

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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NEWS RELEASE

Contact: Brian Brustkern
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FOR RELEASE

February 19, 2024

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$48,216,563 for the year ended June 30, 2022, a 16.3% increase over the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$35,500,418, an 8.9% increase over the prior year. The increase in revenues is due primarily to an increase in federal grants for the American Rescue Plan Act (ARPA). The increase in expenditures is due primarily to work completed on bridge and road erosion projects.

AUDIT FINDINGS:

Sand reported seven findings related to the receipt and expenditure of taxpayer funds. They are found on pages 96 through 104 of this report. The findings address issues such as lack of segregation of duties, material amounts of receivables, payables and capital asset additions not properly recorded in the County's financial statements, a lack of required bidding for public improvements, appropriations exceeding the budgeted amount and incorrect tax increment financing (TIF) certifications and reporting of TIF debt. Sand provided the County with recommendations to address each of these findings.

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

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

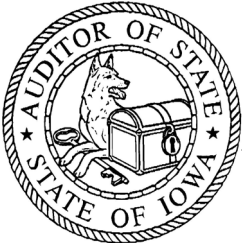
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WEBSTER COUNTY

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

JUNE 30, 2022

Webster County



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Rob Sand
Auditor of State

February 8, 2024

Officials of Webster County
Fort Dodge, Iowa

Dear Board Members:

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

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand
Auditor of State

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Webster County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Niki Conrad	Board of Supervisors	Jan 2023
Keith Dencklau	Board of Supervisors	Jan 2023
Mark Campbell	Board of Supervisors	Jan 2025
Nick Carlson	Board of Supervisors	Jan 2025
Bob Thode	Board of Supervisors	Jan 2025
Doreen Pliner	County Auditor	Jan 2025
Brenda Angstrom	County Treasurer	Jan 2023
Lindsay Laufersweiler	County Recorder	Jan 2023
Luke Fleener	County Sheriff	Jan 2025
Darren Driscoll	County Attorney	Jan 2023
Angela Vinson	County Assessor	Jan 2028



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Independent Auditor's Report

To the Officials of Webster 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 Webster 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 Webster 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 Webster 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 18 to the financial statements, Webster 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 Webster 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 Webster 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 Webster County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 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.

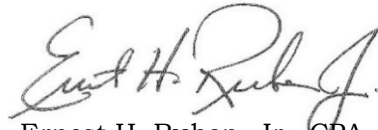
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Webster 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 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), 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 6 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 February 8, 2024 on our consideration of Webster 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 Webster County's internal control over financial reporting and compliance.


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

February 8, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Webster 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 16.3%, or approximately \$6,743,000, from fiscal year 2021 to fiscal year 2022. The County received \$2,678,000 of federal grants for the American Rescue Plan Act (ARPA). Operating grants and contributions increased approximately \$4,228,000, property tax and other county tax increased approximately \$542,000.
- Program expenses of the County's governmental activities increased 8.9% from fiscal year 2021 to fiscal year 2022, or approximately \$2,907,000. Roads and transportation, mental health and county environment and education expenditures increased approximately \$2,151,000, \$688,000 and \$514,000, respectively, while public safety and legal services expenditures decreased approximately \$378,000.
- The County's net position increased 13.6% or approximately \$12,716,000, over the June 30, 2021 balance.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Webster 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 Webster 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 Webster 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. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

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 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 special 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	\$ 61,461	53,170
Capital assets	92,374	87,723
Total assets	153,835	140,893
Deferred outflows of resources	1,569	2,131
Long-term liabilities	16,627	25,442
Other liabilities	6,214	5,378
Total liabilities	22,841	30,820
Deferred inflows of resources	26,395	18,752
Net position:		
Net investment in capital assets	78,563	72,979
Restricted	21,807	17,556
Unrestricted	5,799	2,917
Total net position	\$ 106,168	93,452

Net position of Webster County’s governmental activities increased 13.6% (approximately \$93.5 million compared to approximately \$106.2 million).

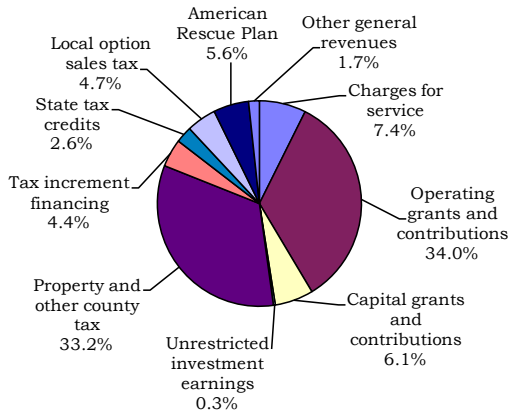
The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$5,584,000, or 7.7%, 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 \$4,251,000, or 24.2%, over the prior year. This increase is primarily due to the increase in net position for secondary roads and debt service.

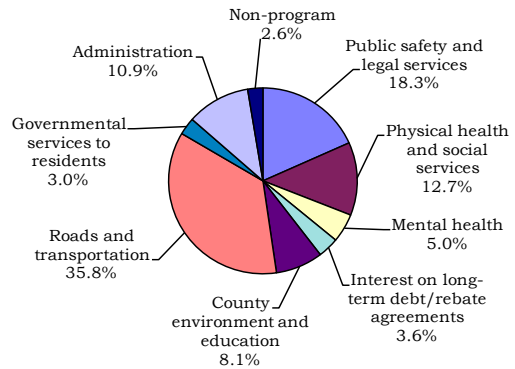
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$2,882,000 over the prior year, from a balance of approximately \$2,917,000 to a balance of approximately \$5,799,000. The change in the unrestricted net position is due in part to the net effect of the net pension asset and pension related deferred inflows and outflows on the unrestricted net position.

Changes in Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2022	2021
Revenues:		
Program revenues:		
Charges for service	\$ 3,563	4,258
Operating grants and contributions	16,445	12,217
Capital grants and contributions	2,939	3,308
General revenues:		
Property and other county tax	15,993	15,451
Tax increment financing	2,124	1,776
State tax credits	1,251	1,222
Local option sales tax	2,285	1,949
American Rescue Plan	2,678	-
Unrestricted investment earnings	136	354
Other general revenues	801	938
Total revenues	<u>48,216</u>	<u>41,473</u>
Program expenses:		
Public safety and legal services	6,484	6,862
Physical health and social services	4,500	4,322
Mental health	1,779	1,091
County environment and education	2,864	2,350
Roads and transportation	12,743	10,592
Governmental services to residents	1,062	1,065
Administration	3,875	3,720
Non-program	931	1,307
Interest on long-term debt/rebate agreements	1,262	1,284
Total expenses	<u>35,500</u>	<u>32,593</u>
Change in net position	12,714	8,880
Net position beginning of year	<u>93,452</u>	<u>84,572</u>
Net position end of year	<u>\$ 106,168</u>	<u>93,452</u>

Revenues by Source



Expenses by Program



Webster County’s governmental activities net position increased approximately \$12,716,000 during the year. Revenues for governmental activities increased approximately \$6,743,000 over the prior year. The significant increase was primarily the result of federal grants for the American Rescue Plan Act (ARPA) which increased approximately \$2,678,000, operating grants and contributions increased approximately \$4,228,000 due to the receipt of FEMA funding for roads and bridge repairs and property tax and other county tax increased approximately \$542,000.

The cost of all governmental activities this year was approximately \$35.5 million compared to approximately \$32.6 million last year. However, as shown in the Statement of Activities on page 21, the amount taxpayers ultimately financed for these activities was only approximately \$12.6 million because some of the cost was paid by those who directly benefited from the programs (approximately \$3,563,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$19,384,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2022 from approximately \$19,783,000 to approximately \$22,947,000. As discussed above, the County received reimbursements of roads and bridges paid for by FEMA.

INDIVIDUAL MAJOR FUND ANALYSIS

As Webster County completed the year, its governmental funds reported a combined fund balance of approximately \$28,298,000, an increase of approximately \$2,217,000 over last year’s total of approximately \$26,081,000. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$2,477,000 and expenditures increased approximately \$3,510,000 compared to the prior year. The increase in revenue is due to approximately \$2,678,000 in federal grants for ARPA. Capital project expenditures increased approximately \$1,005,000, largely due to work completed on the Nature Center project for conservation and for a generator for public health, which was purchased with ARPA funds. Public safety and legal services expenditures increased approximately \$1,081,000, largely due to the purchase of a building for emergency management, which was purchased with ARPA funds. County environment and education expenses increased approximately \$490,000 due to economic development grants funded with ARPA. The ending fund balance increased approximately \$1,278,000 over the prior year to approximately \$12,671,000.

- Special Revenue, Mental Health Fund revenues increased approximately \$324,000 and expenditures increased approximately \$691,000. The County was a member of the County Social Services (CSS) Mental Health Region and approximately \$749,000 in funds was returned when switching to Central Iowa Community Services (CICS). During the year, the County forwarded \$1,779,000 including the \$749,000 returned from CSS to the Region's fiscal agent primarily due to the elimination of this fund at June 30, 2022. The County was required by Senate File 619 to transfer the remaining fund balance to the Central Iowa Community Services Mental Health Region prior to June 30, 2022.
- Special Revenue, Rural Services Fund revenues increased approximately \$339,000 and expenditures increased approximately \$37,000 over the prior year. Transfers to the Special Revenue, Secondary Roads Fund increased approximately \$75,000 over the prior fiscal year. The increase in revenue is due to the increase in the rural services property tax revenue. The property tax levy rate increased 6.7% over the prior year and the property values increased approximately 2.3%. The Rural Services Fund ending fund balance increased approximately \$176,000 over the prior year.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$2,507,000 and expenditures increased approximately \$4,264,000 over the prior year. The increase in revenues was due primarily to increases of \$3,043,000 in FEMA reimbursements received for bridge and road repairs. The increase in expenditures was due primarily to work on the FEMA bridge and road erosion repairs. The Secondary Roads Fund ending fund balance increased approximately \$574,000 over the prior year.
- The Debt Service Fund ended with a fund balance of approximately \$33,000 compared to approximately \$55,000 at the end of the previous year.
- The Capital Projects Fund ended with a fund balance of approximately \$615,000 compared to approximately \$1,188,000 at the end of the previous year. The decreased balance this year was due to work completed on the acquisition and installation of emergency communications equipment and systems and the restoration of the courthouse clock-tower structure. Both projects were funded with general obligation bonds issued in previous years.

BUDGETARY HIGHLIGHTS

Over the course of the year, Webster County amended its budget five times. The first amendment was made in August 2021. The amendment was made to increase the budgeted receipts and budgeted disbursements related to ARPA funding.

The second amendment was made in February 2022. The amendment was made to increase the budgeted receipts for intergovernmental and the budgeted disbursements for the public safety and legal services and administration functions for increases in operating costs due to inflation.

The third amendment was made in April 2022. The amendment was made to increase the budgeted disbursements for the public safety and legal services and administration functions for increased costs in water, sewer and electricity and for new hires at the Sheriff's and Attorney's offices.

