expenditures	<u>55</u>	<u>370</u>	<u>15,220</u>	<u>19,796</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,674</u>	<u>(370)</u>	<u>(1,456)</u>	<u>(19,796)</u>
Other financing sources:				
Transfers in	-	-	-	20,000
Drainage warrants issued	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Change in fund balances	3,674	(370)	(1,456)	204
Fund balances beginning of year	<u>16,409</u>	<u>115,574</u>	<u>98,727</u>	<u>211,815</u>
Fund balances end of year	<u>\$ 20,083</u>	<u>115,204</u>	<u>97,271</u>	<u>212,019</u>

See accompanying independent auditor's report.

Revenue					
Seizures	Drug Search and Seizures	Drainage Districts	Pass Thru Grants	Debt Service	Total
-	-	-	-	497,579	497,579
-	-	-	-	30,628	43,673
-	50	-	-	-	3,644
-	-	-	-	19,477	20,331
-	2,035	-	-	-	2,035
-	-	545,177	-	-	545,177
-	2,085	545,177	-	547,684	1,112,439
-	1,000	-	-	-	1,000
-	-	-	-	-	370
-	-	-	-	-	19,796
-	-	-	-	-	55
-	-	1,145,192	-	-	1,145,192
-	-	818,866	-	633,245	1,452,111
-	-	-	-	-	15,220
-	1,000	1,964,058	-	633,245	2,633,744
-	1,085	(1,418,881)	-	(85,561)	(1,521,305)
-	-	-	-	-	20,000
-	-	1,142,269	-	-	1,142,269
-	-	1,142,269	-	-	1,162,269
-	1,085	(276,612)	-	(85,561)	(359,036)
1,600	4,378	367,255	385	904,436	1,720,579
1,600	5,463	90,643	385	818,875	1,361,543

Harrison County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	5,866	270,592	103,596
Other County officials	106,033	-	-	-
Receivables:				
Property tax:				
Delinquent	-	442	687	20,679
Succeeding year	-	259,000	402,000	13,731,000
Accounts	1,465	-	-	-
Drainage assessments	-	-	-	-
Special assessments	-	-	-	-
Lease receivable	-	-	-	-
Prepaid items	-	-	9,220	-
Total assets	\$ 107,498	265,308	682,499	13,855,275
Liabilities				
Accounts payable	-	-	10,591	-
Accrued interest payable	-	-	-	-
Stamped drainage warrants payable	-	-	-	-
Salaries and benefits payable	-	-	1,824	-
Due to other governments	84,923	-	-	-
Trusts payable	22,575	-	-	-
Compensated absences	-	-	-	-
Total liabilities	\$ 107,498	-	12,415	-
Deferred Inflows of Resources				
Unavailable revenues				
Succeeding year property tax	-	259,000	402,000	13,731,000
Lease related	-	-	-	-
Total deferred inflows of resources	\$ -	259,000	402,000	13,731,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	6,308	268,084	124,275

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	911 Service Commission	Other	Total
12,609	46,996	3,783	587,587	697,378	744,463	523,931	2,996,801
-	-	-	-	-	-	68,098	174,131
2,540	14,904	717	-	-	-	4	39,973
1,497,000	4,563,000	521,000	-	-	-	3,000	20,976,000
-	-	-	-	-	71,206	8,564	81,235
-	-	-	-	744,374	-	-	744,374
-	94,082	-	-	-	-	-	94,082
-	-	-	-	-	9,139	-	9,139
-	-	-	-	-	-	-	9,220
1,512,149	4,718,982	525,500	587,587	1,441,752	824,808	603,597	25,124,955
-	-	-	-	-	122,475	662	133,728
-	-	-	-	8,979	-	-	8,979
-	-	-	-	299,953	-	-	299,953
-	-	-	-	-	-	19,734	21,558
-	-	-	587,587	444,421	-	36,414	1,153,345
-	-	-	-	-	-	-	22,575
-	-	-	-	-	-	31,194	31,194
-	-	-	587,587	753,353	122,475	88,004	1,671,332
1,497,000	4,563,000	521,000	-	-	-	3,000	20,976,000
-	-	-	-	-	9,139	-	9,139
1,497,000	4,563,000	521,000	-	-	9,139	3,000	20,985,139
15,149	155,982	4,500	-	688,399	693,194	512,593	2,468,484

