



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

Rob Sand  
Auditor of State

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

**NEWS RELEASE**

Contact: Brian Brustkern  
515/281-5834

FOR RELEASE

March 26, 2024

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Auditor of State Rob Sand today released an audit report on O'Brien County, Iowa.

**FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$17,424,747 for the year ended June 30, 2023, a 4.2% increase. Expenses for County operations for the year ended June 30, 2023 totaled \$16,661,035, a 1.1% decrease. The increase in the revenues is due primarily to an increase in American Rescue Plan Act revenues earned during the year. The decrease in expenses is primarily due to no longer having mental health expenses.

**AUDIT FINDINGS:**

Sand reported four findings related to the receipt and expenditure of taxpayer funds. They are found on pages 88 through 93 of this report. The finding addresses a lack of segregation of duties, material amounts of capital asset additions and depreciation not properly recorded in the County's financial statements, and lack of reconciliations of public health billings, collections, and delinquent accounts. Sand provided the County with recommendations to address each of these findings.

One of the findings discussed above is repeated from the prior year. The County Board of Supervisors 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](#).

###

**O'BRIEN COUNTY**

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

**JUNE 30, 2023**

**O'Brien County**



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Rob Sand  
Auditor of State

March 20, 2024

Officials of O'Brien County  
Primghar, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for O'Brien County for the year ended June 30, 2023. 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 O'Brien County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

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

Rob Sand  
Auditor of State

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**O'Brien County**

**Officials**

**(Before January 2023)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Daniel Friedrichsen	Board of Supervisors	Jan 2023
Dennis Vanden Hull	Board of Supervisors	Jan 2023
Nancy McDowell	Board of Supervisors	Jan 2025
Tim Overmire	Board of Supervisors	Jan 2025
John Steensma	Board of Supervisors	Jan 2025
Barbara Rohwer	County Auditor	Jan 2025
Missy Hattermann	County Treasurer	Jan 2023
Susan Smith	County Recorder	Jan 2023
Bruce Devereaux	County Sheriff	Jan 2025
Rachael Becker	County Attorney	Jan 2023
Seth Postma	County Assessor	Jan 2028

**(After January 2023)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Nancy McDowell	Board of Supervisors	Jan 2025
Tim Overmire	Board of Supervisors	Jan 2025
John Steensma	Board of Supervisors	Jan 2025
Daniel Friedrichsen	Board of Supervisors	Jan 2027
Dennis Vanden Hull	Board of Supervisors	Jan 2027
Barbara Rohwer	County Auditor	Jan 2025
Missy Hattermann	County Treasurer	Jan 2027
Susan Smith	County Recorder	Jan 2027
Bruce Devereaux	County Sheriff	Jan 2025
Katie Morgan	County Attorney	Jan 2027
Seth Postma	County Assessor	Jan 2028



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Independent Auditor's Report

To the Officials of O'Brien 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 O'Brien County, Iowa, as of and for the year ended June 30, 2023, 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 O'Brien County as of June 30, 2023 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 O'Brien 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 14 to the financial statements, O'Brien County's beginning net position for governmental activities was restated to correct capital assets. 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 O'Brien 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 O'Brien 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 O'Brien 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 58 through 70 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.

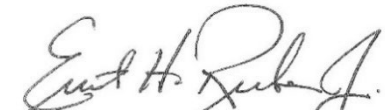
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise O'Brien 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, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 8 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2024 on our consideration of O'Brien 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 O'Brien County's internal control over financial reporting and compliance.