The fourth amendment was made in May 2022. The amendment was made to increase the budgeted receipts for intergovernmental and the budgeted disbursements for the public safety and legal services, physical health and social services, and capital projects functions for bio-preparedness funding, security contract entered into by the Sheriff's office and hiring an additional attorney.

The fifth amendment was made in June 2022. The amendment was made to increase the budgeted receipts for property taxes and the budgeted disbursements for the public safety and legal services, mental health and administration functions. The public safety and legal services function was increased for increased prisoner costs.

The County's receipts were \$2,700,851 less than budgeted, a variance of 5.8%, mainly due to the receipt of American Rescue Plan funds in fiscal year 2021 instead of fiscal year 2022.

Total disbursements were \$8,124,776 less than the final amended budget, a variance of 16.3%. Capital projects disbursements were \$3,255,831 less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, Webster County had approximately \$92,374,000 invested (net of depreciation/amortization) in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$4,578,000, or 5.2%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2022	2021 (As Restated) *
Land	\$ 5,871	5,871
Construction in progress	2,401	9,884
Buildings and improvements	24,330	17,685
Machinery and equipment	5,868	4,530
Infrastructure	53,848	49,753
Right-to-use leases equipment	56	73
Total	<u>\$ 92,374</u>	<u>87,796</u>

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

The County had depreciation expense of \$5,183,900 in fiscal year 2022 and total accumulated depreciation of \$76,679,225 at June 30, 2022. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2022, excluding unamortized premiums, Webster County had approximately \$13,556,000 of general obligation bonds and other debt outstanding, compared to approximately \$15,418,000 at June 30, 2021, as shown below:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2022 (As Restated)	2021
General obligation capital loan notes	\$ 2,120	2,730
General obligation local option sales and services tax bonds	3,465	3,920
General obligation emergency communications equipment bonds	1,775	2,095
General obligation courthouse restoration bonds	5,665	5,875
Lease agreements	57	73
Drainage warrants	474	725
Total	<u>\$ 13,556</u>	<u>15,418</u>

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Webster County's outstanding general obligation debt of \$14,695,000, including tax increment rebate agreements of \$1,670,000, is significantly below its constitutional debt limit of approximately \$160.1 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Webster County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2023 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County at June 2022 stands at 3.4% versus 5.7% a year ago. This is above the State's unemployment rate of 2.7% and is below the national rate of 3.6% at June 2022.

These indicators were taken into account when adopting the budget for fiscal year 2023. Budgeted disbursements are approximately \$44.2 million, a decrease of approximately \$5,749,000 from the final fiscal year 2022 budget. The County considered the effect inflation and consumer demands for services have on program costs. Modest wage and cost-of-living adjustments are included in the fiscal year 2023 budget. The County's budget includes a decrease in road and transportation disbursements of approximately \$3.0 million from the prior year due to the completion of the projects funded by the general obligation emergency communications equipment bonds and general obligation courthouse restoration bonds. Mental health also decreased by approximately \$1.8 million due to the fund ending as of June 30, 2022.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$1,403,000 by the close of fiscal year 2023.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Webster 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 Webster County Auditor's Office, 703 Central Avenue, Fort Dodge, Iowa 50501.

Webster County

Basic Financial Statements

Webster County
Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 31,442,150
Receivables:	
Property tax:	
Delinquent	65,225
Succeeding year	16,377,000
Succeeding year tax increment financing	2,578,000
Interest and penalty on property tax	633,305
Accounts	162,712
Opioid settlement	1,230,013
Drainage assessments:	
Current	167,341
Future	354,989
Due from other governments	3,426,546
Inventories	2,569,218
Prepaid expenditures	472,920
Net pension asset	1,981,703
Capital assets, not being depreciated/amortized	8,272,330
Capital assets, net of accumulated depreciation/amortization	<u>84,101,402</u>
Total assets	<u>153,834,854</u>
Deferred Outflows of Resources	
Pension related deferred outflows	1,382,017
OPEB related deferred outflows	<u>186,890</u>
Total deferred outflows of resources	<u>1,568,907</u>

Webster County
Statement of Net Position
June 30, 2022

	Governmental Activities
Liabilities	
Accounts payable	757,319
Accrued interest payable	86,238
Salaries and benefits payable	796,982
Due to other governments	277,761
Unearned revenues	4,295,542
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	620,000
General obligation local option sales and services tax bonds	465,000
General obligation emergency communication equipment bonds	330,000
General obligation courthouse restoration bonds	225,000
Lease agreements	24,959
Drainage warrants	167,341
Compensated absences	808,414
Total OPEB liability	36,197
Portion due or payable after one year:	
General obligation capital loan notes	1,500,000
General obligation local option sales and services tax bonds	3,000,000
General obligation emergency communication equipment bonds	1,605,937
General obligation courthouse restoration bonds	6,609,226
Lease agreements	32,065
Drainage warrants	306,910
Total OPEB liability	895,531
Total liabilities	22,840,422
Deferred Inflows of Resources	
Unavailable property tax revenue	16,377,000
Unavailable tax increment financing revenue	2,578,000
Pension related deferred inflows	7,143,739
OPEB related deferred inflows	296,471
Total deferred inflows of resources	26,395,210
Net Position	
Net investment in capital assets	78,562,799
Restricted for:	
Supplemental levy purposes	3,410,329
Rural services purposes	1,550,945
Secondary roads purposes	10,206,227
Drainage warrants	505,796
Debt service	1,960,325
Other purposes	4,173,139
Unrestricted	5,798,569
Total net position	\$ 106,168,129

See notes to financial statements.

Webster County

Webster County
Statement of Activities
Year ended June 30, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Service	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 6,484,199	361,695	652,449	-	(5,470,055)
Physical health and social services	4,500,356	785,895	5,059,447	-	1,344,986
Mental health	1,778,846	-	748,575	-	(1,030,271)
County environment and education	2,863,552	405,135	270,368	-	(2,188,049)
Roads and transportation	12,743,020	42,928	9,710,389	2,938,464	(51,239)
Governmental services to residents	1,061,648	732,241	-	-	(329,407)
Administration	3,874,652	218,859	3,337	-	(3,652,456)
Non-program	931,657	1,016,165	862	-	85,370
Interest on long-term debt/rebate agreements	1,262,488	-	-	-	(1,262,488)
Total	<u>\$ 35,500,418</u>	<u>3,562,918</u>	<u>16,445,427</u>	<u>2,938,464</u>	<u>(12,553,609)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					15,047,967
Debt service					945,488
Tax increment financing					2,124,450
Penalty and interest on property tax					161,758
State tax credits					1,251,074
Local option sales and services tax					2,284,865
American Rescue Plan Act					2,678,389
Unrestricted investment earnings					135,525
Gain on disposition of capital assets					150,846
Miscellaneous					489,392
Total general revenues					<u>25,269,754</u>
Change in net position					12,716,145
Net position beginning of year					93,451,984
Net position end of year					<u>\$ 106,168,129</u>
See notes to financial statements.					

Webster County
Balance Sheet
Governmental Funds

June 30, 2022

	Special Revenue		
	General	Rural Services	Secondary Roads
Assets			
Cash, cash equivalents and pooled investments	\$ 17,068,307	1,569,575	5,710,772
Receivables:			
Property tax:			
Delinquent	52,338	8,756	-
Succeeding year	11,309,000	4,119,000	-
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	633,305	-	-
Accounts	148,441	1,575	12,696
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Opioid settlement	-	-	-
Due from other governments	698,165	6,488	2,385,045
Inventories	-	-	2,569,218
Prepaid expenditures	335,239	-	137,681
Total assets	\$ 30,244,795	5,705,394	10,815,412
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 443,657	2,278	195,500
Salaries and benefits payable	567,228	14,652	215,102
Due to other governments	272,385	175	5,201
Unearned revenues	4,295,542	-	-
Total liabilities	5,578,812	17,105	415,803
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	11,309,000	4,119,000	-
Succeeding year tax increment financing	-	-	-
Other	685,643	8,756	1,820,542
Total deferred inflows of resources	11,994,643	4,127,756	1,820,542
Fund balances:			
Nonspendable:			
Inventories	-	-	2,569,218
Prepaid expenditures	335,239	-	137,681
Restricted for:			
Supplemental levy purposes	3,282,342	-	-
Rural services purposes	-	1,560,533	-
Secondary roads purposes	-	-	5,872,168
Debt service	-	-	-
Drainage warrants	-	-	-
Capital projects	-	-	-
Opioid abatement	-	-	-
Other purposes	439,282	-	-
Assigned for public health	1,351,502	-	-
Unassigned	7,262,975	-	-
Total fund balances	12,671,340	1,560,533	8,579,067
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 30,244,795	5,705,394	10,815,412

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
32,999	615,196	4,596,088	29,592,937
4,131	-	-	65,225
949,000	-	-	16,377,000
-	-	2,578,000	2,578,000
-	-	-	633,305
-	-	-	162,712
-	-	167,341	167,341
-	-	354,989	354,989
-	-	1,230,013	1,230,013
-	-	336,848	3,426,546
-	-	-	2,569,218
-	-	-	472,920
986,130	615,196	9,263,279	57,630,206
-	-	115,884	757,319
-	-	-	796,982
-	-	-	277,761
-	-	-	4,295,542
-	-	115,884	6,127,604
949,000	-	-	16,377,000
-	-	2,578,000	2,578,000
4,131	-	1,730,210	4,249,282
953,131	-	4,308,210	23,204,282
-	-	-	2,569,218
-	-	-	472,920
-	-	-	3,282,342
-	-	-	1,560,533
-	-	-	5,872,168
32,999	-	1,960,893	1,993,892
-	-	485,699	485,699
-	615,196	-	615,196
-	-	42,691	42,691
-	-	2,349,902	2,789,184
-	-	-	1,351,502
-	-	-	7,262,975
32,999	615,196	4,839,185	28,298,320
986,130	615,196	9,263,279	57,630,206

Webster County

Webster County

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

June 30, 2022

Total governmental fund balances (page 23) \$ 28,298,320

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 \$169,052,957 and the accumulated depreciation/amortization is \$76,679,225. 92,373,732

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

Deferred inflows of resources	\$ 4,249,282	
Net pension asset	<u>1,981,703</u>	6,230,985

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 1,849,213

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	1,568,907	
Deferred inflows of resources	<u>(7,440,210)</u>	(5,871,303)

Long-term liabilities, including bonds and notes payable, lease agreements payable, drainage warrants payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (16,712,818)

Net position of governmental activities (page 19) \$ 106,168,129

See notes to financial statements.