Harrison County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools
Net position beginning of year	\$ -	483	165,404	21,546
Additions:				
Property and other county tax	-	228,975	337,927	12,595,558
911 surcharge	-	-	-	-
State tax credits	-	14,051	20,735	782,603
Office fees and collections	839,086	-	-	-
Drivers license fees, auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	386,484	-	-	-
Miscellaneous	-	12	816	682
Total additions	1,225,570	243,038	359,478	13,378,843
Deductions:				
Agency remittances:				
To other funds	475,857	-	-	-
To other governments	432,435	237,213	256,798	13,276,114
Trusts paid out	317,278	-	-	-
Total deductions	1,225,570	237,213	256,798	13,276,114
Changes in net position	-	5,825	102,680	102,729
Net position end of year	\$ -	6,308	268,084	124,275

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drainage Districts	911 Service Commission	Other	Total
2,548	19,064	687	-	668,994	692,203	524,377	2,095,306
1,487,957	4,269,901	496,813	-	-	-	2,641	19,419,772
-	-	-	-	-	264,999	-	264,999
91,472	502,785	24,132	-	-	-	162	1,435,940
-	-	-	-	-	-	-	839,086
-	-	-	6,767,638	-	-	-	6,767,638
-	2,904	-	-	629,916	-	-	632,820
-	-	-	-	-	-	218,055	604,539
75	-	30	-	527,533	927	978,357	1,508,432
1,579,504	4,775,590	520,975	6,767,638	1,157,449	265,926	1,199,215	31,473,226
-	-	-	215,865	-	-	57,429	749,151
1,566,903	4,638,672	517,162	6,551,773	1,138,044	264,935	934,929	29,814,978
-	-	-	-	-	-	218,641	535,919
1,566,903	4,638,672	517,162	6,767,638	1,138,044	264,935	1,210,999	31,100,048
12,601	136,918	3,813	-	19,405	991	(11,784)	373,178
15,149	155,982	4,500	-	688,399	693,194	512,593	2,468,484

Harrison County

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

For the Last Ten Years

	2022	2021	2022	2019
Revenues:				
Property and other county tax	\$ 8,859,477	8,296,435	7,826,323	7,765,897
Local option sales tax	839,288	861,439	628,102	588,657
Interest and penalty on property tax	55,558	88,744	21,717	49,470
Intergovernmental	7,966,170	7,047,207	6,403,935	5,756,256
Licenses and permits	33,942	28,872	36,301	22,538
Charges for service	914,573	830,636	619,120	634,951
Use of money and property	201,168	221,522	316,363	273,311
Fines, forfeitures and defaults	75,298	64,671	53,943	54,209
Miscellaneous	919,048	2,186,538	898,814	509,416
Total	\$ 19,864,522	19,626,064	16,804,618	15,654,705
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,441,813	3,295,537	2,938,183	2,818,485
Physical health and social services	1,899,165	2,060,035	1,698,774	1,728,641
Mental health	309,811	353,350	352,602	322,129
County environment and education	2,123,691	1,253,228	1,184,183	1,196,038
Roads and transportation	7,259,736	6,758,642	6,712,031	7,725,212
Governmental services to residents	661,399	672,771	606,556	596,846
Administration	1,549,190	1,495,792	1,462,592	1,534,036
Non-program	1,145,192	1,218,724	261,294	93,264
Debt service	1,452,111	1,367,046	303,127	235,581
Capital projects	4,334,760	4,533,262	1,447,077	572,535
Total	\$ 24,176,868	23,008,387	16,966,419	16,822,767

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
7,842,767	7,865,485	7,904,596	7,804,740	7,629,735	7,429,208
550,639	608,649	515,517	534,654	513,285	522,321
55,284	51,499	45,715	75,214	51,754	60,439
5,603,663	6,008,828	5,618,199	4,913,274	4,978,749	4,756,592
34,690	28,523	34,181	19,616	25,459	25,560
675,444	630,401	618,496	575,062	609,465	579,504
208,692	170,258	113,673	79,597	85,567	90,198
46,744	37,275	41,392	44,122	45,733	49,061
693,664	771,633	754,775	498,263	704,306	451,410
15,711,587	16,172,551	15,646,544	14,544,542	14,644,053	13,964,293
2,570,566	2,564,821	2,562,760	2,415,880	2,356,457	2,106,847
1,687,646	1,617,301	1,565,540	1,511,756	1,431,137	1,355,308
328,095	399,452	463,101	1,948,667	422,482	626,524
1,159,670	1,105,633	1,083,407	1,022,512	958,910	835,306
7,383,564	6,253,505	7,576,699	5,828,631	5,436,955	4,867,329
584,130	561,024	567,511	642,452	623,390	480,604
1,450,052	1,295,947	1,397,074	1,181,959	1,263,263	1,961,223
139,788	266,092	271,984	195,713	289,000	465,692
356,441	411,269	466,502	254,272	544,716	264,555
567,897	663,429	280,437	406,146	329,727	255,259
16,227,849	15,138,473	16,235,015	15,407,988	13,656,037	13,218,647



