



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

November 17, 2023

Contact: Ernest Ruben
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$19,612,679 for the year ended June 30, 2022, a 2.8% increase over the prior year. Expenses for County operations for the year ended June 30, 2022, totaled \$14,213,357, a 10.0% decrease from the prior year. The increase in the revenues is due primarily to an increase in property tax revenue and the significant decrease in the expenses is due primarily to a decrease in rock and sand inventory purchased in fiscal year 2022.

AUDIT FINDINGS:

Sand reported seven findings related to the receipt and expenditure of taxpayer funds. They are found on pages 92 through 98 of this report. The findings address issues such as lack of segregation of duties, material amounts of accounts payable, prepaid expenses and infrastructure and capital asset additions not properly recorded in the County's financial statements. Sand provided the County with recommendations to address each of these findings.

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

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

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

JUNE 30, 2022

Guthrie County



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Rob Sand
Auditor of State

October 31, 2023

Officials of Guthrie County
Guthrie Center, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Guthrie 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 Guthrie 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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Guthrie County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Clifford Carney	Board of Supervisors	Jan 2023
Everett Grasty	Board of Supervisors	Jan 2023
Jerome Kuster	Board of Supervisors	Jan 2023
Mike Dickson	Board of Supervisors	Jan 2025
Jack Lloyd	Board of Supervisors	Jan 2025
Danielle Fink	County Auditor	Jan 2025
Marci Schreck	County Treasurer	Jan 2023
Tristen Richard	County Recorder	Jan 2023
Marty Arganbright	County Sheriff	Jan 2025
Brenna Bird	County Attorney	Jan 2023
Nikki Carrick	County Assessor	Jan 2028



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Independent Auditor's Report

To the Officials of Guthrie County:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Guthrie 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 accounting principles generally accepted in the United States of America.

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 Guthrie 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, Guthrie 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 Guthrie 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 Guthrie 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 Guthrie 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 64 through 73 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 GAAS, 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 Guthrie 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 8, 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 8 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2023 on our consideration of Guthrie 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 Guthrie County's internal control over financial reporting and compliance.



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

October 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Guthrie 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 2.8%, or approximately \$538,000, from fiscal year 2021 to fiscal year 2022. The County received approximately \$344,000 of federal grants for the American Rescue Plan Act (ARPA). Property tax revenues increased approximately \$856,000, charges for service and operating grants, contributions and restricted interest increased approximately \$178,000 and \$154,000, respectively, while capital grants, contributions and restricted interest decreased approximately \$1,044,000.
- Program expenses of the County's governmental activities were 10.0%, or approximately \$1,584,000, less in fiscal year 2022 than in fiscal year 2021. Roads and transportation expenses decreased approximately \$1,623,000, while physical health and social services expenses increased approximately \$314,000.
- The County's net position at June 30, 2022, increased 16.7%, or approximately \$5,399,000, from 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 Guthrie 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 Guthrie 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 Guthrie 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 Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

3) Fiduciary funds are used to report assets held in a trust or custodial capacity for others which cannot be used to support the County’s own programs. These fiduciary funds include Custodial Funds that account for 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 that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2022	2021
Current and other assets	\$ 36,002	27,317
Capital assets	43,393	37,519
Total assets	79,395	64,836
Deferred outflows of resources	1,006	1,284
Long-term liabilities	27,245	23,872
Other liabilities	1,870	429
Total liabilities	29,115	24,301
Deferred inflows of resources	13,606	9,538
Net position:		
Net investment in capital assets	26,601	24,893
Restricted	10,566	8,278
Unrestricted	513	(890)
Total net position	\$ 37,680	32,281

Net position of Guthrie County’s governmental activities increased 16.7% (approximately \$37.7 million compared to approximately \$32.3 million).

The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings, and equipment), less the related debt. The debt related to the investment of capital assets is liquidated with resources other than capital assets. This net position increased approximately \$1,708,000, or 6.9%, over the prior year.

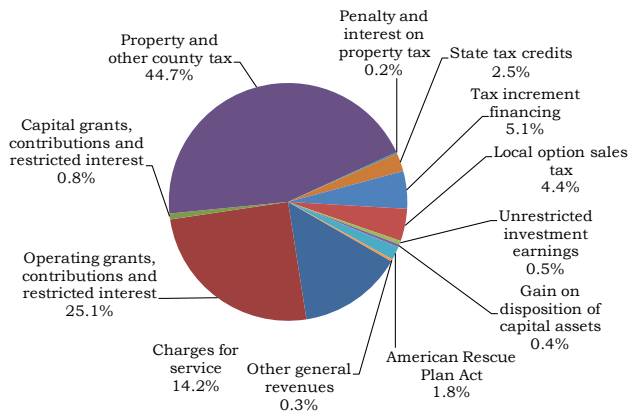
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$2,288,000, or 27.6%, primarily due to an increase in the amounts held in the Capital Projects Fund and Special Revenue, Secondary Roads Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of approximately \$890,000 at June 30, 2021, to approximately \$513,000 at the end of this year, an increase of 157.6%. The increase is primarily due to a decrease in the net pension liability (asset).

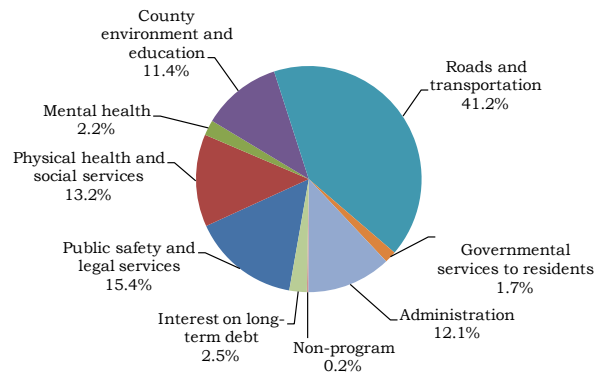
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2022	2021 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 2,778	2,600
Operating grants, contributions and restricted interest	4,916	4,762
Capital grants, contributions and restricted interest	153	1,197
General revenues:		
Property and other county tax	8,780	7,924
Tax increment financing	1,008	991
Penalty and interest on property tax	37	70
State tax credits	485	469
Local option sales tax	869	825
American Rescue Plan Act	344	-
Unrestricted investment earnings	94	147
Gain on disposition of capital assets	83	76
Other general revenues	66	14
Total revenues	19,613	19,075
Program expenses:		
Public safety and legal services	2,184	2,296
Physical health and social services	1,870	1,556
Mental health	318	291
County environment and education	1,624	1,607
Roads and transportation	5,874	7,497
Governmental services to residents	237	433
Administration	1,713	1,665
Non-program	35	9
Interest on long-term debt	359	444
Total expenses	14,214	15,798
Change in net position	5,399	3,277
Net position beginning of year, as restated	32,281	29,004
Net position end of year	\$ 37,680	32,281

Revenues by Source



Expenses by Program



Guthrie County's governmental activities net position increased approximately \$5,399,000 during the year. Revenues for governmental activities increased approximately \$538,000 over the prior year, including an increase in property and other county tax of approximately \$856,000, or 10.8%, over the prior year, and an increase in ARPA funds of \$344,000. The increases in property tax and ARPA funds were offset by an approximately \$1,044,000 decrease in capital grants, contributions and restricted interest due to less farm to market contributions received during fiscal year 2022.

Property tax rates increased 2.0% for fiscal year 2022. Countywide taxable valuations in Guthrie County have increased approximately \$18.2 million over the prior year. Based on increases in the total assessed valuations and an increase in property tax rates, property tax revenue was budgeted to increase approximately \$562,000 this year.

The cost of all governmental activities this year was approximately \$14.2 million compared to approximately \$15.8 million last year. However, as shown in the Statement of Activities on page 21, the amount taxpayers ultimately financed for these activities was approximately \$6.4 million because some of the cost was paid by those directly benefited from the programs (approximately \$2,778,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5,069,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2022 from approximately \$8,559,000 to approximately \$7,847,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Guthrie County completed the year, its governmental funds reported a combined fund balance of approximately \$23.1 million, an increase of approximately \$5.7 million over last year's total of approximately \$17.4 million. The following are the major reasons for the changes in fund balances of the major funds compared to the prior year:

- General Fund revenues increased 2.5%, or approximately \$181,000, compared to the prior year, primarily due to an increase in property tax and charges for services revenues and a decrease in intergovernmental revenues. Property tax revenues increased approximately \$284,000 due to increased property tax valuations, charges for services increased approximately \$214,000 due to more nursing service fees from Cass and Audubon Counties received during the current year and intergovernmental revenues decreased approximately \$230,000 due to less Coronavirus grant money received in the current year. Expenditures increased 9.2%, or approximately \$560,000, compared to the prior year, primarily due to an increase in public safety and legal services of approximately \$201,000 and an increase of \$184,000 in Administration. The increases were due to increases in vehicle costs, payroll and building repairs in the current year. The ending fund balance increased approximately \$518,000 from the prior year to approximately \$3,617,000.
- Special Revenue, Mental Health Fund balance at year end decreased approximately \$86,000 from the prior year end. For the year, expenditures totaled approximately \$318,000, an increase of 9.1% over the prior year, primarily due to the elimination of this fund at June 30, 2022. The County was required by Senate File 619 to transfer the remaining fund balance to the Mental Health Region prior to June 30, 2022.
- Special Revenue, Rural Services Fund revenues increased 16.7%, or approximately \$660,000, primarily due to an increase in property tax valuations and levy rate increase which generated an approximately \$576,000 increase in property tax revenues. Expenditures increased 7.1%, or approximately \$83,000, when compared to the prior year. The County purchased various equipment and herbicides for roadside vegetation management in the current year. The Rural Services Fund ending fund balance increased approximately \$604,000 over the prior year to approximately \$1,655,000.