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

March 20, 2024

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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O'Brien County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2023. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2023 FINANCIAL HIGHLIGHTS**

- The County restated beginning net position for governmental activities to correctly report infrastructure depreciation and construction in progress not previously reported.
- The Governor signed Senate File 619 on June 16, 2021 which significantly changed mental health funding. The County was required to transfer the remaining fund balance of the Special Revenue, Mental Health Fund to the Sioux Rivers Regional Mental Health Region prior to June 30, 2022.
- Revenues of the County's governmental activities increased 4.2%, or approximately \$695,000, during fiscal year 2023. The County received approximately \$526,000 more in federal grants for the American Rescue Plan Act (ARPA). The unrestricted investment earnings increased approximately \$588,000, property tax revenues increased approximately \$395,000, operating grants, contributions and restricted interest increased approximately \$21,000 and capital grants, contributions and restricted interest decreased approximately \$685,000.
- Program expenses of the County's governmental activities were approximately \$16,660,000 in fiscal year 2023, approximately \$187,000 less than fiscal year 2022. Public safety and legal services, administration and non-program expenses increased approximately \$578,000, \$1,040,000, and \$111,000, respectively, while roads and transportation decreased approximately \$1,467,000.
- The County's net position increased 1.6%, or approximately \$764,000 during fiscal year 2023.

### **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 O'Brien 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 O'Brien 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 O'Brien County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

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

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

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

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

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

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

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, 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 and 2) the Special Revenue Funds, such as Rural Services and Secondary Roads. 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) Proprietary funds account for the County’s Internal Service, Employee Health Insurance and Workers’ Compensation Self Insurance Funds. 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 911 surcharges, 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,	
	2023	2022 (As Restated)
Current and other assets	\$ 29,884	30,818
Capital assets	32,856	33,273
Total assets	62,740	64,091
Deferred outflows of resources	1,003	1,004
Long-term liabilities	2,493	1,270
Other liabilities	2,267	2,958
Total liabilities	4,760	4,228
Deferred inflows of resources	9,265	11,912
Net position:		
Net investments in capital assets	32,848	33,273
Restricted	12,352	11,281
Unrestricted	4,518	4,401
Total net position	\$ 49,718	48,955

O’Brien County’s combined net position of governmental activities increased 1.6% (approximately \$49.7 million compared to approximately \$48.9 million, as restated).

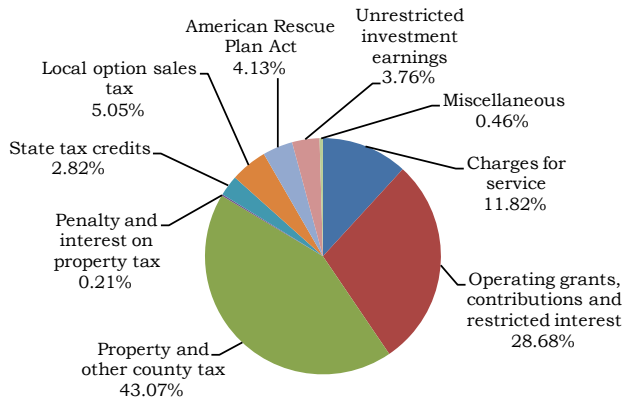
The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category decreased 1.3%, or approximately \$425,000, from the prior year.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$1,071,000, or 9.5%, over the prior year. This increase is primarily due to an increase in the amounts held at year end in the Special Revenue, Secondary Roads Fund.

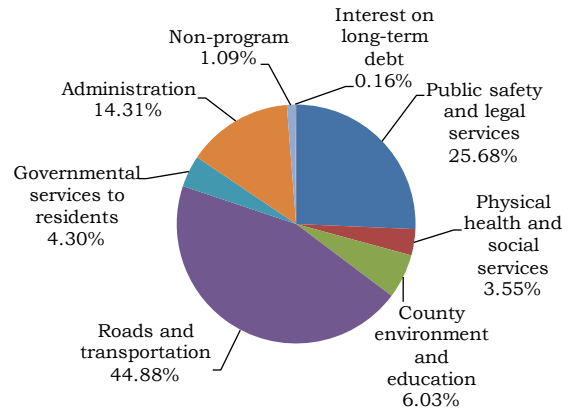
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$4,401,000 at June 30, 2022 to approximately \$4,518,000 at the end of this year, a 2.7% increase.