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

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

To the Officials of Harrison 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, the business type activities, each major fund and the aggregate remaining fund information of Harrison 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 September 19, 2023.

Report on Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Harrison County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-001 through 2022-003 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-004 through 2022-009 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harrison 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 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.

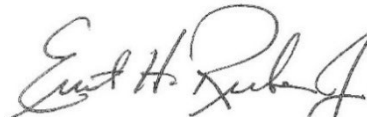
Harrison County's Responses to Findings

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


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

September 19, 2023

Harrison 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.	Sheriff’s Civil Division and Jail, and Conservation/ Welcome Center
(2) Bank accounts are not reconciled at the end of each month by an individual who does not sign checks, handle or record cash. An independent person does not periodically review the bank reconciliation for propriety.	Recorder and Sheriff’s Civil Division and Jail
(3) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash receipts.	Recorder and Sheriff’s Civil Division and Jail
(4) Generally, one individual may have control over collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist.	Recorder, Sheriff’s Civil Division and Jail, Conservation/ Welcome Center
(5) The person who prepares a summary of delinquent tax collections also reconciles delinquencies at year end. There is no evidence an independent person reviews the reconciliations for propriety.	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 office’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Harrison County

Schedule of Findings

Year ended June 30, 2022

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. Independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

Recorder – We are aware of the segregation of duties issues in a small office and do the best we can to address it. The County Recorder reviews the office policy to address the issues as best as we can.

Sheriff – The Sheriff's Office mail will be opened by another staff member who will maintain a log of mail receipts and compare the log to the receipts periodically. The Sheriff will monitor each month's bank reconciliation and review bank statements including the canceled checks. The review will be documented with the reviewer's initials or signature.

Conservation/Welcome Center – We will look into it and work with the County Auditor's Office.

Treasurer – I have the Board of Supervisors sign the bank reconciliations and I can talk with the Auditor about signing off the delinquent tax collection.

Conclusion – Responses acknowledged. Each office should continue to review and implement control procedures to obtain the maximum internal control possible. Also, an initial listing of mail receipts should be prepared and reconciled to receipt records by someone independent of the receipt process. The reconciliation should document signatures and dates of the independent reviewer.

2022-002 Financial Reporting

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

Condition – During the audit, we identified material amounts of receivables and payables not recorded in the County's financial statements or recorded in the wrong fiscal year. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

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

Harrison County

Schedule of Findings

Year ended June 30, 2022

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

Response – As the fiscal year end nears, the Auditor’s office emails each department with a reminder to indicate on submitted claims if the expenditure was incurred in June or July (or thereafter) so that the expenditure can be accurately noted on the financial statements. The Auditor’s office also includes a reminder to the departments to submit an earned date on all revenue submitted to the County Treasurer.

Conclusion – Response accepted.

2022-003 Payroll

Criteria – An effective internal control system provides for internal controls related to preparation of payroll. Payroll for salaried individuals should be paid after the work is performed.

Condition – The County pays salaried employees on a bi-weekly basis. Most of the County’s salaried employees are paid one week in advance of the wages being earned. For example, the paycheck received on June 9, 2022 is for the week beginning June 3, 2022 through the week ending June 16, 2022. Accordingly, when the employee leaves County employment, their final pay warrant must be adjusted by the number of days they were paid in advance.

Cause – Policies have not been established and procedures have not been implemented to ensure wages are paid after they have been earned.

Effect – Salaried employees are paid in advance of performing work and terminated salaried employees are overpaid as they are compensated for the week which follows their termination date.

Recommendation – The Board of Supervisors should work with the County Attorney to correct the advance pay of current employees. Future employees should be paid correctly from the day they begin employment.

Response – Any new employee is not paid in advance. We are working toward the goal of not paying salaries in advance of work.