- Special Revenue, Secondary Roads Fund revenues increased 3.4%, or approximately \$155,000, compared to the prior year, primarily due to receiving money from Hungry Canyons Alliance for erosion mitigation in the current year. Expenditures decreased 3.1%, or approximately \$198,000, from the prior year. The Secondary Roads Fund ending balance increased approximately \$1,434,000 over the prior year to approximately \$6,690,000.
- Special Revenue, Tax Increment Financing Fund (TIF) revenues increased 1.7%, or approximately \$18,000, compared to the prior year. Expenditures increased 4.8%, or approximately \$44,000 over the prior year. The Tax Increment Financing Fund ending balance increased approximately \$89,000 from the prior year to approximately \$125,000.
- Debt Service Fund revenues increased 3.5%, or approximately \$24,000, compared to the prior year. The expenditures decreased 10.8%, or approximately \$85,000. The approximately \$599,000 Debt Service Fund balance at the end of the year is restricted to pay the law enforcement center, sewer improvement and building improvement general obligation bonds.
- During the year ended June 30, 2022, the County issued \$8.5 million of general obligation bonds to help finance projects in the urban renewal area consisting of constructing county bridge and highway improvements. The proceeds from the bond issue were placed in the Capital Projects Fund to account for these projects. The Capital Project Fund expenditures increased approximately \$965,000 over the prior year, due primarily to an increase in expenditures for the Law Enforcement Center project. The ending fund balance increased approximately \$3,146,000, or 46.8%, over the prior year to approximately \$9,876,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Guthrie County amended its budget two times. The first amendment was made in November 2021 and resulted in an increase in budgeted receipts and disbursements related to the ARPA funds received. The second amendment was made in May 2022. This amendment was made to provide for additional disbursements in certain County departments.

The County's receipts were \$673,408 more than budgeted, a variance of 3.54%. This was primarily due to the County receiving more in intergovernmental revenues than anticipated due to receiving the first payment of the American Rescue Plan Funds and the Opioid settlement. In addition, the County received more in charges for service revenue than anticipated due to receiving fees for the Hungry Canyons Alliance Administration.

Total disbursements were \$801,457 less than the amended budget. Actual disbursements for the administration and roads and transportation functions were \$1,184,360 and \$844,449, respectively, less than budgeted. This was primarily due to budgetary expenses being increased for American Rescue Plan Act funded projects for the administration function and increasing costs of road projects and future purchase of plow trucks for the roads.

Even with the budget amendments, the County exceeded the budgeted amounts in the physical health and social services, non-program and capital projects functions for the year ended June 30, 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, Guthrie County had approximately \$43.4 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities and roads and bridges. This is a net increase (including additions and deletions) of approximately \$5,856,000 or 15.6%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2022	2021 (As Restated) *
Land	\$ 1,406	1,406
Works of art	128	128
Construction in progress	13,709	9,254
Buildings and improvements	1,800	1,621
Equipment and vehicles	6,048	5,335
Right-to-use leased equipment	13	19
Infrastructure	20,288	19,775
Total	\$ 43,393	37,537

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

The County had depreciation expense of \$2,105,454 in fiscal year 2022 and total accumulated depreciation of \$19,419,802 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, Guthrie County had approximately \$26,373,000 of general obligation bonds, notes and other debt outstanding, compared to approximately \$19,187,000 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 bonds	\$ 25,949	18,643
General obligation notes	410	525
Lease agreements	14	19
Totals	\$ 26,373	19,187

Guthrie County issued \$8,500,000 in general obligation urban renewal bonds during fiscal year 2022. Debt increased as a result of issuing general obligation bonds for urban renewal.

The County continues to carry a general obligation bond rating of A1 assigned by national rating agencies to the County's debt since 1998. 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. Guthrie County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$83 million. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Guthrie County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2023 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 2.5% versus 4.3% a year ago. This compares with the State's unemployment rate of 2.6% and the national rate of 3.6%.

These indicators were taken into account when adopting the budget for fiscal year 2023. Amounts available for appropriation (i.e., beginning balance plus revenues) in the operating budget are approximately \$30.0 million, an increase of 12.1% over the final fiscal year 2022 budget. Property tax (benefiting from a rate increase and increases in assessed valuations) is expected to lead this increase. Guthrie County will use these increases in receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to be similar to fiscal year 2022 as work continues on the Law Enforcement Center and road projects. The physical health and social services function is expected to increase due to an increase in disbursements for communicable disease prevention and control services. The County has added no major new programs or initiatives to the fiscal year 2023 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease 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 Guthrie 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 Guthrie County Auditor's Office, 200 North 5th Street, Guthrie Center, Iowa 50115.

Guthrie County

Basic Financial Statements

Exhibit A

Guthrie County
Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 20,687,979
Held by component units	370,025
Receivables:	
Property tax:	
Delinquent	4,733
Succeeding year	8,412,000
Succeeding year tax increment financing	1,313,000
Interest and penalty on property tax	108,083
Accounts	32,615
Loans	520,000
Accrued interest	8,140
Opioid settlement	177,936
Lease	76,568
Due from other governments	658,600
Inventories	2,386,271
Prepaid expense	373,357
Capital assets, not being depreciated	15,243,559
Capital assets, net of accumulated depreciation	28,149,552
Net pension asset	872,368
Total assets	<u>79,394,786</u>
Deferred Outflows of Resources	
Pension related deferred outflows	975,323
OPEB related deferred outflows	30,996
Total deferred outflows of resources	<u>1,006,319</u>

Guthrie County
Statement of Net Position
June 30, 2022

	Governmental Activities
Liabilities	
Accounts payable	859,663
Accrued interest payable	38,640
Salaries payable	277,100
Due to other governments	975
Unearned revenue	693,774
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	1,569,825
Estimated liability for landfill closure and postclosure care	13,486
Compensated absences	329,871
Lease agreements	5,268
OPEB liability	16,500
Portion due or payable after one year:	
General obligation bonds	24,789,030
Estimated liability for landfill closure and postclosure care	158,514
Compensated absences	53,991
OPEB liability	299,989
Lease agreements	8,383
Total liabilities	29,115,009
Deferred Inflows of Resources	
Unavailable property tax revenue	8,412,000
Unavailable tax increment financing revenue	1,313,000
Pension related deferred inflows	3,701,518
OPEB related deferred inflows	103,043
Lease receivable deferred inflows	76,568
Total deferred inflows of resources	13,606,129
Net Position	
Net investment in capital assets	26,600,523
Restricted for:	
Supplemental levy purposes	926,895
Rural services purposes	1,470,958
Secondary roads purposes	6,538,552
Debt service purposes	165,658
Capital projects	819,353
Conservation purposes	546,146
Other purposes	98,568
Unrestricted	513,314
Total net position	\$ 37,679,967

See notes to financial statements.

Guthrie County

Guthrie County

Statement of Activities

Year ended June 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,184,580	359,811	17,435	-	(1,807,334)
Physical health and social services	1,869,721	749,152	598,020	-	(522,549)
Mental health	317,717	2,601	-	-	(315,116)
County environment and education	1,623,557	805,351	15,101	-	(803,105)
Roads and transportation	5,873,960	457,255	4,265,897	153,458	(997,350)
Governmental services to residents	237,140	328,207	-	-	91,067
Administration	1,713,100	49,733	-	-	(1,663,367)
Non-program	34,733	26,082	-	-	(8,651)
Interest on long-term debt	358,849	-	19,118	-	(339,731)
Total	\$ 14,213,357	2,778,192	4,915,571	153,458	(6,366,136)
General Revenues:					
Property and other county tax levied for general purposes					8,779,577
Tax increment financing					1,007,617
Penalty and interest on property tax					36,546
State tax credits					485,378
Local option sales tax					869,178
American Rescue Plan Act					344,333
Unrestricted investment earnings					94,374
Gain on disposition of capital assets					82,647
Rent					7,057
Miscellaneous					58,751
Total general revenues					11,765,458
Change in net position					5,399,322
Net position beginning of year					32,280,645
Net position end of year					\$ 37,679,967

See notes to financial statements.