Webster County

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

Year ended June 30, 2022

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 10,259,943	647,844	4,119,757	-
Tax increment financing	-	-	-	-
Local option sales and services tax	-	-	-	1,142,450
Interest and penalty on property tax	114,950	-	-	-
Intergovernmental	8,712,712	799,549	291,277	9,408,231
Licenses and permits	240	-	30,975	41,450
Charges for service	1,633,151	-	1,500	-
Use of money and property	290,225	-	1,473	8,102
Miscellaneous	259,731	-	300	97,118
Total revenues	<u>21,270,952</u>	<u>1,447,393</u>	<u>4,445,282</u>	<u>10,697,351</u>
Expenditures:				
Operating:				
Public safety and legal services	7,373,842	-	-	-
Physical health and social services	4,930,617	-	58,494	-
Mental health	-	1,778,846	-	-
County environment and education	1,753,452	-	773,940	-
Roads and transportation	-	-	-	10,411,770
Governmental services to residents	1,137,726	-	-	-
Administration	3,662,518	-	39,695	-
Non-program	-	-	-	-
Debt service	-	-	-	-
Capital projects	1,392,774	-	-	3,086,137
Total expenditures	<u>20,250,929</u>	<u>1,778,846</u>	<u>872,129</u>	<u>13,497,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,020,023</u>	<u>(331,453)</u>	<u>3,573,153</u>	<u>(2,800,556)</u>
Other financing sources (uses):				
Transfers in	587,040	-	-	3,833,935
Transfers out	(336,931)	-	(3,397,004)	(519,000)
Lease agreements	7,651	-	-	-
Sale of capital assets	-	-	-	59,600
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	<u>257,760</u>	<u>-</u>	<u>(3,397,004)</u>	<u>3,374,535</u>
Change in fund balances	1,277,783	(331,453)	176,149	573,979
Fund balances beginning of year	11,393,557	331,453	1,384,384	8,005,088
Fund balances end of year	<u>\$ 12,671,340</u>	<u>-</u>	<u>1,560,533</u>	<u>8,579,067</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
944,210	-	-	15,971,754
-	-	2,124,450	2,124,450
-	-	1,142,415	2,284,865
-	-	-	114,950
72,579	-	373,593	19,657,941
-	-	-	72,665
-	-	6,820	1,641,471
-	-	1,852	301,652
-	-	712,501	1,069,650
1,016,789	-	4,361,631	43,239,398
-	-	-	7,373,842
-	-	-	4,989,111
-	-	-	1,778,846
-	-	39,725	2,567,117
-	-	-	10,411,770
-	-	-	1,137,726
-	-	-	3,702,213
-	-	339,470	339,470
2,091,050	-	1,221,212	3,312,262
-	573,290	535,179	5,587,380
2,091,050	573,290	2,135,586	41,199,737
(1,074,261)	(573,290)	2,226,045	2,039,661
1,052,400	-	400,000	5,873,375
-	-	(1,620,440)	(5,873,375)
-	-	-	7,651
-	-	-	59,600
-	-	110,125	110,125
1,052,400	-	(1,110,315)	177,376
(21,861)	(573,290)	1,115,730	2,217,037
54,860	1,188,486	3,723,455	26,081,283
32,999	615,196	4,839,185	28,298,320

Webster 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) \$ 2,217,037

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

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

Expenditures for capital assets	\$ 7,313,492	
Capital assets contributed by the Iowa Department of Transportation	2,297,637	
Depreciation expense	<u>(5,183,900)</u>	4,427,229

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. 150,846

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	21,701	
Other	<u>1,908,969</u>	1,930,670

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

Issued	(117,776)	
Repaid	<u>2,080,138</u>	1,962,362

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. 976,095

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	(221,340)	
OPEB expense	(67,741)	
Pension expense (reduction)	824,249	
Interest on long-term debt	<u>(6,847)</u>	528,321

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 523,585

Change in net position of governmental activities (page 21) \$ 12,716,145

See notes to financial statements.

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

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 1,849,213
Liabilities	
None	<u>-</u>
Net Position	
Unrestricted	<u>\$ 1,849,213</u>

See notes to financial statements.

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

Year ended June 30, 2022

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 2,593,141
Reimbursements from employees and others		486,801
COBRA reimbursements		<u>40,898</u>
Total operating revenues		3,120,840
Operating expenses:		
Insurance premiums	\$ 2,288,795	
Medical claims	297,565	
Administrative fees	<u>17,089</u>	<u>2,603,449</u>
Operating income		517,391
Non-operating revenues:		
Interest income		<u>6,194</u>
Net income		523,585
Net position beginning of year		<u>1,325,628</u>
Net position end of year		<u>\$ 1,849,213</u>

See notes to financial statements.

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

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund contributions	\$ 2,593,141
Cash received from employees and others	486,801
Cash received from COBRA reimbursements	40,898
Cash paid for insurance premiums	(2,288,795)
Cash paid for medical claims	(319,782)
Cash paid for administrative expenses	(17,089)
Net cash provided by operating activities	495,174
Cash flows from investing activities:	
Interest on investments	6,194
Net increase in cash and cash equivalents	501,368
Cash and cash equivalents beginning of year	1,347,845
Cash and cash equivalents end of year	\$ 1,849,213
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 517,391
Adjustment to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	(22,217)
Net cash provided by operating activities	\$ 495,174

See notes to financial statements.

Webster County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2022

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 3,827,370
Other County officials	230,136
Receivables:	
Property tax:	
Delinquent	294,656
Succeeding year	51,151,000
Accounts	62,446
Special assessments	654,380
Drainage assessments	2,327
Due from other governments	71,264
Prepaid items	6,142
	<hr/>
Total assets	56,299,721

Liabilities

Accounts payable	11,583
Salaries and benefits payable	26,090
Due to other governments	1,645,422
Trusts payable	377,931
Stamped warrants payable	2,950
Compensated absences	37,615
	<hr/>
Total liabilities	2,101,591

Deferred Inflows of Resources

Unavailable property tax revenue	<hr/> 51,151,000
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Net Position

Restricted for individuals, organizations and other governments	<hr/> \$ 3,047,130
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See notes to financial statements.

Webster County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2022

Additions:	
Property and other county tax	\$ 49,731,601
911 surcharge	123,979
State tax credits	4,528,712
Office fees and collections	1,012,876
Auto licenses, use tax and postage	14,006,539
Assessments	14,742
Trusts	1,273,496
Miscellaneous	<u>1,058,375</u>
Total additions	<u>71,750,320</u>
Deductions:	
Agency remittances:	
To other funds	664,597
To other governments	69,386,428
Trusts paid out	<u>1,273,496</u>
Total deductions	<u>71,324,521</u>
Change in net position	425,799
Net position beginning of year, as restated	<u>2,621,331</u>
Net position end of year	<u>\$ 3,047,130</u>

See notes to financial statements.

Webster County

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

Webster 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, Webster 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 Webster 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.

Certain 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 Webster County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported as a Custodial Fund. Financial information of the individual drainage districts can be obtained from the Webster County Auditor's Office.

The Friends of Webster County Conservation has been incorporated under Chapter 504A of the Code of Iowa to solicit and accept gifts from persons or organizations for development and enhancement of environmental education and conservation projects within the scope of the jurisdiction of the Webster County Conservation Board. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

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: Webster County Assessor’s Conference Board, Webster County Emergency Management Commission and Webster County Joint 911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Custodial Funds of the County.

The County also participates in the North Central Iowa Regional Solid Waste Agency, the Webster County Telecommunications Board, Central Iowa Juvenile Detention Center, Region V Narcotic Task Force, Mid-Iowa Development Association Council of Governments, Hazardous Materials Response Commission, Central Iowa Community Services and Local Emergency Planning Commission, jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa. In addition, the County participates in the following jointly governed organizations: Second Judicial District Department of Correctional Services, Iowa Central Industries, Your Own Limited Resources, Inc., the North Central Alcoholism Research Foundation, Webster County Economic Development Corporation and North Central Mental Health Center.

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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 investments in non-negotiable certificates of deposit which are stated at amortized cost.

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

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

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

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

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

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

Current drainage assessments receivable represent assessments which are due and payable but have not been collected. Future drainage assessments receivable represent amounts which will be assessed to individuals and levied against their property in the future for work already done on drainage districts which benefit their property.

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

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

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

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

Asset Class	Amount
Land, buildings and improvements	\$ 25,000
Equipment and vehicles	5,000
Intangibles	50,000
Infrastructure	50,000
Right-to-use leased assets	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)
Building improvements	25 - 50
Land improvements	10 - 50
Equipment and vehicles	3 - 20
Intangibles	5 - 20
Infrastructure	10 - 65
Right-to-use leased assets	2 - 20

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

At the commencement of a lease, the County initially measures the lease liability at the present value of payment expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease 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 Webster County determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

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

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

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) 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 compensatory time 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 governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2022. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, 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 did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated at year end.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

The County had no investments meeting the disclosure requirements of Governmental accounting standards Board statement No. 72.

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales and Services Tax	\$ 61,971
	Urban Renewal Tax Increment Financing	525,069
		<u>587,040</u>
Special Revenue:		
Secondary Roads	General	336,931
	Special Revenue:	
	Webster County Trails	100,000
	Rural Services	3,397,004
		<u>3,833,935</u>
Special Revenue:	Special Revenue:	
Webster County Trails	Local Option Sales and Services Tax	<u>400,000</u>
Debt Service	Special Revenue:	
	Secondary Roads	519,000
	Local Option Sales and Services Tax	533,400
		<u>1,052,400</u>
Total		<u>\$ 5,873,375</u>

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

(4) Capital Assets

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

	Restated Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 5,871,280	-	-	5,871,280
Construction in progress, road network	1,865,993	3,632,483	4,842,253	656,223
Construction in progress	8,017,625	2,194,247	8,467,045	1,744,827
Total capital assets not being depreciated/amortized	15,754,898	5,826,730	13,309,298	8,272,330
Capital assets being depreciated/amortized:				
Buildings	30,193,210	854,645	-	31,047,855
Improvements other than buildings	1,808,868	6,706,178	-	8,515,046
Equipment and vehicles	15,609,626	3,119,569	588,712	18,140,483
Intangibles, other	164,292	-	-	164,292
Infrastructure, road network	94,801,027	4,842,253	-	99,643,280
Infrastructure, other	1,428,263	1,760,867	-	3,189,130
Right-to-use leased equipment	72,890	7,651	-	80,541
Total capital assets being depreciated/amortized	144,078,176	17,291,163	588,712	160,780,627
Less accumulated depreciation/amortization for:				
Buildings	13,876,772	582,900	-	14,459,672
Improvements other than buildings	440,545	333,119	-	773,664
Equipment and vehicles	11,079,871	1,735,015	542,092	12,272,794
Intangibles, other	164,291	-	-	164,291
Infrastructure, road network	46,077,705	2,388,017	-	48,465,722
Infrastructure, other	398,233	120,363	-	518,596
Right-to-use leased equipment	-	24,486	-	24,486
Total accumulated depreciation/amortization	72,037,417	5,183,900	542,092	76,679,225
Total capital assets being depreciated/amortized, net	72,040,759	12,107,263	46,620	84,101,402
Governmental activities capital assets, net	\$ 87,795,657	17,933,993	13,355,918	92,373,732