Conclusion – Response acknowledged. The Board of Supervisors should work with the County Attorney to correct the advance pay of current employees.

2022-004 Computer System

Criteria – Properly designed policies and procedures pertaining to control activities over the County’s computer system and implementation of the policies and procedures help provide reasonable assurance financial information is safeguarded and reliable, and helps ensure the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Condition – The County does not have a written disaster recovery plan.

Harrison County

Schedule of Findings

Year ended June 30, 2022

Cause – Management has not required a written disaster recovery plan.

Effect – The failure to have a formal disaster recovery plan could result in the County's inability to function in the event of a disaster or continue County business without interruption.

Recommendation – A written disaster recovery plan should be developed.

Response – The Board of Supervisors will be working on developing a disaster recovery plan in the future.

Conclusion – Response accepted.

2022-005 Conservation Welcome Center

Criteria – An effective internal control system provides for internal controls related to reconciling monthly bank statements to book balances and daily collections to deposit to ensure the accuracy of accounting records.

Condition – Although monthly reconciliations of book to bank balances were prepared, the independent review or the date of review was not always documented.

Also, the daily credit card and cash sales records are not reconciled to deposits by an independent person and voided receipts are not reviewed.

Cause – Policies have not been established and procedures have not been implemented to require an independent review of bank reconciliations or an independent review of daily collections to deposit and to voided receipts.

Effect – Lack of independent review of the bank reconciliations and the independent review of reconciliations of daily collections to deposit and voided receipts increases the risk misstatements may not have been prevented or detected and corrected on a timely basis in the normal course of operations.

Recommendation – To improve financial accountability and control, the reconciliation of the book and bank balances should be reviewed by an independent person. This review should be documented by the signature or initials of the reviewer and the date of the review.

An independent review of the reconciliation of daily collections to deposit and voided receipts should be performed periodically. The review of the reconciliation should be documented by the signature or initials of the reviewer and the date of the review.

Response – We are still looking into this and will work with the County Auditor's Office.

Conclusion – Response accepted.

Harrison County

Schedule of Findings

Year ended June 30, 2022

2022-006 Conservation Welcome Center Reporting

Criteria – An effective internal control system provides for policies and controls related to ensuring proper accounting for all funds and transactions and maintaining appropriate accounting records and financial reports which provide for proper financial reporting.

Condition – The Conservation Welcome Center did not prepare a year-to-date summary of receipts and disbursements for financial reporting. Additionally, fees for credit card processing are automatically deducted from the Welcome Center's checking account. These amounts were not included in the County's budget or financial reports.

Cause – County policies do not require, and procedures have not been established to require a year-to-date summary of receipts and disbursements as well as requiring all transactions to run through the County's accounting system 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.

Recommendation – A year-to-date summary of receipts and disbursements should be prepared for financial reporting. Also, the credit card processing fees should be approved by the Conservation Board and included in the County's accounting system and financial reports.

Response – We are still looking into this and will work with the County Auditor's Office to implement the recommendations.

Conclusion – Response accepted.

2022-007 K-9 Account Bank Reconciliation

Criteria – An effective internal control system provides for internal controls related to reconciling monthly bank statements to the book balance to ensure the accuracy of the book balance.

Condition – The County Sheriff's Office has not been consistently preparing a monthly bank to book reconciliation for the K-9 bank account.

Cause – Policies have not been established and procedures have not been implemented to reconcile monthly bank statements to ensure the accuracy of the book balance.

Effect – A lack of monthly bank statement reconciliations could result in misstatements of the book balance which may not be prevented or detected and corrected on a timely basis in the normal course of operations.

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

Harrison County

Schedule of Findings

Year ended June 30, 2022

Response – The Sheriff’s Office will monitor each month’s bank reconciliation and review bank statements including the canceled checks. The review will be documented by a signature or initials of the independent reviewer.

Conclusion – Response accepted.

2022-008 Jail Bond Account Bank Reconciliation

Criteria – An effective internal control system provides for internal controls related to reconciling monthly bank statements to the book balance to ensure the accuracy of the book balance.

Condition – The County Sheriff’s Office has not been consistently preparing a monthly bank to book reconciliation for the Jail Bond bank account.

Cause – Policies have not been established and procedures have not been implemented to reconcile monthly bank statements to ensure the accuracy of the book balance.

Effect – A lack of monthly bank statement reconciliations could result in misstatements of the book balance which may not be prevented or detected and corrected on a timely basis in the normal course of operations.