Changes in Net Position of Governmental Activities		
(Expressed in Thousands)		
	June 30,	
	2023	2022 (As Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 2,060	2,172
Operating grants, contributions and restricted interest	4,997	4,976
Capital grants, contributions and restricted interest	-	685
General revenues:		
Property and other county tax	7,505	7,110
Penalty and interest on property tax	36	39
State tax credits	491	531
Local option sales tax	879	825
American Rescue Plan Act	719	193
Unrestricted investment earnings	655	67
Other general revenues	81	130
Total revenues	<u>17,423</u>	<u>16,728</u>
Program expenses:		
Public safety and legal services	4,279	3,701
Physical health and social services	592	502
Mental health	-	335
County environment and education	1,005	1,194
Roads and transportation	7,476	8,943
Governmental services to residents	716	727
Administration	2,384	1,344
Non-program	182	71
Interest on long-term debt	26	30
Total expenses	<u>16,660</u>	<u>16,847</u>
Change in net position	763	(119)
Net position beginning of year, as restated	<u>48,955</u>	<u>49,074</u>
Net position end of year	<u>\$ 49,718</u>	<u>48,955</u>

### Revenues by Source



### Expenses by Program



O'Brien County's governmental activities net position increased approximately \$763,000 during the year. Revenues for governmental activities increased approximately \$695,000 over the prior year. American Rescue Plan Act (ARPA) and unrestricted investment earnings increased approximately \$526,000 and \$588,000, respectively. After restatement, capital grants, contributions and restricted interest decreased approximately \$685,000 due to a decrease in infrastructure assets contributed by the Iowa Department of Transportation.

The County decreased property tax rates for fiscal year 2023 an average of 2%. Despite this decrease the County's property tax revenue increased approximately \$395,000 in fiscal year 2023. Based on increases in the total assessed valuation, property tax revenue is budgeted to increase an additional \$423,000 next year.

The cost of all governmental activities this year was approximately \$16.7 million compared to approximately \$16.8 million last year. However, as shown in the Statement of Activities on page 21 the amount taxpayers ultimately financed for these activities was approximately \$9.6 million because some of the cost was paid by those who directly benefited from the programs (approximately \$2,060,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,998,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for services, decreased in fiscal year 2023 from approximately \$7,833,000 to approximately \$7,057,000. As discussed above, the County did not receive contributions of infrastructure paid for by the Iowa Department of Transportation.

### INDIVIDUAL MAJOR FUND ANALYSIS

As O'Brien County completed the year, its governmental funds reported a combined fund balance of approximately \$16.1 million, an increase of approximately \$1,079,000 over last year's total of approximately \$15.1 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$1,412,000, or 20.0%, primarily due to the receipt of federal grants for ARPA and an increase in returns on investments. Expenditures increased approximately \$1,384,000 over the prior year to approximately \$8,207,000, an increase of 20.3%, primarily due to the use of ARPA funds for voting equipment, a body scanner for the jail, computer networking upgrade, digitizing transfer books and an HVAC for the jail. The ending fund balance increased approximately \$82,000, or 1.8%, over the prior year to approximately \$4,596,000.

- Special Revenue, Rural Services Fund revenues increased approximately \$455,000, or 12.7%, primarily due to an increase in property tax revenues. Expenditures decreased approximately \$11,000 from the prior year to approximately \$1,055,000, a decrease of 1.1%. The ending fund balance increased approximately \$124,000 over the prior year to approximately \$1,066,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$173,000, or 3.8%, over the prior year. Expenditures increased approximately \$1,130,000 over the prior year to approximately \$6,940,000, or 19.4%, primarily due to a large patching project completed during the year. The ending fund balance increased approximately \$901,000 over the prior year to approximately \$10,061,000.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, O'Brien County amended its budget three times. The first amendment was made in August 2022 and resulted in increases in budgeted disbursements for physical health and social services and administration functions for an overall increase of \$797,617. The second amendment was made in October 2022 and resulted in changes in budgeted revenues for intergovernmental and miscellaneous revenues, for a total increase of \$115,584. This amendment also resulted in changes in budgeted disbursements in most functions for an overall increase of \$212,962. The third amendment was made in February 2023 and resulted in increases in budgeted revenues from most sources, specifically an increase in use of money and property of \$227,639, for a total increase of \$619,608. This amendment also resulted in changes in budgeted disbursements in most functions for an overall increase of \$1,118,816.