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 449,648
Physical health and social services	99,059
Mental health	1,441
County environment and education	185,625
Roads and transportation	3,927,507
Governmental services to residents	32,727
Administration	487,893
Total depreciation/amortization expense - governmental activities	<u>\$ 5,183,900</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 272,385
Special Revenue:		
Rural Services	Services	175
Secondary Roads		<u>5,201</u>
Total for governmental funds		<u>\$ 277,761</u>
Custodial:		
Agricultural Extension Education	Collections	\$ 2,224
Schools		205,682
Community Colleges		16,141
Corporations		159,204
Townships		3,908
Auto License and Use Tax		1,089,520
Special Districts		46,868
All other		<u>121,875</u>
Total for custodial funds		<u>\$ 1,645,422</u>

(6) Long-Term Liabilities

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

	General Obligation Capital Loan Notes	General Obligation Local Option Sales and Services Tax Bonds	General Obligation Emergency Communications Equipment Bonds (1)	General Obligation Courthouse Restoration Bonds (2)	Lease Agreements	Direct Borrowing Drainage Warrants	Compensated Absences	Net Pension Liability (Asset)	Total OPEB Liability	Total
Balance beginning of year, as restated	\$ 2,730,000	3,920,000	2,288,125	7,113,004	72,890	724,781	587,074	7,084,648	995,014	25,515,536
Increases	-	-	-	-	7,651	110,125	839,322	-	208,008	1,165,106
Decreases	610,000	455,000	352,188	278,778	23,517	360,655	617,982	9,066,351	271,294	12,035,765
Balance end of year	\$ 2,120,000	3,465,000	1,935,937	6,834,226	57,024	474,251	808,414	(1,981,703)	931,728	14,644,877
Due within one year	\$ 620,000	465,000	330,000	225,000	24,959	167,341	808,414	-	36,197	2,676,911

(1) The unamortized premium on the bonds was \$160,937 at June 30, 2022.

(2) The unamortized premium on the bonds was \$1,169,226 at June 30, 2022.

General Obligation Capital Loan Notes

On December 18, 2012, the County issued \$1,340,000 of general obligation capital loan notes, Series 2012 pursuant to the provisions of Section 331.402 of the Code of Iowa for the purpose of paying costs of aiding in the planning, undertaking and carrying out of an urban renewal project, including funds paid to the City of Fort Dodge to fund the oversizing of sewer and water services to accommodate future expansion of the County's Industrial Park. During the year ended June 30, 2022, the County paid principal of \$140,000 and interest of \$4,900 on the notes.

On July 29, 2016, the County issued \$4,675,000 of general obligation capital loan notes, Series 2016B pursuant to the provisions of Section 331.402 of the Code of Iowa for the purpose of paying costs of aiding in the planning, undertaking and carrying out of urban renewal projects under the authority of Chapter 403, including a portion of the costs of building, furnishing and equipping the Otho Shed Maintenance Complex Project. During the year ended June 30, 2022, the County paid principal of \$470,000 and interest of \$49,000 on the notes.

A summary of the general obligation capital loan notes indebtedness is as follows:

General Obligation Capital Loan Notes Series 2012				
Year	Issued Dec 18, 2012			
Ending June 30,	Interest Rate	Principal	Interest	Total
2023	1.80%	\$ 140,000	2,520	142,520

General Obligation Capital Loan Notes Series 2016B					Totals		
Year	Issued Jul 29, 2016						
Ending June 30,	Interest Rate	Principal	Interest	Total	Principal	Interest	Total
2023	2.00%	\$ 480,000	39,600	519,600	\$ 620,000	42,120	662,120
2024	2.00	490,000	30,000	520,000	490,000	30,000	520,000
2025	2.00	500,000	20,200	520,200	500,000	20,200	520,200
2026	2.00	510,000	10,200	520,200	510,000	10,200	520,200
Total		\$ 1,980,000	100,000	2,080,000	\$ 2,120,000	102,520	2,222,520

General Obligation Local Option Sales and Services Tax (LOST) Refunding Bonds

On July 29, 2016, the County issued \$4,805,000 of general obligation local option sales and services tax bonds refunding bonds for the crossover advance refunding of \$4,705,000 of general obligation bonds dated December 30, 2010.

A summary of the general obligation local option sales and services tax refunding bonds indebtedness is as follows:

Year Ending June 30,	General Obligation Refunding LOST Bonds, Series 2016A			
	Issued Jul 29, 2016			
	Interest Rate	Principal	Interest	Total
2023	2.00%	\$ 465,000	69,300	534,300
2024	2.00	475,000	60,000	535,000
2025	2.00	485,000	50,500	535,500
2026	2.00	495,000	40,800	535,800
2027	2.00	505,000	30,900	535,900
2028-2029	2.00	1,040,000	31,300	1,071,300
Total		\$ 3,465,000	282,800	3,747,800

The County has pledged future local option sales and services tax receipts to repay the general obligation local option sales and services tax bonds. The bonds are payable and secured by a pledge of 50% of the local option sales and services tax receipts and, if the 50% portion of the local option sales tax receipts is insufficient, the County may levy an annual tax on all of the taxable property in the County.

Annual principal and interest payments on the bonds required 46.7% of net pledged revenues. During the year ended June 30, 2022, the County paid principal of \$455,000 and interest of \$78,400 on the bonds. The total principal and interest remaining to be paid on the bonds is \$3,747,800. For the current year, principal and interest paid and total local option sales and services tax revenue were \$533,400 and \$1,142,450, respectively.

The resolution providing for the issuance of the bonds includes the following provisions:

- (a) The bonds will be redeemed from the future collections of local option sales and services tax and as needed in order to supplement the local option sales and services tax receipts, an annual property tax levy.
- (b) The local option sales and services tax receipts shall be deposited in a Local Option Sales and Services Tax Fund (Revenue Fund), which shall be used and disbursed to pay the principal and interest on the bonds.
- (c) Sufficient transfers shall be made from the Revenue Fund to a separate bond sinking account within the Debt Service Fund for the purpose of making the bond principal and interest payments when due. The Revenue Fund shall set aside sufficient revenues to pay the principal and interest coming due in the next succeeding fiscal year. If the revenues are insufficient to pay the principal and interest coming due in the next succeeding fiscal year, property tax will be levied for the next fiscal year.

General Obligation Emergency Communications Equipment Bonds

On October 30, 2019, the County issued \$2,350,000 of general obligation emergency communications equipment bonds, Series 2019. The bonds were issued to provide funds for the purpose of paying the costs to acquire and install emergency communications equipment and systems. During the year ended June 30, 2022, the County paid principal of \$320,000 and interest of \$77,100 on the bonds.

A summary of the general obligation emergency communications equipment bonds indebtedness is as follows:

Year Ending June 30,	General Obligation Emergency Communications Equipment Bonds, Series 2019 Issued Oct 30, 2019			
	Interest Rate	Principal	Interest	Total
2023	3.00%	\$ 330,000	67,500	397,500
2024	4.00	340,000	57,600	397,600
2025	4.00	355,000	44,000	399,000
2026	5.00	365,000	29,800	394,800
2027	3.00	385,000	11,550	396,550
Total		1,775,000	210,450	1,985,450
Unamortized premium		160,937		
Bonds payable		\$ 1,935,937		

General Obligation Courthouse Restoration Bonds

On February 19, 2020, the County issued \$6,000,000 of general obligation courthouse restoration bonds, Series 2020. The bonds were issued to provide funds for the purpose of paying the costs of the restoration of the courthouse clock-tower structure. During the year ended June 30, 2022, the county paid principal of \$210,000 and interest of \$283,950 on the bonds.

A summary of the general obligation courthouse restoration bonds indebtedness is as follows:

Year Ending June 30,	General Obligation Courthouse Repair Bonds, Series 2020 Issued Feb 19, 2020			
	Interest Rate	Principal	Interest	Total
2023	5.00%	\$ 225,000	273,450	498,450
2024	5.00	235,000	262,200	497,200
2025	5.00	245,000	250,450	495,450
2026	5.00	255,000	238,200	493,200
2027	5.00	270,000	225,450	495,450
2028-2032	4.00-5.00	1,565,000	919,550	2,484,550
2033-2037	4.00-5.00	1,950,000	532,500	2,482,500
2038-2039	5.00	920,000	69,500	989,500
Total		5,665,000	2,771,300	8,436,300
Unamortized premium		1,169,226		
Bonds payable		\$ 6,834,226		

Lease Agreements

On February 1, 2019, the County entered into a lease agreement for a copier for the Sheriff's Office. An initial lease liability was recorded in the amount of \$8,791. The agreement requires monthly payments of \$297 over 5 years with an implicit rate of 5% and final payment due January 31, 2024. During the year ended June 30, 2022, principal and interest paid were \$3,097 and \$370, respectively.

On June 7, 2019, the County entered into a lease agreement for a copier for the Recorder's Office. An initial lease liability was recorded in the amount of \$6,106. The agreement requires monthly payments of \$179 over 5 years with an implicit rate of 1.50% and final payment due June 6, 2024. During the year ended June 30, 2022, principal and interest paid were \$2,044 and \$78, respectively.

On July 30, 2019, the County entered into a lease agreement for a copier for the Public Health Department. An initial lease liability was recorded in the amount of \$28,875. The agreement requires monthly payments of \$794 over 5 years with an implicit rate of 2.50% and final payment due July 29, 2024. During the year ended June 30, 2022, principal and interest paid were \$8,805 and \$622, respectively.

On October 1, 2018, the County entered into a lease agreement for a copier for the DHS Office. An initial lease liability was recorded in the amount of \$9,046. The agreement requires monthly payments of \$353 over 5 years with an implicit rate of 5.00% and final payment due September 30, 2023. During the year ended June 30, 2022, principal and interest paid were \$3,917 and \$319, respectively.

On November 20, 2021, the County entered into a lease agreement for a copier for the DHS Office. An initial lease liability was recorded in the amount of \$7,651. The agreement requires monthly payments of \$144 over 5 years with an implicit rate of 5.00% and final payment due November 19, 2026. During the year ended June 30, 2022, principal and interest paid were \$941 and \$209, respectively.

On July 1, 2020, the County entered into a lease agreement for a postage machine for the Auditor's Office. An initial lease liability was recorded in the amount of \$20,072. The agreement requires monthly payments of \$460 over 5 years with an implicit rate of 5.00% and final payment due June 30, 2025. During the year ended June 30, 2022, the principal and interest paid were \$4,713 and \$807, respectively.