Guthrie County
Balance Sheet
Governmental Funds

June 30, 2022

			Special
	General	Rural Services	Secondary Roads
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 3,447,099	1,564,346	3,883,930
Held by component units	-	-	-
Receivables:			
Property tax:			
Delinquent	3,270	1,068	-
Succeeding year	4,980,000	2,790,000	-
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	108,083	-	-
Accounts	1	30,367	1,902
Loans	-	-	-
Accrued interest	8,140	-	-
Opioid settlement	-	-	-
Lease receivable	76,568	-	-
Due from other funds	1,398	-	-
Due from other governments	246,870	64,121	347,609
Inventories	-	-	2,386,271
Prepaid expense	80,198	22,503	270,656
	\$ 8,951,627	4,472,405	6,890,368
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 39,027	8,364	67,630
Salaries and benefits payable	126,632	17,529	132,939
Due to other funds	-	-	-
Due to other governments	817	-	158
Unearned revenue	-	-	-
Total liabilities	166,476	25,893	200,727
Deferred inflows of resources:			
Unavailable resources:			
Succeeding year property tax	4,980,000	2,790,000	-
Succeeding year tax increment financing	-	-	-
Lease related	76,568	-	-
Other	111,353	1,068	-
Total deferred inflows of resources	5,167,921	2,791,068	-
Fund balances:			
Nonspendable:			
Inventories	-	-	2,386,271
Prepaid expense	80,198	23,503	270,656
Restricted for:			
Supplemental levy purposes	933,341	-	-
Rural services purposes	-	1,621,941	-
Secondary roads purposes	-	-	4,032,714
Drainage warrants	-	-	-
Conservation purposes	68,591	-	-
Capital projects	-	-	-
Debt service	-	-	-
Transfer station closure/postclosure care	-	10,000	-
Other purposes	58,375	-	-
Unassigned	2,476,725	-	-
Total fund balances	3,617,230	1,655,444	6,689,641
Total liabilities, deferred inflows of resources and fund balances	\$ 8,951,627	4,472,405	6,890,368

See notes to financial statements.

Revenue				
Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Total
124,734	80,567	10,621,076	841,152	20,562,904
-	-	-	370,025	370,025
-	395	-	-	4,733
-	642,000	-	-	8,412,000
1,313,000	-	-	-	1,313,000
-	-	-	-	108,083
-	-	-	345	32,615
-	520,000	-	-	520,000
-	-	-	-	8,140
-	-	-	177,936	177,936
-	-	-	-	76,568
-	-	-	-	1,398
-	-	-	-	658,600
-	-	-	-	2,386,271
-	-	-	-	373,357
<u>1,437,734</u>	<u>1,242,962</u>	<u>10,621,076</u>	<u>1,389,458</u>	<u>35,005,630</u>
-	-	744,642	-	859,663
-	-	-	-	277,100
-	1,398	-	-	1,398
-	-	-	-	975
-	-	-	693,774	693,774
-	1,398	744,642	693,774	1,832,910
-	642,000	-	-	8,412,000
1,313,000	-	-	-	1,313,000
-	-	-	-	76,568
-	395	-	177,936	290,752
<u>1,313,000</u>	<u>642,395</u>	<u>-</u>	<u>177,936</u>	<u>10,092,320</u>
-	-	-	-	2,386,271
-	-	-	-	374,357
-	-	-	-	933,341
-	-	-	-	1,621,941
-	-	-	-	4,032,714
-	-	-	12,833	12,833
-	-	-	477,555	546,146
-	-	9,876,434	-	9,876,434
124,734	599,169	-	-	723,903
-	-	-	-	10,000
-	-	-	27,360	85,735
-	-	-	-	2,476,725
<u>124,734</u>	<u>599,169</u>	<u>9,876,434</u>	<u>517,748</u>	<u>23,080,400</u>
<u>1,437,734</u>	<u>1,242,962</u>	<u>10,621,076</u>	<u>1,389,458</u>	<u>35,005,630</u>

Guthrie County

Guthrie County

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

June 30, 2022

Total governmental fund balances (page 23) \$ 23,080,400

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$62,812,913 and the accumulated depreciation is \$19,419,802. 43,393,111

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

Deferred inflows of resources	\$ 290,752	
Net pension asset	<u>872,368</u>	1,163,120

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance and prescription benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 125,075

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (38,640)

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	1,006,319	
Deferred inflows of resources	<u>(3,804,561)</u>	(2,798,242)

Long-term liabilities, including bonds and notes payable, the estimated liability for landfill closure and postclosure care, compensated absences payable, lease agreements payable and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (27,244,857)

Net position of governmental activities (page 19) \$ 37,679,967

See notes to financial statements.

Guthrie County

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

Year ended June 30, 2022

		Special	
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 5,044,916	217,740	2,888,542
Tax increment financing	-	-	-
Local option sales tax	-	-	869,178
Interest and penalty on property tax	44,620	-	-
Intergovernmental	1,252,652	14,753	200,280
Licenses and permits	49,782	-	-
Charges for service	891,558	-	1,478
Use of money and property	95,984	-	-
Miscellaneous	80,925	-	646,494
Total revenues	7,460,437	232,493	4,605,972
Expenditures:			
Operating:			
Public safety and legal services	2,420,498	-	-
Physical health and social services	1,627,166	-	-
Mental health	-	318,059	-
County environment and education	480,314	-	1,213,594
Roads and transportation	-	-	27,850
Governmental services to residents	445,840	-	4,620
Administration	1,685,460	-	-
Nonprogram current	4,602	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	6,663,880	318,059	1,246,064
Excess (deficiency) of revenues over (under) expenditures	796,557	(85,566)	3,359,908
Other financing sources (uses):			
General obligation bonds issued	-	-	-
Premium	-	-	-
Transfers in	-	-	-
Transfers out	(278,262)	-	(2,756,005)
Total other financing sources (uses)	(278,262)	-	(2,756,005)
Change in fund balances	518,295	(85,566)	603,903
Fund balances beginning of year	3,098,935	85,566	1,051,541
Fund balances end of year	\$ 3,617,230	-	1,655,444

See notes to financial statements.

Revenue					
Secondary Roads	Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Total
-	-	628,405	-	-	8,779,603
-	1,007,617	-	-	-	1,007,617
-	-	-	-	-	869,178
-	-	-	-	-	44,620
4,287,227	39,240	61,664	-	353,946	6,209,762
14,305	-	-	-	-	64,087
187,132	-	-	-	4,320	1,084,488
1,368	-	-	6,204	3,913	107,469
234,488	-	-	-	11,769	973,676
4,724,520	1,046,857	690,069	6,204	373,948	19,140,500
-	-	-	-	1,785	2,422,283
-	-	-	-	344,333	1,971,499
-	-	-	-	-	318,059
-	-	-	-	10,826	1,704,734
6,010,290	-	-	-	-	6,038,140
-	-	-	-	1,774	452,234
102,769	-	-	-	-	1,788,229
-	-	-	-	-	4,602
-	957,391	700,289	-	-	1,657,680
1,287	-	-	5,609,781	-	5,611,068
6,114,346	957,391	700,289	5,609,781	358,718	21,968,528
(1,389,826)	89,466	(10,220)	(5,603,577)	15,230	(2,828,028)
-	-	-	8,500,000	-	8,500,000
-	-	-	39,990	-	39,990
2,824,267	-	-	210,000	-	3,034,267
-	-	-	-	-	(3,034,267)
2,824,267	-	-	8,749,990	-	8,539,990
1,434,441	89,466	(10,220)	3,146,413	15,230	5,711,962
5,255,200	35,268	609,389	6,730,021	502,518	17,368,438
6,689,641	124,734	599,169	9,876,434	517,748	23,080,400

Guthrie 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 27) \$ 5,711,962

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

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

Expenditures for capital assets	\$ 7,863,035	
Capital assets contributed by the Iowa Department of Transportation	153,458	
Depreciation expense	<u>(2,105,454)</u>	5,911,039

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. (55,338)

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

Property tax	(26)	
Other	<u>169,862</u>	169,836

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

Issued	(8,500,000)	
Repaid	<u>1,308,825</u>	(7,191,175)

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. 533,456

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	14,187	
Estimated liability for landfill closure and postclosure care	6,744	
Lease liability	5,103	
OPEB expense	(8,670)	
Pension expense	312,367	
Interest on long-term debt	<u>(9,994)</u>	319,737

The Internal Service Fund is used by management to pay the costs of the remaining partial self-funded health insurance claims incurred under the insurance plan which has been discontinued. The change in net position of the Internal Service Fund is reported with governmental activities. (195)

Change in net position of governmental activities (page 21) \$ 5,399,322

See notes to financial statements.

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

	<u>Internal Service</u>
Assets	
Cash and cash equivalents	\$ 125,075
Liabilities	
None	<u>-</u>
Net Position	
Unrestricted	<u>\$ 125,075</u>

See notes to financial statements.

Guthrie County

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

Year ended June 30, 2022

	<u>Internal Service</u>
Operating revenues:	
Reimbursements from employees and others	\$ 26,082
Operating expenses:	
Medical claims	25,498
Administrative fees	945
Total operating expenses	<u>26,443</u>
Operating loss	(361)
Non-operating revenues:	
Interest income	<u>166</u>
Net loss	(195)
Net position beginning of year	<u>125,270</u>
Net position end of year	<u>\$ 125,075</u>

See notes to financial statements.