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

Response – The Sheriff’s Office will prepare a monthly bank to book reconciliation for the Jail Bond bank account, and it will be reviewed by an independent person which will be documented by a signature or initials and dated by the reviewer.

Conclusion – Response accepted.

2022-009 Sheriff Fuel Costs

Criteria – An effective internal control system provides for proper supporting documentation of claims paid.

Condition – One credit card payment tested in the amount of \$2,343 related to multiple fuel purchases for County Sheriff vehicles was not supported by original fuel receipts. In addition, although fuel logs are maintained, the amount supported by fuel logs totaled \$2,316; \$27 less than the amount paid. Because the original fuel receipts were not retained, we were unable to determine if other items were also purchased.

Cause – Policies have not been established and procedures have not been implemented to require fuel costs paid with credit cards to be supported by original fuel receipts.

Effect – A lack of supporting documentation for fuel costs could result in misstatements which may not be prevented or detected and corrected on a timely basis in the normal course of operations.

Harrison County

Schedule of Findings

Year ended June 30, 2022

Recommendation – To improve financial accountability and control, fuel costs should be adequately supported.

Response – Receipts will be kept for expenditures to support the total amount paid to vendors.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Harrison 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 did not exceed the amounts budgeted. However, disbursements in certain departments exceeded the amounts appropriated prior to amendment.

Recommendation – 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 service area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – We will watch this more closely.

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 Sales Tax – Sales tax of \$117 was paid on transactions for purchases made with a credit card. A County is designated as a tax-exempt entity under Chapter 423.3(80) of the Code of Iowa.

Recommendation – The County should ensure sales tax is not paid on disbursements.

Response – An email will be sent out to all departments reminding them that the County is tax exempt.

Conclusion – Response accepted.

Harrison County

Schedule of Findings

Year ended June 30, 2022

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

Name, Title and Business Connection	Transaction Description	Amount
Kris Pauley, Deputy Auditor, Sister-in-law of Bette Jensen	Cleaning cabins for Conservation Department	\$ 80
Elizabeth Lenz, Drainage Clerk, sister of Doug Harris, Owner of C & H Hauling	Trash pickup services for the County	5,916
Elizabeth Lenz, Drainage Clerk, sister of Scott Harris, Owner of Harris Plumbing	Plumbing services at the Courthouse	385
Bryon Vennink, Conservation Park Ranger, Owner of Home Town Hardware, Inc.	Purchase of electrical supplies and parts for the County Conservation Department	5,983
Kathy Lundergard, Office Manager, sister of Mike Maguire, Owner of Boyer View Trucking, LLC.	Trucking/hauling services, per bid	199,233
Megan Tyler, Sheriff Radio Operator, Owner of Four14 Design	Purchase of shirts for dispatch	420
Jennifer Skinner, Homemaker Manager, Mother of Brodie Skinner	Contract labor for Conservation	156

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Scott Harris, Bette Jensen, C & H Hauling, Hometown Hardware, Inc., Megan Tyler, and Brodie Skinner do not appear to represent conflicts of interest since total transactions with each individual or business were less than \$6,000 during the fiscal year.

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions with Boyer View Trucking, LLC do not represent a conflict of interest since the transactions were competitively bid and were publicly invited and open.

2022-F 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-G 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-H Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

2022-I 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-J 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).

Harrison County

Schedule of Findings

Year ended June 30, 2022

2022-K 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 and no exceptions were noted.

2022-L Tax Increment Financing – Payments from the Special Revenue, Urban Renewal Revenue 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-M Outstanding Checks – Chapter 331.554(6) of the Code of Iowa required checks outstanding for more than one year be canceled, removed from the list of outstanding checks and deposited to the account on which the check was written. At June 30, 2022, the commissary account outstanding check list included several checks which have been outstanding for over two years.

Recommendation – Checks outstanding for more than one year should be canceled, as required.

Response – The Sheriff’s office will make appropriate contacts and comply with requirements.

Conclusion – Response accepted.

2022-N Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The image of the back of each cancelled check was not obtained by the County Sheriff.

Recommendation – County Sheriff should obtain and retain an image of the front and back of each cancelled check from the bank, as required.

Response – The County Sheriff will contact the bank and have backs of checks shown on monthly statements.

Conclusion – Response accepted.

Harrison County

Staff

This audit was performed by:

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