Year Ending June 30,	Sheriff Copier			Recorder Copier		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 3,359	205	3,564	\$ 2,105	43	2,148
2024	2,335	44	2,379	1,957	15	1,972
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
	<u>\$ 5,694</u>	<u>249</u>	<u>5,943</u>	<u>\$ 4,062</u>	<u>58</u>	<u>4,120</u>

Year Ending June 30,	Public Health Copier			DHS Copier		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 9,128	400	9,528	\$ 4,078	158	4,236
2024	9,359	169	9,528	1,051	9	1,060
2025	1,583	5	1,588	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
Total	<u>\$ 20,070</u>	<u>574</u>	<u>20,644</u>	<u>\$ 5,129</u>	<u>167</u>	<u>5,296</u>

Year Ending June 30,	DHS Copier			Auditor Postage Machine		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 1,422	306	1,728	\$ 4,867	653	5,520
2024	1,495	233	1,728	5,116	404	5,520
2025	1,571	157	1,728	5,377	143	5,520
2026	1,652	76	1,728	-	-	-
2027	569	6	575	-	-	-
Total	<u>\$ 6,709</u>	<u>778</u>	<u>7,487</u>	<u>\$ 15,360</u>	<u>1,200</u>	<u>16,560</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2023	\$ 24,959	1,765	26,724
2024	21,313	874	22,187
2025	8,531	305	8,836
2026	1,652	76	1,728
2027	569	6	575
Total	<u>\$ 57,024</u>	<u>3,026</u>	<u>60,050</u>

Drainage Warrants – Direct Borrowing

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

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

(7) Land Contract

On November 19, 2019, Webster County entered into two land contracts with Cargill Incorporated for the sale of real properties, one for the Stotts Property and the other for the Rial Property. The Stotts Property had a purchase price of \$1,113,750, while the Rial Property had a purchase price of \$949,400, both of which are payable in full on April 30, 2024. For each land contract, Cargill Inc. has the option to either pay the full balance on April 30, 2024 or pay \$3,500 each month for 60 months, with the remaining balance payable on April 30, 2024. The County will give Cargill Inc. full and complete possession of the properties upon payment in full of the balance. As of June 30, 2022, no payments have been made.

On May 4, 2022, Webster County entered into an additional land contract with Cargill Incorporated for the sale of real property referred to as the Kelso Property. The purchase price for the property was \$2,022,500, which is payable in full on May 1, 2027. Cargill Inc. has the option to either pay the full balance on May 1, 2027 or pay \$36,341.68 each month for 60 months. The County will give Cargill Inc. full and complete possession of the property upon payment in full of the balance. As of June 30, 2022, no payments have been made.

(8) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

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

The County's contributions to IPERS for the year ended June 30, 2022 totaled \$976,095.

Net Pension Asset, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022 the County reported an asset of \$1,981,703 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021. The total plan pension liability used in its calculation of the overall plan net pension asset was determined by an actuarial valuation as of that date. The County's proportion of the overall plan net pension asset was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the County's proportion of the overall plan net pension asset was 0.574029%, which was an increase of 0.473176% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of \$(824,249). 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	\$ 252,643	112,455
Changes of assumptions	110,219	61,683
Net difference between projected and actual earnings on IPERS' investments	-	6,705,876
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	43,060	263,725
County contributions subsequent to the measurement date	976,095	-
Total	<u>\$ 1,382,017</u>	<u>7,143,739</u>

\$976,095 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	\$ (1,688,079)
2024	(1,677,004)
2025	(1,551,893)
2026	(1,833,031)
2027	12,190
Total	<u>\$ (6,737,817)</u>

There were no non-employer contributing entities to IPERS.

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

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
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 May 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 asset was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS’ investments was applied to all periods of projected benefit payments to determine the total pension asset.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 4,190,032	(1,981,703)	(7,152,082)

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2022.

(9) Other Postemployment Benefits (OPEB)

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

OPEB Benefits – Individuals who are employed by Webster County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>174</u>
Total	<u>177</u>

Total OPEB Liability – The County's total OPEB liability of \$931,728 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)	2.50% per annum, including inflation.
Discount rate (effective June 30, 2022)	2.14% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	7.00% initial rate decreasing .5% 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 RP2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 995,014
Changes for the year:	
Service cost	94,302
Interest	19,900
Differences between expected and actual experiences	(235,097)
Changes in assumptions	93,806
Benefit payments	<u>(36,197)</u>
Net changes	<u>(63,286)</u>
Total OPEB liability end of year	<u>\$ 931,728</u>

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

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	\$ 1,010,012	931,728	859,081

Sensitivity of the County’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
 – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB liability	\$ 819,801	931,728	1,066,782

OPEB Expense Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized OPEB expense of \$103,938. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,171	247,754
Changes in assumptions	142,719	48,717
Total	<u>\$ 186,890</u>	<u>296,471</u>

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	\$ (10,264)
2024	(10,264)
2025	(10,264)
2026	(10,264)
2027	(10,264)
Thereafter	<u>(58,261)</u>
	<u>\$ (109,581)</u>

(10) Risk Management

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

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2022 were \$383,496.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. 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.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County’s group health insurance plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Auxiant. All benefits in excess of Plan deductibles are paid through the Iowa State Association of Counties (ISAC), which in turn provides for its own reinsurance stop/loss limits and submits its own required state filings.

The payments of plan contributions to the Internal Service, Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are made to Auxiant into a Safe-T fund. Claims are processed from the Safe-T fund to ensure timely payment. The County’s contribution to the fund for the year ended June 30, 2022 was \$2,593,141.

Amounts payable from the Internal Service, Employee Group Health Fund at June 30, 2022 for incurred but not reported (IBNR) and reported but not paid claims has been estimated but has not been actuarially determined since the County is exempt from obtaining an actuarial opinion under Chapter 509A.15(4) of the Code of Iowa. The combined County liability for unpaid claims is as follows:

Unpaid claims beginning of year	\$ 22,217
Incurred claims (including claims incurred but not reported at June 30, 2022)	297,565
Payments on claims during the year	<u>319,782</u>
Unpaid claims end of year	<u>\$ -</u>

(12) Industrial Development Revenue Bonds

The County has issued a total of \$670,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$147,368 is outstanding at June 30, 2022. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

(13) Development Agreements

In September 2012, the County entered into a development agreement with CJ Bio America, Inc. (the Developer). The Developer agreed to construct a facility within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$4,444,000 for reimbursement of costs to construct a rail spur to the facility and site preparation of the facility plus interest at 3.23% per annum. During the year ended June 30, 2022, the County made principal and interest payments of \$437,042 and \$92,310, respectively, to the Developer. At June 30, 2022 the balance owed on the agreement is \$1,577,061.

In March 2019, the County entered into a development agreement with Cargill Incorporated (the Developer). The Developer constructed a bio-refinery campus located in the Iowa Crossroads of Global Innovation ag-industrial center (ICGI). As part of the construction the Developer is paying certain costs related to the sanitary sewer system and waterworks system infrastructure which will serve the Developer and other property situated within the ICGI. The County agreed to make five annual tax increment financing rebate payments to the Developer of \$271,534 each, not to exceed a cumulative total of \$1,357,670. During the year ended June 30, 2022, the County paid \$271,534. At June 30, 2022 the balance owed on the agreement is \$271,534.

In March 2019, the County entered into a development agreement with Crimmins Investments LLC (the Developer). The Developer agreed to construct a warehouse facility within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$200,000 for reimbursement of costs to construct a warehouse facility for use in its business operations. During the year ended June 30, 2022, the County paid \$19,775. At June 30, 2022 the balance owed on the agreement is \$160,450.

In November 2020, the County entered into a development agreement with Crimmins Investments LLC (the Developer). The Developer agreed to construct an addition on to an existing warehouse facility within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$152,790 for reimbursement of costs to construct an addition on to an existing warehouse facility for use in its business operations. During the year ended June 30, 2022, the County paid \$15,279. At June 30, 2022 the balance owed on the agreement is \$137,511.

The County's obligation is limited to the amount of tax increment financing receipts. These agreements are not general obligations of the County. However, the agreements are subject to the constitutional debt limitation of the County, except for \$851,277 which has not been appropriated by the Board of Supervisors 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.

County Tax Abatements

The County provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the County enters into agreements with developers which require the County, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the County as part of these agreements.

For the year ended June 30, 2022, \$662,808 of property tax was diverted from the County under the urban renewal and economic development projects.

Tax Abatements of Other Entities

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Fort Dodge	Urban renewal and economic development projects	\$ 141,840
City of Gowrie	Urban renewal and economic development projects	7,627
City of Duncombe	Urban renewal and economic development projects	13,216

(15) County Financial Information Included in Central Iowa Community Services

Central Iowa Community Services (CICS), a jointly governed organization formed pursuant to the provisions of Chapter 28E and Chapter 331.390 of the Code of Iowa, included the following member counties: Boone County, Cerro Gordo County, Franklin County, Greene County, Hamilton County, Hancock County, Hardin County, Jasper County, Madison County, Marshall County, Poweshiek County, Story County, Warren County, Webster County and Wright County. The financial activity of the County’s Special Revenue, Mental Health Fund is included in CICS for the year ended June 30, 2022, as follows:

Revenues:		
Property and other county tax		\$ 647,844
Intergovernmental revenues:		
State tax credits		50,974
Payments from regional fiscal agent		748,575
Total revenues		<u>1,447,393</u>
Expenditures:		
General administration:		
Direct administration		4,853
Distribution to regional fiscal agent		1,773,993
Total expenditures		<u>1,778,846</u>
Excess of expenditures over revenues		(331,453)
Fund balance beginning of year		<u>331,453</u>
Fund balance end of year		<u>\$ -</u>

(16) Subsequent Event

On November 29, 2022, the County issued \$10,540,000 of general obligation capital loan notes for the purpose of paying costs of planning, undertaking, and carrying out of urban renewal projects under the authority of Chapter 403 including the acquisition, construction, improvement and equipping of a new Conservation Center as authorized in Amendment No. 8 to the Webster County Regional Urban Renewal Plan.

(17) Opioid Litigation Settlement

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

(18) Accounting Change

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

	Capital Assets	Long-term Liabilities Lease Agreements
Balances June 30, 2021, as previously reported	\$ 87,722,767	-
Change to implement GASBS No. 87	72,890	72,890
Balances July 1, 2021, as restated	<u>\$ 87,795,657</u>	<u>72,890</u>

(19) Prospective Accounting Change

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

(20) Special Investigation

The County requested the Office of Auditor of State perform a special investigation of the County as a result of concerns identified with the County Public Health Department. A separate report will be issued upon completion of the special investigation. Once issued, the report will be available on the Office of Auditor of State's website.