The County's receipts were \$1,007,400 more than budgeted, a variance of 6.4%. The most significant variance resulted from the County receiving more road use tax than what was expected and higher interest earned on investment than anticipated.

Total disbursements were \$2,758,494, or 14.4%, less than the amended budget. Actual disbursements for the roads and transportation and capital projects functions were under budget by \$1,016,578 and \$718,032, respectively. This was primarily due to secondary roads equipment not purchased, pavement painting not needed and labor and materials for bridge repairs and road repairs that were not needed during the year. The capital project budgeted disbursements included a shared concrete paving project that will not be paid until fiscal year 2024.

The County did not exceed the budgeted amounts for the year ended June 30, 2023.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2023, O'Brien County had approximately \$32.9 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$414,000, or 1.2%, from last year.

Capital Assets of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2023	2022 (As Restated)
Land	\$ 1,019	1,019
Construction in progress, road network	685	685
Buildings and improvements	3,036	3,147
Equipment and vehicles	4,866	4,666
Right-to-use leased assets	9	-
Infrastructure	23,241	23,756
Total	\$ 32,856	33,273
This year's major additions included (in thousands):		
Infrastructure	\$ 1,060	
Body Scanner for Jail		197
Secondary Roads Motorgrader		358
Playground equipment		48
Vehicles for Conservation		92
Network/server upgrades		74
Mowers for Conservation and Secondary Roads		36
Drone for Sheriff		19
Copier for Public Health		18
Trailer for Conservation		14
Total	\$ 1,916	

The County had depreciation expense of \$2,279,177 in fiscal year 2023 and total accumulated depreciation of \$26,593,581 at June 30, 2023. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### Long-Term Debt

At June 30, 2023, O'Brien County had approximately \$92,000 of drainage warrants outstanding and other debt outstanding, compared to approximately \$315,000 at June 30, 2022.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2023	2022
Drainage warrants	\$ 81	315
Lease agreements	9	-
Total	\$ 90	315

Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

O'Brien County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2024 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.5% versus 2.1% a year ago. This compares with the State's unemployment rate of 2.7% and the national rate of 3.6%.

These indicators were taken into account when adopting the budget for fiscal year 2024. Amounts available for appropriation (i.e., beginning balance plus revenues) in the operating budget were approximately \$28,342,000, a decrease of 10.3% from the final fiscal year 2023 budget. Property tax (benefiting from a rate increase and increases in assessed valuations) are expected to increase. Budgeted disbursements are expected to rise approximately \$1,250,000. Increased public safety and legal services expenses and increases in capital projects represent the largest increases. The County has added no new major programs or initiatives to the fiscal year 2024 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of fiscal year 2024.

O'Brien County considered the current year's revenues, along with the historical revenues versus expenditures, when setting the levy rates for fiscal year 2024. A major factor in estimating many of the revenues from the State of Iowa was the current financial condition of the State and the history of the Iowa Legislature cutting funding for counties.

The County fee structure is based on state law. Therefore, any increases in revenues in this area would need to be legislated. It is O'Brien County's position to charge the highest rate allowable by law to recoup the actual cost of the programs.

O'Brien County has a tendency to underestimate revenues, resulting in higher than anticipated ending fund balances. The County's philosophy is to budget for the recommended, but not currently legislated, 25% ending fund balances. This percentage is based on total expenditures in the respective fund for the year.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of O'Brien 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 O'Brien County Auditor's Office, O'Brien County Courthouse, 155 South Hayes, Primghar, Iowa 51245.