Guthrie County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2022

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash from other governments	\$ 26,082
Cash paid to suppliers for services	<u>(26,443)</u>
Net cash used by operating activities	(361)
Cash flows from investing activities:	
Interest on investments	<u>166</u>
Net decrease in cash and cash equivalents	(195)
Cash and cash equivalents beginning of year	<u>125,270</u>
Cash and cash equivalents end of year	<u>\$ 125,075</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating loss and net cash used by operating activities	<u>\$ (361)</u>

See notes to financial statements.

Guthrie County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2022

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,878,122
Other County officials	41,925
Receivables:	
Property tax:	
Delinquent	16,690
Succeeding year	20,429,000
Accrued interest	2,617
Special assessments	103,654
Prepaid insurance	399
	<hr/>
Total assets	22,472,407

Liabilities

Accounts payable	891
Salaries and benefits payable	13,050
Due to other governments	634,221
Trusts payable	76,484
Compensated absences	10,258
	<hr/>
Total liabilities	734,904

Deferred Inflows of Resources

20,429,000

Net Position

\$ 1,308,503

See notes to financial statements.

Guthrie County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2022

Additions:	
Property and other county tax	\$ 21,121,291
State tax credits	1,247,479
Office fees and collections	607,086
Auto licenses, use tax and postage	5,277,198
Assessments	39,208
Trusts	847,287
Miscellaneous	<u>180,062</u>
Total additions	<u>29,319,611</u>
Deductions:	
Agency remittances:	
To other funds	365,553
To other governments	28,000,533
Trusts paid out	<u>840,750</u>
Total deductions	<u>29,206,836</u>
Changes in net position	112,775
Net position beginning of year	<u>1,195,728</u>
Net position end of year	<u>\$ 1,308,503</u>

See notes to financial statements.

Guthrie County

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

Guthrie 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, Guthrie 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 Guthrie 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.

Eleven 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 Guthrie County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has another drainage district which is managed and supervised by elected trustees. The financial statements for this district are reported as a Custodial Fund. Financial information of the individual drainage districts can be obtained from the Guthrie County Auditor's Office.

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

The Guthrie County Historical Village Foundation (formerly the Turn of the Century Museum Foundation) is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, part of the County. It is reported as a Special Revenue Fund. The Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Guthrie County Conservation Board. These donations are to be used for development and enhancement of museum projects and activities which are not included in the County's budget.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The Tax Increment Financing Fund is used to account for the property tax revenue levied for the payment of general obligation urban renewal bond principal and interest.

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2021.

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

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not more than 15 annual installments. Each annual installment with interest on the unpaid balance is due September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
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	40 - 50
Improvements other than buildings	20 - 50
Infrastructure	30 - 65
Intangibles	2 - 15
Right-to-use leased assets	2 - 20
Equipment	2 - 20
Vehicles	3 - 10

Leases – County as Lessee: Guthrie County is the lessee for a noncancellable lease of 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 payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments 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 Guthrie County determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Guthrie 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: Guthrie County is a lessor for a noncancellable lease of land. 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 commencement date. Subsequently, the deferred inflows of resources is recognized as revenue over the life of the lease term.

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

Guthrie County use sits estimated incremental borrowing rate as the discount rate for leases.

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in the 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 and OPEB expense, information has been determined based on Guthrie County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied, unrecognized items not yet charged to pension expense, the unamortized portion of the net difference between projected and actual earnings on pension plan assets and deferred amounts related to leases.

Fund 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. Enabling legislation did not result in any restricted fund balances.

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, disbursements exceeded the amounts budgeted in the physical health and social services, non-program and capital projects functions. Also, disbursements in two departments exceeded the amounts appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2022 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Debt Service	<u>\$ 1,398</u>

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

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 68,262
	Special Revenue:	
	Rural Services	<u>2,756,005</u>
		<u>2,824,267</u>
Capital Projects	General	<u>210,000</u>
Total		<u>\$ 3,034,267</u>

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

(5) Capital Assets

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

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,406,341	-	-	1,406,341
Works of art	127,765	-	-	127,765
Construction in progress	9,254,153	6,130,001	(1,674,701)	13,709,453
Total capital assets not being depreciated	10,788,259	6,130,001	(1,674,701)	15,243,559
Capital assets being depreciated:				
Buildings	2,100,099	307,724	(35,646)	2,372,177
Improvements other than buildings	1,431,525	-	-	1,431,525
Equipment and vehicles	12,354,791	1,578,768	(394,817)	13,538,742
Right-to-use leased equipment	18,754	-	-	18,754
Infrastructure, road network	28,533,455	1,674,701	-	30,208,156
Total capital assets being depreciated	44,438,624	3,561,193	(430,463)	47,569,354
Less accumulated depreciation for:				
Buildings	1,353,695	62,504	(15,684)	1,400,515
Improvements other than buildings	557,103	45,924	-	603,027
Equipment and vehicles	7,019,938	830,693	(359,441)	7,491,190
Right-to-use leased assets	-	5,339	-	5,339
Infrastructure, road network	8,758,737	1,160,994	-	9,919,731
Total accumulated depreciation	17,689,473	2,105,454	(375,125)	19,419,802
Total capital assets being depreciated, net	26,749,151	1,455,739	(55,338)	28,149,552
Governmental activities capital assets, net	\$ 37,537,410	7,585,740	(1,730,039)	43,393,111

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 81,128
Physical health and social services	14,070
County environment and education	152,333
Roads and transportation	1,813,497
Administration	44,426
Total depreciation expense - governmental activities	<u>\$ 2,105,454</u>

(6) County Lease Receivable

The County owns ground known as the Anderson Farm. Effective March 1, 2021 with an initial payment on March 1, 2021, the County entered into a three-year lease with a local farmer whereby the farmer operates the Farm. The County is to receive \$44,399 in land rent annually with an implicit rate of 4.0%.

The County owns ground known as the Smith Farm. Effective March 1, 2021 with an initial payment on March 1, 2021, the County entered into a three-year lease with a local farmer whereby the farmer operates the Farm. The County is to receive \$4,000 in land rent annually with an implicit rate of 4.0%.

The County owns the SE Robinson Wildlife Area. Effective January 1, 2021 with an initial payment on March 1, 2021, the County entered into a six-year hay lease with a local farmer whereby the farmer uses the Wildlife Area for agricultural cropping purposes. The County is to receive \$1,032 in land rent annually with an implicit rate of 4.0%.

The County owns the Bennie Hall Wildlife Area. Effective January 1, 2021 with an initial payment on March 1, 2021, the County entered into a five-year hay lease with a local farmer whereby the farmer uses the Wildlife Area for agricultural cropping purposes. The County is to receive \$1,388 in land rent annually with an implicit rate of 4.0%.

Year Ending June 30,	Farms	Wildlife Areas	Total
2023	\$ 48,399	2,420	50,819
2024	22,199	2,420	24,619
2025	-	2,420	2,420
2026	-	1,725	1,725
2027	-	516	516
Total	70,598	9,501	80,099
Less interest	(2,731)	(800)	(3,531)
Present value	\$ 67,867	8,701	76,568

(7) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 817
Special Revenue:		
Secondary Roads	Services	158
Total for governmental funds		<u>\$ 975</u>
Agency:		
County Officials	Collections	\$ 24,154
Agricultural Extension Education		1,340
Schools		38,162
Community Colleges		32,781
Corporations		36,542
Townships		8,759
Auto License and Use Tax		473,123
All other		19,360
Total for agency funds		<u>\$ 634,221</u>

(8) Long-Term Liabilities

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

	General Obligation Sewer Improvement Bonds	General Obligation Building Improvements Note	General Obligation Law Enforcement Center Bonds	General Obligation Urban Renewal Bonds	General Obligation Refunding Bonds	Estimated Liability for Landfill Closure and Postclosure Care
Balance beginning of year, restated	\$ 550,000	525,000	9,587,680	-	8,505,000	178,744
Increases	-	-	-	8,500,000	-	-
Decreases	30,000	115,000	358,825	-	805,000	6,744
Balance end of year	<u>\$ 520,000</u>	<u>410,000</u>	<u>9,228,855</u>	<u>8,500,000</u>	<u>7,700,000</u>	<u>172,000</u>
Due within one year	<u>\$ 35,000</u>	<u>46,000</u>	<u>373,825</u>	<u>270,000</u>	<u>845,000</u>	<u>13,486</u>

	Compensated Absences	Net Pension Liability (asset)	Total OPEB Liability	Lease Agreements	Total
Balance beginning of year, restated	398,049	3,825,155	302,689	18,754	23,891,071
Increases	229,713	-	13,800	-	8,743,513
Decreases	243,900	4,697,523	-	5,103	6,262,095
Balance end of year	<u>383,862</u>	<u>(872,368)</u>	<u>316,489</u>	<u>13,651</u>	<u>26,372,489</u>
Due within one year	<u>329,871</u>	<u>-</u>	<u>16,500</u>	<u>5,268</u>	<u>1,934,950</u>

General Obligation Sewer Improvement Bonds

In June 2015, the County issued general obligation sewer improvement bonds on behalf of the Diamondhead Sanitary District for constructing a lift station at Diamondhead Lake. Details of the County's June 30, 2022 general obligation sewer improvement bond indebtedness are as follows:

Year Ending June 30,	Diamondhead Sanitary District Issued Jun 2015			
	Interest Rates	Principal	Interest	Total
2023	2.55%	\$ 35,000	17,852	52,852
2024	2.55	35,000	16,960	51,960
2025	2.55	35,000	16,068	51,068
2026	2.55	35,000	15,175	50,175
2027	3.25	35,000	14,038	49,038
2028-2032	3.25-4.00	205,000	51,200	256,200
2033-2035	4.00	140,000	11,400	151,400
Total		<u>\$ 520,000</u>	<u>142,693</u>	<u>662,693</u>

During the year ended June 30, 2022, the County paid principal of \$30,000 and interest of \$18,618 on the bonds.