Required Supplementary Information

Webster 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	\$ 20,362,924	-	20,362,924
Interest and penalty on property tax	114,950	-	114,950
Intergovernmental	20,674,246	24,299	20,649,947
Licenses and permits	66,995	-	66,995
Charges for service	1,839,969	-	1,839,969
Use of money and property	352,848	(7,505)	360,353
Miscellaneous	1,076,234	669,810	406,424
Total receipts	<u>44,488,166</u>	<u>686,604</u>	<u>43,801,562</u>
Disbursements:			
Public safety and legal services	6,742,564	-	6,742,564
Physical health and social services	4,711,682	-	4,711,682
Mental health	1,778,846	-	1,778,846
County environment and education	2,549,779	27,515	2,522,264
Roads and transportation	12,468,103	-	12,468,103
Governmental services to residents	1,116,984	-	1,116,984
Administration	3,552,901	-	3,552,901
Non-program	340,238	340,238	-
Debt service	3,312,262	385,272	2,926,990
Capital projects	6,024,544	-	6,024,544
Total disbursements	<u>42,597,903</u>	<u>753,025</u>	<u>41,844,878</u>
Excess (deficiency) of receipts over (under) disbursements	1,890,263	(66,421)	1,956,684
Other financing sources, net	636,891	110,125	526,766
Deficiency of receipts and other financing sources over (under) disbursements and other financing uses	<u>2,527,154</u>	<u>43,704</u>	<u>2,483,450</u>
Balance beginning of year	<u>27,065,783</u>	<u>520,666</u>	<u>26,545,117</u>
Balance end of year	<u>\$ 29,592,937</u>	<u>564,370</u>	<u>29,028,567</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		Final to
<u>Original</u>	<u>Final</u>	Net
		Variance
19,378,696	19,464,918	898,006
14,000	14,000	100,950
21,345,971	25,139,522	(4,489,575)
69,500	69,500	(2,505)
1,043,413	1,043,413	796,556
416,525	416,525	(56,172)
267,435	354,535	51,889
<u>42,535,540</u>	<u>46,502,413</u>	<u>(2,700,851)</u>
6,821,761	7,654,199	911,635
4,823,991	5,710,224	998,542
1,730,596	1,816,818	37,972
2,352,435	2,962,935	440,671
12,233,301	13,113,658	645,555
1,172,535	1,323,825	206,841
3,416,978	3,700,620	147,719
-	1,344,000	1,344,000
3,063,000	3,063,000	136,010
8,730,375	9,280,375	3,255,831
<u>44,344,972</u>	<u>49,969,654</u>	<u>8,124,776</u>
(1,809,432)	(3,467,241)	5,423,925
250,000	1,000,000	(473,234)
<u>(1,559,432)</u>	<u>(2,467,241)</u>	<u>4,950,691</u>
<u>19,365,091</u>	<u>19,365,091</u>	<u>7,180,026</u>
<u>17,805,659</u>	<u>16,897,850</u>	<u>12,130,717</u>

Webster 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	\$ 44,488,166	(1,248,768)	43,239,398
Expenditures	42,597,903	(1,398,166)	41,199,737
Net	1,890,263	149,398	2,039,661
Other financing sources, net	636,891	(459,515)	177,376
Beginning fund balances	27,065,783	(984,500)	26,081,283
Ending fund balances	\$ 29,592,937	(1,294,617)	28,298,320

See accompanying independent auditor's report.

Webster 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, five budget amendments increased budgeted disbursements by \$5,624,682. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2022, disbursements did not exceed the amounts budgeted by function. However, disbursements in the certain departments exceeded the amounts appropriated at year end.

Webster County

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

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

Required Supplementary Information

	2022	2021	2020	2019
County's proportion of the net pension liability/asset	0.574029% **	0.100853%	0.099702%	0.103020%
County's proportionate share of the net pension liability (asset)	\$ (1,982)	7,085	5,773	6,519
County's covered payroll	\$ 9,928	9,826	9,841	9,712
County's proportionate share of the net pension liability as a percentage of its covered payroll	-19.96%	72.10%	58.66%	67.12%
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
0.105401%	0.106089%	0.102962%	0.098849%
7,021	6,677	5,087	3,920
9,328	9,033	8,896	8,651
75.27%	73.92%	57.18%	45.31%
82.21%	81.82%	85.19%	87.61%

Webster 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	\$ 976	937	933	940
Contributions in relation to the statutorily required contribution	<u>(976)</u>	<u>(937)</u>	<u>(933)</u>	<u>(940)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 10,416	9,928	9,826	9,841
Contributions as a percentage of covered payroll	9.37%	9.44%	9.50%	9.55%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
881	849	824	814	792	741
(881)	(849)	(824)	(814)	(792)	(741)
-	-	-	-	-	-
9,712	9,328	9,033	8,896	8,651	8,265
9.07%	9.10%	9.12%	9.15%	9.16%	8.97%

Webster 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.

Webster 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	\$ 94,302	87,529	85,394	53,450	52,147
Interest cost	19,900	34,430	31,823	25,466	24,222
Difference between expected and actual experiences	(235,097)	-	57,038	-	(48,411)
Changes in assumptions	93,806	-	72,476	-	(76,717)
Benefit payments	(36,197)	(46,274)	(43,415)	(41,557)	(44,337)
Net change in total OPEB liability	(63,286)	75,685	203,316	37,359	(93,096)
Total OPEB liability beginning of year	995,014	919,329	716,013	678,654	771,750
Total OPEB liability end of year	\$ 931,728	995,014	919,329	716,013	678,654
Covered-employee payroll	\$ 9,725,053	9,910,580	9,668,859	9,138,309	8,915,423
Total OPEB liability as a percentage of covered-employee payroll	9.58%	10.04%	9.51%	7.84%	7.61%

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	4.25%

Webster County

Supplementary Information

Webster County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

	County Recorder's Records Management	Resource Enhancement and Protection	Urban Renewal Tax Increment Financing	Special Local Option Sales and Services Tax
Assets				
Cash, cash equivalents and pooled investments	\$ 50,388	66,208	1,960,893	1,949,806
Receivables:				
Succeeding year tax increment financing	-	-	2,578,000	-
Opioid settlement	-	-	-	-
Drainage assessments:				
Current	-	-	-	-
Future	-	-	-	-
Due from other governments	-	-	-	87,431
Total assets	50,388	66,208	4,538,893	2,037,237
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	-	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year tax increment financing	-	-	2,578,000	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	2,578,000	-
Fund balances:				
Restricted for:				
Debt service	-	-	1,960,893	-
Drainage warrants	-	-	-	-
Opioid abatement	-	-	-	-
Other purposes	50,388	66,208	-	2,037,237
Total fund balances	50,388	66,208	1,960,893	2,037,237
Total liabilities, deferred inflows of resources and fund balances	\$ 50,388	66,208	4,538,893	2,037,237

See accompanying independent auditor's report.

Revenue				
Drainage Districts	Friends of Webster County Conservation	Webster County Trails	Opioid Settlement	Total
485,699	78,671	4,423	-	4,596,088
-	-	-	-	2,578,000
-	-	-	1,230,013	1,230,013
167,341	-	-	-	167,341
354,989	-	-	-	354,989
20,558	-	228,859	-	336,848
<u>1,028,587</u>	<u>78,671</u>	<u>233,282</u>	<u>1,230,013</u>	<u>9,263,279</u>
-	-	115,884	-	115,884
-	-	-	-	2,578,000
<u>542,888</u>	-	-	1,187,322	1,730,210
<u>542,888</u>	-	-	1,187,322	4,308,210
-	-	-	-	1,960,893
485,699	-	-	-	485,699
-	-	-	42,691	42,691
-	78,671	117,398	-	2,349,902
<u>485,699</u>	<u>78,671</u>	<u>117,398</u>	<u>42,691</u>	<u>4,839,185</u>
<u>1,028,587</u>	<u>78,671</u>	<u>233,282</u>	<u>1,230,013</u>	<u>9,263,279</u>

Webster County

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

Year ended June 30, 2022

	Special			
	County Recorder's Records Management	Resource Enhancement and Protection	Urban Renewal Tax Increment Financing	Local Option Sales and Services Tax
Revenues:				
Tax increment financing	\$ -	-	2,124,450	-
Local option sales and services tax	-	-	-	1,142,415
Intergovernmental	-	23,317	92,695	-
Charges for service	6,820	-	-	-
Use (loss) of money and property	176	267	8,914	-
Miscellaneous	-	-	-	-
Total revenues	<u>6,996</u>	<u>23,584</u>	<u>2,226,059</u>	<u>1,142,415</u>
Expenditures:				
Operating:				
County environment and education	-	12,210	-	-
Non-program	-	-	-	-
Debt service	-	-	835,940	-
Capital projects	-	-	-	-
Total expenditures	<u>-</u>	<u>12,210</u>	<u>835,940</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,996</u>	<u>11,374</u>	<u>1,390,119</u>	<u>1,142,415</u>
Other financing sources (uses):				
Transfer in	-	-	-	-
Transfers out	-	-	(525,069)	(995,371)
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(525,069)</u>	<u>(995,371)</u>
Change in fund balances	6,996	11,374	865,050	147,044
Fund balances beginning of year	<u>43,392</u>	<u>54,834</u>	<u>1,095,843</u>	<u>1,890,193</u>
Fund balances end of year	<u>\$ 50,388</u>	<u>66,208</u>	<u>1,960,893</u>	<u>2,037,237</u>

See accompanying independent auditor's report.

Revenue				
Drainage Districts	Friends of Webster County Conservation	Webster County Trails	Opioid Settlement	Total
-	-	-	-	2,124,450
-	-	-	-	1,142,415
24,299	-	233,282	-	373,593
-	-	-	-	6,820
-	(7,505)	-	-	1,852
650,536	19,274	-	42,691	712,501
674,835	11,769	233,282	42,691	4,361,631
-	27,515	-	-	39,725
339,470	-	-	-	339,470
385,272	-	-	-	1,221,212
-	-	535,179	-	535,179
724,742	27,515	535,179	-	2,135,586
(49,907)	(15,746)	(301,897)	42,691	2,226,045
-	-	400,000	-	400,000
-	-	(100,000)	-	(1,620,440)
110,125	-	-	-	110,125
110,125	-	300,000	-	(1,110,315)
60,218	(15,746)	(1,897)	42,691	1,115,730
425,481	94,417	119,295	-	3,723,455
485,699	78,671	117,398	42,691	4,839,185

Webster 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	\$ -	2,224	996,720	205,682
Other County officials	230,136	-	-	-
Receivables:				
Property tax:				
Delinquent	-	1,409	2,765	138,221
Succeeding year	-	303,000	598,000	26,972,000
Accounts	47,983	-	-	-
Special assessments	-	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
Total assets	278,119	306,633	1,597,485	27,315,903
Liabilities				
Accounts payable	-	-	1,345	-
Salaries and benefits payable	-	-	21,766	-
Due to other governments	106,447	2,224	-	205,682
Trusts payable	171,672	-	-	-
Stamped warrants payable	-	-	-	-
Compensated absences	-	-	32,987	-
Total liabilities	278,119	2,224	56,098	205,682
Deferred Inflows of Resources				
Unavailable revenues	-	303,000	598,000	26,972,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	1,409	943,387	138,221

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Special Districts	Other	Total
16,141	159,204	3,908	1,089,520	46,868	1,307,103	3,827,370
-	-	-	-	-	-	230,136
10,179	140,227	946	-	885	24	294,656
2,562,000	20,028,000	618,000	-	65,000	5,000	51,151,000
-	-	-	-	-	14,463	62,446
-	-	-	-	654,380	-	654,380
-	-	-	-	-	2,327	2,327
-	-	-	-	-	71,264	71,264
-	-	-	-	-	6,142	6,142
2,588,320	20,327,431	622,854	1,089,520	767,133	1,406,323	56,299,721
-	-	-	-	-	10,238	11,583
-	-	-	-	-	4,324	26,090
16,141	159,204	3,908	1,089,520	46,868	15,428	1,645,422
-	-	-	-	-	206,259	377,931
-	-	-	-	-	2,950	2,950
-	-	-	-	-	4,628	37,615
16,141	159,204	3,908	1,089,520	46,868	243,827	2,101,591
2,562,000	20,028,000	618,000	-	65,000	5,000	51,151,000
10,179	140,227	946	-	655,265	1,157,496	3,047,130

Webster County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2022

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	293,943	576,956	26,725,390
911 surcharge	-	-	-	-
State tax credits	-	23,090	45,302	2,214,827
Office fees and collections	1,012,876	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	817,996	-	-	-
Miscellaneous	-	-	12,000	-
Total additions	<u>1,830,872</u>	<u>317,033</u>	<u>634,258</u>	<u>28,940,217</u>
Deductions:				
Agency remittances:				
To other funds	279,661	-	-	-
To other governments	733,215	316,541	478,327	28,889,805
Trusts paid out	817,996	-	-	-
Total deductions	<u>1,830,872</u>	<u>316,541</u>	<u>478,327</u>	<u>28,889,805</u>
Changes in net position	-	492	155,931	50,412
Net position beginning of year	-	917	787,456	87,809
Net position end of year	<u>\$ -</u>	<u>1,409</u>	<u>943,387</u>	<u>138,221</u>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Special Districts	Other	Total
2,183,303	19,259,204	577,722	-	110,031	5,052	49,731,601
-	-	-	-	-	123,979	123,979
170,283	2,041,066	29,847	-	3,900	397	4,528,712
-	-	-	-	-	-	1,012,876
-	-	-	14,006,539	-	-	14,006,539
-	-	-	-	4,542	10,200	14,742
-	-	-	-	-	455,500	1,273,496
-	-	-	-	-	1,046,375	1,058,375
2,353,586	21,300,270	607,569	14,006,539	118,473	1,641,503	71,750,320
-	-	-	384,936	-	-	664,597
2,350,038	21,238,011	607,450	13,621,603	113,861	1,037,577	69,386,428
-	-	-	-	-	455,500	1,273,496
2,350,038	21,238,011	607,450	14,006,539	113,861	1,493,077	71,324,521
3,548	62,259	119	-	4,612	148,426	425,799
6,631	77,968	827	-	650,653	1,009,070	2,621,331
10,179	140,227	946	-	655,265	1,157,496	3,047,130

Webster 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	\$ 15,971,754	15,545,366	14,033,971	13,135,752
Tax increment financing	2,124,450	1,776,368	1,369,676	1,384,122
Local option sales and services tax	2,284,865	1,949,215	2,113,742	1,494,866
Interest and penalty on property tax	114,950	173,772	53,361	119,760
Intergovernmental	19,657,941	13,943,344	12,960,204	12,550,541
Licenses and permits	72,665	78,903	63,216	85,740
Charges for service	1,641,471	1,656,849	1,074,005	1,092,290
Use of money and property	301,652	610,612	473,315	537,066
Miscellaneous	1,069,650	693,473	1,502,166	849,279
Total	\$ 43,239,398	36,427,902	33,643,656	31,249,416
Expenditures:				
Operating:				
Public safety and legal services	\$ 7,373,842	6,292,367	5,582,239	5,430,317
Physical health and social services	4,989,111	4,313,492	4,060,593	4,276,750
Mental health	1,778,846	1,088,310	1,476,052	1,989,906
County environment and education	2,567,117	2,056,725	1,976,590	1,876,277
Roads and transportation	10,411,770	7,681,168	8,947,306	8,200,607
Governmental services to residents	1,137,726	1,037,706	844,880	950,137
Administration	3,702,213	3,520,816	2,853,469	3,051,288
Non-program	339,470	658,267	410,054	535,690
Debt service	3,312,262	3,125,107	2,940,378	2,498,665
Capital projects	5,587,380	6,954,208	5,736,762	3,673,402
Total	\$ 41,199,737	36,728,166	34,828,323	32,483,039

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
12,255,571	11,651,553	12,223,187	12,009,411	12,342,342	11,930,834
1,370,552	1,390,596	1,353,646	375,985	381,131	340,508
1,749,933	1,918,718	1,573,301	1,880,690	1,893,684	1,687,493
110,590	114,251	123,915	107,475	108,693	101,378
12,290,062	12,102,947	12,158,839	10,258,645	9,588,387	11,016,312
77,036	87,438	81,105	69,125	151,144	81,387
1,122,508	1,142,131	1,211,296	950,787	1,053,980	1,031,580
405,766	300,931	337,041	331,122	311,746	306,804
1,296,784	1,841,685	1,452,109	3,295,467	1,919,319	1,168,167
30,678,802	30,550,250	30,514,439	29,278,707	27,750,426	27,664,463
5,152,249	5,099,100	5,051,463	4,881,381	5,021,524	5,019,591
4,430,820	3,730,307	3,263,395	3,783,515	3,172,397	2,725,211
2,204,611	2,277,648	2,107,003	2,560,537	2,632,711	3,522,224
1,834,569	1,902,326	1,598,699	1,617,169	1,431,400	1,434,580
8,107,736	8,047,880	8,474,864	7,934,669	6,908,561	6,615,707
975,435	918,915	1,253,737	872,026	852,146	878,055
3,008,404	2,800,582	2,754,503	2,682,624	2,833,233	2,668,289
686,322	1,311,801	477,174	1,034,739	1,929,837	1,998,639
2,664,960	2,157,024	2,631,987	3,743,804	2,122,573	1,549,368
5,931,899	5,746,569	1,448,661	1,807,581	1,473,512	3,803,829
34,997,005	33,992,152	29,061,486	30,918,045	28,377,894	30,215,493

Schedule 6

Webster County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
U. S. Department of Agriculture:			
Passed through Iowa Department of Public Health:			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5881AO50	\$ 134,265
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5881AO50E	316,840
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5881AO84	14,264
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5881AO84E	<u>25,596</u>
			<u>490,965</u>
Passed through Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	00002128948	25,484
Passed through Iowa Department of Public Health:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5881NU10	12,109
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5881NU10-E	<u>16,382</u>
			<u>53,975</u>
Passed through Iowa Department of Agriculture and Land Stewardship:			
WIC Farmers' Market Nutrition Program (FMNP)	10.572		<u>133</u>
Total U.S. Department of Agriculture			<u>545,073</u>
U. S. Department of Justice:			
COVID-19, Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0576	<u>12,521</u>
Passed through Iowa Department of Justice:			
Crime Victim Assistance	16.575	VWC-2022-Webster County-00068	<u>32,200</u>
Bulletproof Vest Partnership Program	16.607		<u>5,761</u>
Total U.S. Department of Justice			<u>50,482</u>
U.S. Department of Transportation:			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction	20.205	TAP-R-C017(107)-8T-17	233,283
Highway Planning and Construction	20.205	BROSCHBP-C094(124)	51,889
Highway Planning and Construction	20.205	BROSCHBP-C094(125)	<u>67,456</u>
			<u>352,628</u>
Passed through Iowa Department of Public Safety			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	PAP 21-402-MOPT, Task 74-10-00	2,454
State and Community Highway Safety	20.600	PAP 22-402-MOPT, Task 00-31-00	4,668
State and Community Highway Safety	20.600	PAP 22-402-MOPT, Task 90-60-00	<u>3,822</u>
			<u>10,944</u>
Total U.S. Department of Transportation			<u>363,572</u>
U. S. Department of the Treasury:			
COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>2,678,390</u>
Total U.S. Department of Treasury			<u>2,678,390</u>

Webster County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2022

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
U. S. Department of Health and Human Services:			
Passed through Elderbridge Agency on Aging, Inc.:			
Aging Cluster:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		<u>3,990</u>
Passed through Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT11-E	<u>253,945</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2021-TB-94	<u>299</u>
Passed through Family Planning Council of Iowa:			
Family Planning Services	93.217	1003-FY2022	<u>127,503</u>
Passed through Iowa Department of Public Health:			
Grants to States to Support Oral Health Workforce Activities	93.236	5882DH34	<u>70,362</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5885BT494	<u>51,155</u>
Immunization Cooperative Agreements	93.268	5881I489E	<u>7,510</u>
Immunization Cooperative Agreements	93.268	5885BT494	<u>129,703</u>
			<u>137,213</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	5885BT494	<u>377,200</u>
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366	5881MH24E	<u>5,000</u>
COVID-19, Provider Relief Fund and American Rescue Plan (ARP)			
Rural Distribution	93.498		<u>176,700</u>
Passed through Iowa Department of Human Services:			
Temporary Assistance for Needy Families	93.558	ACFS 20-058	<u>64,000</u>
Child Support Enforcement	93.563	BOC-19-007	<u>386,739</u>
Passed through Iowa Department of Public Health:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	5881MH24E	<u>4,227</u> ***
Children's Health Insurance Program	93.767	5881MH24	<u>9,026</u>
Children's Health Insurance Program	93.767	5881MH24E	<u>17,055</u>
			<u>26,081</u> *
Medicaid Cluster:			
Medical Assistance Program	93.778	5881MH24	<u>47,577</u>
Medical Assistance Program	93.778	5881MH24E	<u>109,724</u>
Medical Assistance Program	93.778	5881MHI18E	<u>118,342</u>
			<u>275,643</u> **
National Bioterrorism Hospital Preparedness Program	93.889	5881BHP18-E	<u>115,512</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	5881NB32E	<u>2,100</u>
Maternal and Child Health Services Block Grant to the States	93.994	5881MH24	<u>28,563</u>
Maternal and Child Health Services Block Grant to the States	93.994	5881MH24E	<u>70,789</u>
			<u>99,352</u>

Schedule 6

Webster County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
Passed through Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Title IV-E Prevention Program	93.472	00002128948	924
Refugee and Entant Assistance State/Replacement Designee Administered Programs			
	93.566	00002128948	30
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	00002128948	6,675 ***
Foster Care Title IV-E	93.658	00002128948	6,804
Adoption Assistance	93.659	00002128948	3,716
Social Services Block Grant	93.667	00002128948	6,950
Children's Health Insurance Program	93.767	00002128948	529 *
Medicaid Cluster:			
Medical Assistance Program	93.778	00002128948	30,068 **
Total U.S. Department of Health and Human Services			2,232,717
U.S. Department of Homeland Security:			
Passed through Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
	97.036	FEMA 4421 DR IA	3,409,864 ^
Homeland Security Grant Program	97.067	18-11-11	45,481
Total U.S. Department of Homeland Security			3,455,345
Total			\$ 9,325,579