The Diamondhead Sanitary District has agreed to pay the County the principal and interest on the general obligation bonds as they come due. The County reports a loan receivable equal to the principal outstanding on the general obligation sewer improvement bonds in the Debt Service Fund.

General Obligation Law Enforcement Center Bonds

On June 30, 2020, the County issued \$8,700,000 of general obligation bonds, Series 2020A, with an interest rate of 5% per annum. The notes were issued to pay for the cost of constructing and equipping the Law Enforcement Center.

A summary of the future principal and interest payments is as follows:

Year Ending June 30,	Law Enforcement Center Issued Jun 30, 2020			
	Interest Rates	Principal	Interest	Total
2023	5.00%	\$ 310,000	305,100	615,100
2024	5.00	325,000	289,600	614,600
2025	5.00	340,000	273,350	613,350
2026	5.00	360,000	256,350	616,350
2027	5.00	380,000	238,350	618,350
2028-2032	2.00-5.00	2,175,000	902,800	3,077,800
2033-2037	2.00-4.00	2,485,000	585,400	3,070,400
2038-2040	2.00-4.00	1,705,000	138,200	1,843,200
Total		\$ 8,080,000	2,989,150	11,069,150
Unamortized premium		1,148,855		
Total payable		\$ 9,228,855		

During the year ended June 30, 2022, the County paid principal of \$295,000 and interest of \$319,850 on the bonds.

General Obligation County Building Improvements Note

On April 28, 2021, the County issued \$525,000 of general obligation notes, Series 2021A, with an interest rate of 0.85% per annum. The notes were issued to provide funding for the courthouse roof replacement, courthouse brick tuckpointing, and the County maintenance building at the landfill transfer station.

A summary of the future principal and interest payments is as follows:

Year Ending June 30,	Building Improvements Issued Apr 28, 2021			
	Interest Rates	Principal	Interest	Total
2023	0.85%	\$ 46,000	3,485	49,485
2024	0.85	60,000	3,094	63,094
2025	0.85	75,000	2,584	77,584
2026	0.85	84,000	1,947	85,947
2027	0.85	86,000	1,232	87,232
2028	0.85	59,000	502	59,502
Total		\$ 410,000	12,844	422,844

During the year ended June 30, 2022, the County paid principal of \$115,000 and interest of \$4,872 on the notes.

General Obligation Refunding Bonds

On June 28, 2021, the County issued \$8,505,000 of general obligation refunding bonds, Series 2021B. The bonds were issued to refund the general obligation urban renewal bonds, Series 2016 and Series 2019, with remaining principal balances of \$8,047,500 and \$620,000, respectively, and interest of \$24,764 and \$1,908, respectively. The County reduced its total debt service payment by \$1,443,124 and obtained an economic gain (difference between present value of the debt service payments on the old and new debt) of \$1,358,987.

A summary of the future principal and interest payments is as follows:

Year Ending June 30,	Refunding Issued Jun 28, 2021			
	Interest Rates	Principal	Interest	Total
2023	0.85%	\$ 845,000	137,238	982,238
2024	0.85	850,000	128,787	978,787
2025	0.85	870,000	111,788	981,788
2026	0.85	885,000	94,387	979,387
2027	0.85	900,000	76,688	976,688
2028-2031	0.85	3,350,000	156,587	3,506,587
Total		<u>\$ 7,700,000</u>	<u>705,475</u>	<u>8,405,475</u>

During the year ended June 30, 2022, the County paid principal of \$805,000 and interest of \$134,391 on the bonds.

General Obligation Urban Renewal Bonds

On May 25, 2022, the County issued \$8,500,000 of general obligation urban renewal bonds, Series 2022A. The bonds were issued to provide funding for projects in the urban renewal area.

A summary of the future principal and interest payments is as follows:

Year Ending June 30,	Urban Renewal Issued May 25, 2022			
	Interest Rates	Principal	Interest	Total
2023	4.00%	\$ 270,000	291,089	561,089
2024	4.00	160,000	275,518	435,518
2025	4.00	170,000	269,117	439,117
2026	4.00	195,000	262,318	457,318
2027	5.00	225,000	254,517	479,517
2028-2032	3.00-5.00	3,100,000	1,054,188	4,154,188
2033-2035	3.05-3.15	4,380,000	270,765	4,650,765
Total		<u>\$ 8,500,000</u>	<u>2,677,512</u>	<u>11,177,512</u>

During the year ended June 30, 2022, the County made no principal or interest payments on the bonds.

Lease Agreements

On July 15, 2019, the County entered into a lease agreement for a printer system. An initial lease liability was recorded in the amount of \$6,083. The agreement requires monthly payments of \$179 over 5 years, with an implicit interest rate of 4.0% and final payment due on June 15, 2024.

On February 5, 2020, the County entered into a lease agreement for a printer system. An initial lease liability was recorded in the amount of \$6,293. The agreement requires monthly payments of \$154 over 5 years, with an implicit interest rate of 4.0% and final payment due on February 5, 2025.

On July 1, 2020, the County entered into a lease agreement for a postage machine. An initial lease liability was recorded in the amount of \$6,378. The agreement requires monthly payments of \$144 over 5 years, with an implicit interest rate of 4.0% and final payment due on June 1, 2025.

Year Ending June 30,	Printer System			Postage Machine		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 3,712	284	3,996	\$ 1,556	172	1,728
2024	3,863	133	3,996	1,620	108	1,728
2025	1,214	18	1,232	1,686	42	1,728
Totals	\$ 8,789	435	9,224	\$ 4,862	322	5,184

Year Ending June 30,	Total		
	Principal	Interest	Total
2023	\$ 5,268	456	5,724
2024	5,483	241	5,724
2025	2,900	60	2,960
Totals	\$ 13,651	757	14,408

(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 or protection occupation member’s monthly IPERS benefit includes:

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

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

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

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

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

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

The County's contributions to IPERS for the year ended June 30, 2022 totaled \$533,456.

Net Pension Liability (Asset), Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County reported a net asset of \$872,368 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021, and the total plan pension liability used to calculate 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 was 0.252694%, which was an increase of 0.198241% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of \$(312,367). 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	\$ 124,746	63,562
Changes of assumptions	60,312	32,314
Net difference between projected and actual earnings on IPERS' investments	-	3,602,830
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	256,809	2,812
County contributions subsequent to the measurement date	533,456	-
Total	\$ 975,323	3,701,518

\$533,456 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	\$ (800,563)
2024	(794,306)
2025	(745,379)
2026	(936,973)
2027	17,570
Total	\$ (3,259,651)

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset):	\$ 2,459,789	(872,368)	(3,664,077)

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 – At June 30, 2022, the County reported payables to IPERS of \$41,508 for legally required employer contributions and \$29,290 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(10) Other Postemployment Benefits (OPEB)

Plan Description – The County administers a single-employer benefit plan which provides medical and prescription drug 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 Guthrie 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 and prescription drug 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	2
Active employees	<u>104</u>
Total	<u>106</u>

Total OPEB Liability – The County's total OPEB liability of \$316,489 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2022)	3.00% per annum.
Rates of salary increase (effective June 30, 2022)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2022)	2.14% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	5.50% initial rate decreasing by .25% annually to an ultimate rate of 5.00%.

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. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 302,689
Changes for the year:	
Service cost	29,820
Interest	6,804
Difference between Expected and Actual Changes of Assumptions	(41,010)
Benefit payments	34,686
	<u>(16,500)</u>
Net changes	13,800
Total OPEB liability end of year	<u>\$ 316,489</u>

Changes in assumptions reflect a change in the discount rate from 3.50% in fiscal year 2021 to 2.14% in fiscal year 2022.

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

	1% Decrease (1.14%)	Discount Rate (2.14%)	1% Increase (3.14%)
Total OPEB liability	\$ 344,330	316,489	290,594

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 (4.50%) or 1% higher (6.50%) than the current healthcare cost trend rates.

	1% Decrease (4.50%)	Healthcare Cost Trend Rate (5.50%)	1% Increase (6.50%)
Total OPEB liability	\$ 277,843	316,489	362,840

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized OPEB expense of \$8,670. At June 30, 2022, the County reported 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	\$ -	83,503
Changes in assumptions	30,996	19,540
Total	\$ 30,996	103,043

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

Year Ending June 30,	Amount
2023	\$ (11,454)
2024	(11,454)
2025	(11,454)
2026	(11,454)
2027	(11,454)
Thereafter	(14,777)
Total	\$ (72,047)

(11) Landfill Closure and Postclosure Care

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

Governmental Accounting Standards Board Statement No. 18, effective for periods beginning after June 15, 1993, requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deletion, technology, or applicable laws or regulations.

The total costs for the County have been estimated at \$172,000 as of June 30, 2022, and that liability has been recognized. The liability represents the cumulative amount reported to date based on the use of 100% of the capacity of the landfill. The County has reserved \$172,000 of its debt capacity to cover these costs.

To comply with state regulations, the County is required to complete a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces that have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles that will remain on site, including the rinsing of all surfaces that have come in contact with solid waste, and the removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the County is required to maintain a closure account as financial assurance for the closure costs. The effect of the state requirement is to commit landfill owners to perform certain closing functions as a condition for the right to operate the transfer station.

The County did not estimate closure costs for fiscal year 2022. As of June 30, 2021, the total closure costs for the transfer station have been estimated at \$13,486 and the County has restricted \$10,000 in a closure account included in the Special Revenue, Rural Services Fund to cover any possible closure and postclosure care costs for the transfer station.

(12) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 794 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, employment practices liability, public officials liability and police professional liability. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expense for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2022, were \$232,683.

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 the risk-sharing protection provided by the County's risk-sharing certificate.

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$20,000, 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.

(13) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance and prescription benefit plan. This plan was modified on January 1, 2011, to be a partial self-funded plan only. The plan which was funded by both employee and County contributions in prior years is administered through a service agreement with Employee Benefit Systems, Inc. The agreement is subject to automatic renewal provisions. The County assumes a liability for the difference between the employee deductible (\$750 for single and \$1,500 for family) and the County deductible on the policy (\$2,000 for single and \$4,000 for family) for the health plan.

Funds remaining in the Employee Group Health Fund will be used to pay outstanding claims from the previous insurance plan. The County had an unrestricted net position of \$120,159 at June 30, 2022 in the Employee Group Health Fund to cover future claims. The cash balance held by Employee Benefit Systems, Inc. was \$40,003 at June 30, 2022. The Flex Spending Plan had an unrestricted net position of \$4,916 at June 30, 2022.

(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 Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Panora offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Panora	Urban renewal and economic development projects	\$ 4,351
	Other tax abatement program	2,851

(15) Guthrie County Financial Information Included in the Heart of Iowa Mental Health Region

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

Revenues:	
Property and other county tax	\$ 217,740
Intergovernmental revenues:	
State tax credits	12,126
Other	2,627
Total revenues	<u>232,493</u>
Expenditures:	
Services to persons with mental illness	2,806
General administration:	
Distribution to regional fiscal agent	315,253
Total expenditures	<u>318,059</u>
Excess of expenditures over revenues	(85,566)
Fund balance beginning of year	<u>85,566</u>
Fund balance end of year	<u><u>\$ -</u></u>

(16) Opioid Litigation Settlement

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

(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, lease receivables, deferred inflows of resources and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Governmental Capital Assets	Governmental Long-term Liabilities Lease Agreements
Balances June 30, 2021, as previously reported	\$ 37,518,656	-
Change to implement GASBS No. 87	18,754	18,754
Balances July 1, 2021, as restated	<u>\$ 37,537,410</u>	<u>18,754</u>

(18) Prospective Accounting Change

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

Guthrie County

Required Supplementary Information

Guthrie 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	\$ 10,648,517	-	10,648,517
Interest and penalty on property tax	89,755	-	89,755
Intergovernmental	6,865,866	-	6,865,866
Licenses and permits	66,191	-	66,191
Charges for service	1,025,821	-	1,025,821
Use of money and property	108,327	3,911	104,416
Miscellaneous	911,079	5,488	905,591
Total receipts	19,715,556	9,399	19,706,157
Disbursements:			
Public safety and legal services	2,473,423	-	2,473,423
Physical health and social services	1,954,673	-	1,954,673
Mental health	317,354	-	317,354
County environment and education	1,715,823	10,826	1,704,997
Roads and transportation	6,662,295	-	6,662,295
Governmental services to residents	451,085	-	451,085
Administration	1,922,144	-	1,922,144
Non-program	22,602	-	22,602
Debt service	1,639,680	-	1,639,680
Capital projects	4,866,425	-	4,866,425
Total disbursements	22,025,504	10,826	22,014,678
Excess (deficiency) of receipts over (under) disbursements	(2,309,948)	(1,427)	(2,308,521)
Other financing sources, net	8,799,109	-	8,799,109
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	6,489,161	(1,427)	6,490,588
Balance beginning of year	14,443,768	371,452	14,072,316
Balance end of year	\$ 20,932,929	370,025	20,562,904

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
10,378,260	10,378,260	270,257
23,000	23,000	66,755
5,482,505	6,520,612	345,254
25,000	25,000	41,191
642,443	642,443	383,378
147,115	147,115	(42,699)
572,300	1,295,319	(389,728)
17,270,623	19,031,749	674,408
2,619,188	2,622,188	148,765
1,646,248	1,762,775	(191,898)
296,853	373,636	56,282
1,849,812	1,921,607	216,610
6,693,120	7,506,744	844,449
449,665	464,352	13,267
1,896,616	3,106,504	1,184,360
14,500	14,500	(8,102)
1,815,988	1,815,988	176,308
3,227,841	3,227,841	(1,638,584)
20,509,831	22,816,135	801,457
(3,239,208)	(3,784,386)	1,475,865
401,000	401,000	8,398,109
(2,838,208)	(3,383,386)	9,873,974
7,748,603	7,748,603	6,323,713
4,910,395	4,365,217	16,197,687

Guthrie County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2022

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 19,715,556	(575,056)	19,140,500
Expenditures	22,025,504	56,976	21,968,528
Net	(2,309,948)	(518,080)	(2,828,028)
Other financing sources, net	8,799,109	(259,119)	8,539,990
Beginning fund balances	14,443,768	2,924,670	17,368,438
Ending fund balances	<u>\$ 20,932,929</u>	<u>2,147,471</u>	<u>23,080,400</u>

See accompanying independent auditor's report.

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$2,306,304. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2022, disbursements exceeded the amounts budgeted in the physical health and social services, non-program, and capital projects functions and disbursements exceeded the appropriation for two departments.

Guthrie 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	0.252694% **	0.054453%	0.050850%	0.048239%
County's proportionate share of the net pension liability	\$ (872)	3,825	2,945	3,053
County's covered payroll	\$ 5,387	5,394	4,810	4,431
County's proportionate share of the net pension liability as a percentage of its covered payroll	-16.19%	70.91%	61.23%	68.90%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

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

** Overall plan net pension asset

See accompanying independent auditor's report.

2018	2017	2016	2015
0.050055%	0.048515%	0.046603%	0.044898%
3,334	3,053	2,302	1,781
4,315	4,020	3,742	3,609
77.27%	75.95%	61.52%	49.35%
82.21%	81.82%	85.19%	87.61%

Guthrie 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	\$ 533	507	472	463
Contributions in relation to the statutorily required contribution	<u>(533)</u>	<u>(507)</u>	<u>(472)</u>	<u>(463)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 5,685	5,387	5,394	4,810
Contributions as a percentage of covered payroll	9.38%	9.41%	8.75%	9.63%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
401	392	366	340	328	309
(401)	(392)	(366)	(340)	(328)	(309)
-	-	-	-	-	-
4,431	4,315	4,020	3,742	3,609	3,441
9.05%	9.08%	9.10%	9.09%	9.09%	8.98%

Guthrie 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.

Guthrie 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	\$ 29,820	23,303	22,625	18,945	18,393
Interest cost	6,804	10,343	9,353	10,723	10,142
Difference between expected and actual experiences	(41,010)	-	(35,988)	-	(41,129)
Changes in assumptions	34,686	-	(22,462)	-	(8,014)
Benefit payments	(16,500)	(6,329)	(2,414)	(11,944)	(13,807)
Net change in total OPEB liability	13,800	27,317	(28,886)	17,724	(34,415)
Total OPEB liability beginning of year	302,689	275,372	304,258	286,534	320,949
Total OPEB liability end of year	\$ 316,489	302,689	275,372	304,258	286,534
Covered-employee payroll	\$ 5,403,360	5,026,796	4,880,384	4,825,541	4,432,607
Total OPEB liability as a percentage of covered-employee payroll	5.9%	6.0%	5.6%	6.3%	6.5%

See accompanying independent auditor's report.

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2022	2.14%
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	3.58%
Year ended June 30, 2017	2.50%

Guthrie County

Supplementary Information

Guthrie County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Special Attorney Seized Property
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ 19,163	12,833	107,530	1,476
Held by component units	-	-	-	-
Receivables:				
Accounts	345	-	-	-
Opioid settlement	-	-	-	-
Total assets	\$ 19,508	12,833	107,530	1,476
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Unearned revenue	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Other	-	-	-	-
Fund balances:				
Restricted for:				
Drainage warrants	-	12,833	-	-
Conservation purposes	-	-	107,530	-
Other purposes	19,508	-	-	1,476
Total fund balances	19,508	12,833	107,530	1,476
Total liabilities, deferred inflows of resources and fund balances	\$ 19,508	12,833	107,530	1,476

See accompanying independent auditor's report.