* Total Children's Health Insurance Program \$26,610

** Total Medicaid Cluster \$305,711

*** Total CCDF Cluster \$10,902

^ \$47,967 represents expenditures from prior years

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Webster County under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Webster County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Webster County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Webster County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

Webster County



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

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
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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 Webster 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 Webster 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 February 8, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2022-001 through 2022-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Webster 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 Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

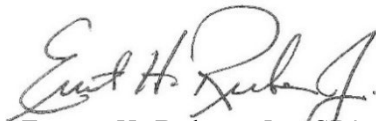
Webster County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Webster County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Webster 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 Webster 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
Chief Deputy Auditor of State

February 8, 2024

Webster County



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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Officials of Webster County:

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

We have audited Webster County, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Webster County's major federal programs for the year ended June 30, 2022. Webster County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Webster County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Webster County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Webster County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Webster County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Webster County's compliance based on our audit. 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, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about Webster County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Webster County's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Webster County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Webster County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

February 8, 2024

Webster County
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

Part I: Summary of the Independent Auditor's Results:

- a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) No material weaknesses in internal control over the major programs were noted.
- e) An unmodified opinion was issued on compliance with requirements applicable to major programs.
- f) The audit disclosed no audit findings which are required to be reported in accordance with Uniform Guidance, Section 200.516.
- g) The major programs were as follows:
 - Assistance Listing Number 21.027 – COVID-19, Coronavirus State and Local Fiscal Recovery Funds
 - Assistance Listing Number 93.778 – Medical Assistance Program
 - Assistance Listing Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i) Webster County did not qualify as a low-risk auditee.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties

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

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

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. Consequently, a listing of cash and checks received is not prepared by an independent mail opener and traced to the general ledger and bank deposit. An independent mail opener testing mail receipts in this manner adds a strong control over the receipts cycle.	County Treasurer and County Sheriff
(2) Bank reconciliations are not prepared by someone who doesn’t sign checks, handle or record cash.	County Treasurer
(3) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash.	County Treasurer and County Sheriff
(4) The person who signs checks is not independent of the person preparing the checks, approving disbursements, recording cash disbursements and handling cash.	County Recorder and County Sheriff
(5) Several individuals in the motor vehicle department have the ability to void receipts in ARTS (DOT system), including individuals who perform daily balancing. No independent review of voided receipts is performed.	County Treasurer

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

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

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

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. Each official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. These reviews should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

County Treasurer – Will continue to work on plan to segregate duties.

County Recorder – Our team has worked very hard to put internal controls in place to comply with segregation of duties.

County Sheriff – Current staffing levels do not allow these issues to be corrected.

Conclusions – Responses acknowledged. Each official should utilize current personnel, including elected officials, and continue to review their control activities to obtain maximum internal controls possible.

2022-002 Financial Reporting

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

Condition – Material amounts of receivables, payables and capital asset additions were not properly recorded in the County's financial statements. Adjustments were subsequently made to properly include these amounts in the financial statements.

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

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

Recommendation – The County should establish procedures to ensure all receivables, payables and capital asset additions are identified and properly reported in the County's financial statements. This is a repeat comment.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Responses –

Auditor – With the addition of the Financial Director and two people doing the accounts payable, we hope to get payables identified correctly. Capital assets should be addressed as they are added going forward.

Treasurer – Will continue to send emails and contact department heads to bring receivable's over when they receive them.

Conclusions – Responses accepted.

2022-003 County Sheriff – Bank Reconciliation

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

Condition – Monthly bank reconciliations of the bank balance to book balance were not prepared for the County Sheriff's inmate trust account.

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

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

Recommendation – Monthly bank reconciliations, including all bank account balances, should be performed and reconciled to the book balance in a timely manner, at least monthly, and should be reviewed by an independent person for propriety. The reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response – Due to staff turnover in jail, this was not completed. New Jail Administrator is now up to speed on account details and requirements.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

No material weaknesses in internal control over the major programs were noted.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Part IV: Other Findings Related to Required Statutory Reporting:

2022-A Certified Budget – Disbursements during the year ended June 30, 2022, did not exceed the amounts budgeted by function. However, disbursements in multiple departments exceeded the amount appropriated at year end.

In addition, on the County’s appropriation tracking spreadsheet, total department appropriations did not equal total budgeted expenditures.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation. The County should ensure that total department appropriations equal total budgeted expenditures on the County’s appropriation tracking spreadsheet.

Response – The Financial Director is reviewing the budget for year-end discrepancies prior to final amendment.

Conclusion – Response accepted.

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

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

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Krystal Lloyd, Auditor's Office Drainage Clerk, daughter of Dan Rasmussen, owner of Rasmussen Tiling	Tiling	\$ 7,021

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions with Rasmussen Tiling do not appear to represent conflicts of interest since the Auditor’s office employees’ remuneration of employment is not directly affected as a result of the contract and the duties of employment do not directly involve the procurement or preparation of any part of the contract.

2022-E Restricted Donor Activity – No transactions were noted between the County, County officials, or County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

- 2022-F Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- 2022-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2022-H Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- 2022-I Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- 2022-J Tax Increment Financing (TIF) – Chapter 403.19 of the Code of Iowa allows the County to certify indebtedness and then provide for the division of property tax to repay the certified indebtedness in subsequent fiscal years. Chapter 403.19 of the Code of Iowa does not allow the County to set aside/advance property tax divided for tax increment purposes for current or future urban renewal projects. During fiscal year 2022, the County advanced \$375,585 from the Special Revenue, Urban Renewal Tax Increment Financing Fund to the General Fund for future expenses related to a Conservation Center urban renewal project.

The County entered into two development agreements in March 2019 and one in November 2020, for a total of \$1,710,460, which were not certified by the County on the County’s TIF debt certification form.

In addition, at June 30, 2022, the Special Revenue, Urban Renewal Tax Increment Financing Fund has a fund balance of \$1,960,893. TIF collections are in excess of the TIF debt certified and the balance is considered excessive. If an excess balance in the TIF fund exists, Chapter 24.21 of the Code of Iowa requires the excess balance be remitted to the County Treasurer and allocated to the respective taxing districts.

Recommendation – In the future, if the County makes disbursements for a qualified TIF project, the County should pay the costs from an allowable fund, such as the General Fund, and may approve an advance (interfund loan) from the General Fund to the TIF Fund and certify the advance to the County Auditor as a TIF obligation for future collection of the TIF receipts and reimbursement to the General Fund to repay the advance. The County should review its procedures to ensure TIF debt is properly certified.

The County should consult legal counsel to determine the disposition of the excess monies in the Special Revenue, Urban Renewal Tax Increment Financing Fund.

Response – We have rectified this issue at the beginning of fiscal year 2023.

Conclusion – Response accepted.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-K Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1. The County understated the amount reported as TIF debt outstanding by \$17,200.

Recommendation – The County should ensure the correct debt amounts are reported.

Response – Classes offered by the Iowa Department of Management have been taken to help us better understand tax increment financing.

Conclusion – Response accepted.

2022-L Building Purchase – Royal Properties, LLC purchased four properties on June 29, 2021 which included the property located at 1312 1st Ave. South in Fort Dodge.

On August 18, 2021, the County signed a purchase agreement with Royal Properties, LLC., with Michael Pearson as Managing Member, for the property located at 1312 1st Ave. South for the purposes of housing Webster County Emergency Management. The total purchase price of \$567,500 required the County to pay \$417,500 at closing, which was to be within 30 days of the approval of the agreement. However, the day following the signing of the agreement, the County paid \$417,500 to Royal Properties which was not the closing date of September 23, 2021.

The purchase agreement required the seller to make certain improvements to the existing building including spray foam insulation of all exterior walls and ceiling, installation of interior steel panels, installation of two functional floor drains, rough-in installation of a bathroom, installation of a gas line, installation of a heating and cooling system, completion of a parking lot and installation of water and sewer lines to the City of Fort Dodge. The agreement required the County to pay the remaining balance of \$150,000 within 30 days of the seller's completion of the improvements, which was agreed to as no later than August 1, 2022. However, prior to the completion of the improvements a second payment of \$100,000 was made to Royal Properties, LLC on March 16, 2022. An addendum to the agreement was approved on August 2, 2022, after the County had already paid \$517,500, or 91%, of the total purchase price, extending the completion date to November 1, 2022. The final payment of \$50,000 has yet to be made due to the improvements not being fully completed by the seller. The building improvements were substantially completed in November 2022, and Emergency Management moved into the building during December 2022.

Chapter 26.3 of the Code of Iowa requires the County to seek competitive bids when the cost of a public improvement exceeds the competitive bid threshold, which was \$139,000 at the time of the improvements. The County closed on the property prior to the improvements being made, and therefore the County did not comply with Chapter 26 of the Code of Iowa.

The County did not complete an assessment of the value of the property and related improvements to determine if the purchase price was fair and in the best interest of the County.

Webster County

Schedule of Findings and Questioned Costs

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Further, the purchase agreement requires a lease back to the seller for the parking lot to the west of building. The County agreed to accept rent of \$1 per year for a 20-year lease for use of the parking lot to Royal Properties, LLC. The County did not document an assessment of a fair rent price for the parking lot. Further, Chapter 331.361(2) of the Code of Iowa requires a public hearing on a lease of real property for a term of more than three years. The County did not hold a public hearing on the lease of the parking lot.

Recommendation – The County should consult legal counsel on the disposition of this matter. Further, the County should document the public purpose of the building purchase and the benefit to the County from the lease of the parking lot.

Response – It is the County’s position that the purchase and leaseback for this property were part of one and the same real estate purchase transaction, and as such, the lease should not be looked upon as a traditional (stand-alone) lease subject to the provisions of Code of Iowa Chapter 331.361(2). Rather, the leaseback was a negotiated term of the sale. The County had a limited immediate need for the parking lot area, other than for ingress and egress. Securing the building for Emergency Management, with an agreement for improvements to make it suitable for Emergency Management use and to comply with City codes, was the primary immediate need being met. Therefore, the parking area was to be improved from its gravel surface to a paved concrete surface with appropriate lighting and leased back to the seller who had a need for the parking lot area. The building itself has a specific public purpose, as it is used to house the County’s Emergency Management Services Department office and for storage of emergency management vehicles and supplies. The benefit of the lease-back provision of the purchase agreement allowed the County to acquire the property in this desired location for the Emergency Management building. Without the integrated lease-back agreement, the seller would not have agreed to sell the property to the County. Therefore, the transaction, viewed as a whole, has a clear public benefit.

Conclusion – Response acknowledged. Efficacy of desirable real estate transactions is not a valid reason to circumvent legal bidding requirements. The County should establish written policies and procedures to ensure the public purpose and benefits to be derived from this and similar transactions are clearly documented. The County should also ensure compliance with Code of Iowa Chapters 26.3 and 331.361.

Webster County

Staff

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