Revenue						
Sheriff Investigations	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation	American Rescue Plan	Opioid Settlement	Total	
6,376	-	-	693,774	-	841,152	
-	344,979	25,046	-	-	370,025	
-	-	-	-	-	345	
-	-	-	-	177,936	177,936	
6,376	344,979	25,046	693,774	177,936	1,389,458	
-	-	-	693,774	-	693,774	
-	-	-	-	177,936	177,936	
-	-	-	-	-	12,833	
-	344,979	25,046	-	-	477,555	
6,376	-	-	-	-	27,360	
6,376	344,979	25,046	-	-	517,748	
6,376	344,979	25,046	693,774	177,936	1,389,458	

Guthrie County

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

Year ended June 30, 2022

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Special Attorney Seized Property
Revenues:				
Intergovernmental	\$ -	-	9,613	-
Charges for service	4,320	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	-	-	698
Total revenues	4,320	-	9,613	698
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	-	-	-
County environment and education	-	-	-	-
Governmental services to residents	1,774	-	-	-
Total expenditures	1,774	-	-	-
Change in fund balances	2,546	-	9,613	698
Fund balances beginning of year	16,962	12,833	97,917	778
Fund balances end of year	\$ 19,508	12,833	107,530	1,476

See accompanying independent auditor's report.

Revenue					
Sheriff Investigations	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation	American Rescue Plan		Total
-	-	-	344,333		353,946
-	-	-	-		4,320
2	3,855	56	-		3,913
5,583	1,207	4,281	-		11,769
5,585	5,062	4,337	344,333		373,948
1,785	-	-	-		1,785
-	-	-	344,333		344,333
-	3,992	6,834	-		10,826
-	-	-	-		1,774
1,785	3,992	6,834	344,333		358,718
3,800	1,070	(2,497)	-		15,230
2,576	343,909	27,543	-		502,518
6,376	344,979	25,046	-		517,748

Guthrie County

Guthrie County

Combining Schedule of Net Position –
Internal Service

Year ended June 30, 2022

	Internal Service		
	Employee Group Health	Flex Spending	Total
Assets			
Cash and cash equivalents	\$ 120,159	4,916	125,075
Liabilities			
None	-	-	-
Net Position			
Unrestricted	\$ 120,159	4,916	125,075

See notes to financial statements.

Schedule 4

Guthrie County

Combining Schedule of Revenues, Expenses
And Changes in Fund Net Position-
Internal Service

Year ended June 30, 2022

	Internal Service		
	Employee Group Health	Flex Spending	Total
Operating revenues:			
Reimbursements from employees and others	\$ -	26,082	26,082
Operating expenses:			
Medical claims	-	25,498	25,498
Administrative fees	-	945	945
Total operating expenses	-	26,443	26,443
Operating income (loss)	-	(361)	(361)
Non-operating revenues:			
Interest income	165	1	166
Net income (loss)	165	(360)	(195)
Net position beginning of year	119,994	5,276	125,270
Net position end of year	\$ 120,159	4,916	125,075

See notes to financial statements.

Guthrie County

Combining Schedule of Cash Flows –
Internal Service

Year ended June 30, 2022

	Internal Service - Employee Group Health	Flex Spending	Total
Cash flows from operating activities:			
Cash from other governments	\$ -	26,082	26,082
Cash paid to suppliers for services	-	(26,443)	(26,443)
Net cash used by operating activities	-	(361)	(361)
Cash flows from investing activities:			
Interest on investments	165	1	166
Net increase (decrease) in cash and cash equivalents	165	(360)	(195)
Cash and cash equivalents beginning of year	119,994	5,276	125,270
Cash and cash equivalents end of year	\$ 120,159	4,916	125,075
Reconciliation of operating income to net cash used by operating activities:			
Net cash used by operating activities	\$ -	(361)	(361)

See notes to financial statements.

Guthrie 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	\$ -	1,340	1,030,435	38,162
Other County officials	41,925	-	-	-
Receivables:				
Property tax:				
Delinquent	-	134	319	7,346
Succeeding year	-	230,000	508,000	10,378,000
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Prepaid insurance	-	-	399	-
Total assets	41,925	231,474	1,539,153	10,423,508
Liabilities				
Liabilities:				
Accounts payable	-	-	-	-
Salaries and benefits payable	-	-	9,057	-
Due to other governments	24,154	1,340	-	38,162
Trusts payable	17,771	-	-	-
Compensated absences	-	-	4,146	-
Total liabilities	41,925	1,340	13,203	38,162
Deferred Inflows of Resources				
Unavailable revenues	-	230,000	508,000	10,378,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	134	1,017,950	7,346

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
32,781	36,542	8,759	473,123	256,980	1,878,122
-	-	-	-	-	41,925
361	3,893	3,403	-	1,234	16,690
587,000	2,968,000	3,602,000	-	2,156,000	20,429,000
-	-	-	-	2,617	2,617
-	-	-	-	103,654	103,654
-	-	-	-	-	399
620,142	3,008,435	3,614,162	473,123	2,520,485	22,472,407
-	-	-	-	891	891
-	-	-	-	3,993	13,050
32,781	36,542	8,759	473,123	19,360	634,221
-	-	-	-	58,713	76,484
-	-	-	-	6,112	10,258
32,781	36,542	8,759	473,123	89,069	734,904
587,000	2,968,000	3,602,000	-	2,156,000	20,429,000
361	3,893	3,403	-	275,416	1,308,503

Guthrie County

Combining Schedule of Changes in Fiduciary Net Position –
Custodial Funds

Year ended June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	215,647	514,022	11,210,647
State tax credits	-	12,011	28,631	587,003
Office fees and collections	607,086	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	682,416	-	-	-
Miscellaneous	-	26	287	1,352
Total additions	1,289,502	227,684	542,940	11,799,002
Deductions:				
Agency remittances:				
To other funds	224,137	-	-	-
To other governments	382,949	227,703	403,469	11,800,836
Trusts paid out	682,416	-	-	-
Total deductions	1,289,502	227,703	403,469	11,800,836
Changes in net position	-	(19)	139,471	(1,834)
Net position beginning of year	-	153	878,479	9,180
Balances end of year	\$ -	134	1,017,950	7,346

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
580,702	3,055,284	3,423,117	-	2,121,872	21,121,291
32,343	420,338	54,929	-	112,224	1,247,479
-	-	-	-	-	607,086
-	-	-	5,277,198	-	5,277,198
-	-	-	-	39,208	39,208
-	-	-	-	164,871	847,287
69	-	72	-	178,256	180,062
613,114	3,475,622	3,478,118	5,277,198	2,616,431	29,319,611
-	-	-	141,416	-	365,553
613,138	3,478,619	3,478,863	5,135,782	2,479,174	28,000,533
-	-	-	-	158,334	840,750
613,138	3,478,619	3,478,863	5,277,198	2,637,508	29,206,836
(24)	(2,997)	(745)	-	(21,077)	112,775
385	6,890	4,148	-	296,493	1,195,728
361	3,893	3,403	-	275,416	1,308,503

Guthrie County

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

For the Last Ten Years

	2022	2021	2020	2019
Revenues:				
Property and other county tax	\$ 8,779,603	7,953,401	6,420,517	4,818,188
Tax increment financing	1,007,617	991,235	807,926	578,610
Local option sales tax	869,178	825,484	615,618	610,378
Interest and penalty on property tax	44,620	69,600	23,919	52,615
Intergovernmental	6,209,762	6,131,482	6,719,784	5,701,362
Licenses and permits	64,087	61,911	50,785	46,801
Charges for service	1,084,488	723,285	551,081	1,159,687
Use of money and property	107,469	155,242	212,687	228,421
Miscellaneous	973,676	894,009	659,255	181,722
Total	\$ 19,140,500	17,805,649	16,061,572	13,377,784
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,422,283	2,219,280	2,239,204	2,059,554
Physical health and social services	1,971,499	1,509,550	1,491,010	1,500,815
Mental health	318,059	291,436	324,733	435,456
County environment and education	1,704,734	1,578,605	1,773,360	1,653,176
Roads and transportation	6,038,140	6,279,675	6,022,708	5,925,603
Governmental services to residents	452,234	419,782	434,473	491,179
Administration	1,788,229	1,575,776	1,576,412	1,481,474
Non-program	4,602	4,288	3,994	9,276
Debt service	1,657,680	1,706,098	1,683,325	765,107
Capital projects	5,611,068	4,651,794	770,442	1,991,588
Total	\$ 21,968,528	20,236,284	16,319,661	16,313,228

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
4,623,872	4,488,117	4,418,392	4,586,285	4,429,125	4,335,067
432,759	287,178	135,304	-	-	-
515,094	530,523	530,357	504,511	498,415	561,385
50,140	46,383	50,288	44,699	49,047	36,341
6,075,339	5,372,099	6,494,138	4,499,604	4,466,851	4,405,487
48,843	45,045	36,441	27,277	31,704	36,984
672,402	674,518	554,052	435,197	541,214	472,846
112,630	167,846	77,106	108,109	99,321	110,187
636,054	571,191	747,811	657,061	548,971	1,655,991
13,167,133	12,182,900	13,043,889	10,862,743	10,664,648	11,614,288
1,766,642	1,712,293	1,699,775	1,242,327	1,190,718	1,159,338
1,395,954	1,395,545	1,341,910	1,324,009	1,298,228	1,182,182
307,303	335,089	220,795	193,919	213,092	304,595
1,492,944	1,383,553	1,187,191	1,149,952	1,190,396	1,090,511
5,452,035	4,903,720	5,088,141	4,148,555	5,195,687	4,597,880
392,113	390,094	443,828	406,891	377,838	356,534
1,191,828	1,056,412	930,557	925,966	907,134	1,000,813
-	-	14,941	-	26,705	14,566
624,045	479,548	301,572	97,683	98,070	132,930
1,303,559	2,616,331	5,234,322	1,534,683	1,296,524	78,226
13,926,423	14,272,585	16,463,032	11,023,985	11,794,392	9,917,575



**OFFICE OF AUDITOR OF STATE
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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 Guthrie County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Guthrie 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 October 31, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Guthrie 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 Guthrie County's internal control. Accordingly, we do not express an opinion on the effectiveness of Guthrie 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 Guthrie County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-001 and 2022-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-003 through 2022-005 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Guthrie 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 Guthrie 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 Guthrie 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.

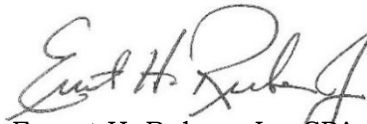
Guthrie County's Responses to Findings

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


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

October 31, 2023

Guthrie County

Schedule of Findings

Year ended June 30, 2022

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties

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

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

	<u>Applicable Offices</u>
(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Recorder, Treasurer, Transfer Station/Landfill
(2) An initial list of checks and money received is not prepared by the independent mail opener and then compared with the cash receipts records and the bank deposit by a person not preparing the list or involved in maintaining the accounting records.	Recorder, Treasurer, Transfer Station/ Landfill and Sheriff
(3) Bank accounts are not reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash. Reconciliations are not reviewed by an independent person, with the review being documented by the signature or initials of the reviewer and the date of the review.	Recorder, Sheriff’s Commissary Account, and Sheriff
(4) Collection and deposit preparation functions were not performed by an individual who does not record and account for cash receipts.	Recorder and Sheriff
(5) Checks or warrants are not signed by an individual who does not approve disbursements, record cash receipts or prepare checks.	Recorder and Sheriff’s Commissary Account
(6) The responsibility for the change fund is not assigned to only one person.	Recorder and Treasurer
(7) The individual responsible for the detailed record keeping of investments should not be the custodian of the investments.	Treasurer

Guthrie County

Schedule of Findings

Year ended June 30, 2022

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

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of the 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. Such reviews should be performed by independent persons and should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

Recorder – We are an office with three full time employees. We will try our best to follow the recommendations. The Treasurer will be the independent person who will review the office bank reconciliation starting at the beginning of 2023.

Sheriff and Sheriff Commissary Account – I will have our volunteer compare our incoming mail list of checks with the receipt records and bank deposit slips. I will have a reconciliation prepared by an independent person who does not sign the checks or handle or record cash. I will have one of the deputies approve disbursements and Sheriff or Chief Deputy will sign the checks.

Treasurer – Segregation of duties is always a challenge in our small office. Although we don’t have someone in our office that can open mail that doesn’t make entries into the accounting records, we do take turns opening the mail. We have a second person recount and sign off on all deposits. The person that counts the money to balance at the end of the day is a different person that recounts the money in the morning to make sure we are starting the day with \$920. We also have another office initial our end of month bank reconciliations.

Transfer Station/Landfill – In order to correct the segregation of duties at the transfer station, we will be having our Transfer Station Onsite Supervisor open all mail and randomly make an accounting of checks that come in. Our scale operator will make an accounting of all mail coming in including checks. Once a month we will then verify the random audit of our supervisor with the mail accounting to verify accuracy.

Conclusion – Responses acknowledged. For those offices with limited staff, County personnel from other offices could be used to provide additional control through review of financial transactions. The reviews performed by an independent person should be documented by the signature or initials of the reviewer and the date of the review.

Guthrie County

Schedule of Findings

Year ended June 30, 2022

2022-002 Financial Reporting

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

Condition – Material amounts of payables, prepaid expenses, capital asset and infrastructure additions and transfers were not properly recorded in the County's financial statements. Also, several balances reported on the cash annual financial report (AFR) did not agree with the County's records.

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

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

Recommendation – The County should establish procedures to ensure all payables, prepaid expenses, capital asset and infrastructure additions and transfers are identified and properly reported in the County's financial statements and accrual classifications are proper. The County should also establish procedures to ensure the cash AFR agrees with the County's records.

Response – These accruals have been fixed. The Auditor will educate all elected officials and departments about prepaid expenses. In addition, a policy will be instituted prohibiting all departments from prepaying expenses and mandating the departments pay expenses in the appropriate fiscal year. The County Auditor is working with the Board of Supervisors to establish a capital asset policy. In addition, the County Auditor will continue to facilitate a process by which all departments shall notify the County Auditor's office of any additions, modification, and deletions to the capital asset listing.

Conclusion – Response accepted.

2022-003 Buy Money – Sheriff's Office

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and performing cash counts.

Condition – No cash counts are performed on the drug buy and tobacco buy money. The fund logs are not used and the movement of cash to and from the fund is not properly tracked.

Cause – Procedures have not been established and implemented to ensure appropriate accounting records are maintained or to ensure cash counts are performed.

Guthrie County

Schedule of Findings

Year ended June 30, 2022

Effect – Inadequate accounting records and a lack of cash counts can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – Cash counts of drug buy and tobacco buy money should be performed. A log should be used to track the movement of cash to and from the fund.

Response – A log will be prepared of the drug buy money. A cash count will be done by the Sheriff and Chief Deputy and both initial the log showing the current cash amount. A log will also be prepared for the tobacco buy money and a cash count will be done by the Sheriff and Chief Deputy. The Sheriff and/or the Chief Deputy will record disbursements and receipt to the buy money.

Conclusion – Response accepted.

2022-004 Sheriff's Office

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

Condition – The Sheriff's Office does not prepare a year-to-date spreadsheet of all receipts and disbursements, including reconciling the beginning and ending book balances each month. Also, book balances are not reconciled to the trust account listings.

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

Effect – Inadequate accounting records and a lack of accurately reconciled books can result in unrecorded transactions, undetected errors and the opportunity for misappropriation.

Recommendation – A year-to-date spreadsheet of all receipts and disbursements, including reconciling the beginning and ending book balances should be completed each month. Also, book balances should be reconciled to the trust account listings each month.

Response – The Sheriff's Office will reconcile the list of trusts on hand along with a worksheet summarizing the monthly receipts and disbursements for the year.

Conclusion – Response accepted.

Guthrie County

Schedule of Findings

Year ended June 30, 2022

2022-005 Disbursements

Criteria – Internal Controls over safeguarding assets constitute a process, effected by an entity’s governing body, management and other personnel designated to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing the processing of disbursements and proper supporting documentation.

Condition – For three of nineteen disbursements tested, supporting documentation was not maintained.

Cause – Supporting documentation was not always maintained for disbursements.

Effect – Lack of supporting documentation for all disbursements could result in unauthorized transactions and the opportunity for misappropriation.

Recommendation – All disbursements should be supported by invoices or other supporting documentation.

Response – The County will implement reimbursement forms for employee expense reimbursement.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Guthrie County

Schedule of Findings

Year ended June 30, 2022

Other Findings Related to Required Statutory Reporting:

2022-A Certified Budget – Disbursements during the year ended June 30, 2022 exceeded the amounts budgeted in the physical health and social services, non-program and capital projects functions. In addition, during the year ended June 30, 2022 disbursements in two departments exceeded the amount appropriated.

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

Response – Auditor will monitor budgeted and actual expenditures.

Conclusion – Response accepted.

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

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

2022-D Business Transactions – No business transactions between the County and County officials or employees were noted.

2022-E Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to ensure the coverage remains adequate for current operations.

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

2022-G 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-H Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

2022-I 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.

Guthrie County

Schedule of Findings

Year ended June 30, 2022

- 2022-J 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-K Tax Increment Financing – Payments from the Special Revenue, Tax Increment Financing (TIF) Fund properly included only payments for TIF loans and rebates. Also, the County properly completed the Tax Increment Debt Forms 1, 2, or 3, as appropriate, to certify TIF obligations (debt), to decertify TIF debt or to request a reduced distribution of TIF.
- 2022-L Outstanding Warrants – Chapter 556.11 of the Code of Iowa requires entities to report and remit outstanding obligations, including checks, trusts and bonds held for more than two years to the Office of Treasurer of State annually. The County Treasurer did not remit all outstanding obligations held for more than two years to the Office of Treasurer of State annually.

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

Response – Auditor will review annually.

Conclusion – Response accepted.

Guthrie County

Staff

This audit was performed by:

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