**O'Brien County**

## **Basic Financial Statements**

**Exhibit A**

O'Brien County  
Statement of Net Position  
June 30, 2023

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 19,207,192
Receivables:	
Property tax:	
Delinquent	565
Succeeding year	8,077,000
Interest and penalty on property tax	3,649
Accounts	16,676
Accrued interest	27,574
Opioid settlement	142,859
Drainage assessments	81,172
Due from other governments	591,399
Lease receivable	504,994
Inventories	1,124,022
Prepaid expenses	106,946
Capital assets not being depreciated	1,704,772
Capital assets, net of accumulated depreciation	<u>31,151,607</u>
<b>Total assets</b>	<u>62,740,427</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	932,013
OPEB related deferred outflows	<u>70,693</u>
<b>Total deferred outflows of resources</b>	<u>1,002,706</u>

O'Brien County  
Statement of Net Position  
June 30, 2023

	Governmental Activities
<b>Liabilities</b>	
Accounts payable	321,518
Salaries and benefits payable	77,171
Due to other governments	7,447
Unearned revenues	1,861,056
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreements	1,625
Compensated absences	277,400
Portion due or payable after one year:	
Drainage district warrants	81,172
Lease agreements	6,989
Compensated absences	58,701
Net pension liability	1,423,049
Total OPEB liability	643,587
<b>Total liabilities</b>	<b>4,759,715</b>
<b>Deferred Inflows of Resources</b>	
Lease related	504,994
Unavailable property tax revenue	8,077,000
Pension related deferred inflows	463,753
OPEB related deferred inflows	218,976
<b>Total deferred inflows of resources</b>	<b>9,264,723</b>
<b>Net Position</b>	
Net investment in capital assets	32,847,765
Restricted for:	
Supplemental levy purposes	686,126
Rural services purposes	1,006,326
Secondary roads purposes	9,957,283
Drainage purposes	92,113
Opioid abatement	179,938
Other purposes	430,544
Unrestricted	4,518,600
<b>Total net position</b>	<b>\$ 49,718,695</b>

See notes to financial statements.

**O'Brien County**

O'Brien County

Statement of Activities

Year ended June 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety and legal services	\$ 4,279,424	947,775	112,554	(3,219,095)
Physical health and social services	592,478	70,942	292,354	(229,182)
County environment and education	1,004,585	171,079	58,285	(775,221)
Roads and transportation	7,476,145	216,604	4,534,217	(2,725,324)
Governmental services to residents	715,711	369,890	-	(345,821)
Administration	2,384,186	123,987	-	(2,260,199)
Non-program	182,087	160,041	-	(22,046)
Interest on long-term debt	26,419	-	-	(26,419)
Total	\$ 16,661,035	2,060,318	4,997,410	(9,603,307)
<b>General Revenues:</b>				
Property and other county tax levied for:				
General purposes				7,504,992
Penalty and interest on property tax				36,486
State tax credits				490,903
Local option sales tax				879,480
American Rescue Plan Act				719,190
Unrestricted investment earnings				654,991
Gain on disposition of capital assets				8,071
Miscellaneous				72,906
Total general revenues				10,367,019
Change in net position				763,712
Net position beginning of year, as restated				48,954,983
Net position end of year				\$ 49,718,695

See notes to financial statements.



O'Brien County  
Balance Sheet  
Governmental Funds

June 30, 2023

	General	Rural Services	Secondary Roads
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 6,340,835	979,698	8,738,204
Receivables:			
Property tax:			
Delinquent	403	162	-
Succeeding year	4,920,000	3,157,000	-
Interest and penalty on property tax	3,649	-	-
Accounts	11,610	-	1,115
Opioid settlement	-	-	-
Accrued interest	16,308	-	-
Drainage assessments	-	-	-
Due from other governments	121,606	90,528	379,265
Lease receivable	504,994	-	-
Inventories	-	-	1,124,022
Prepaid expenditures	106,946	-	-
<b>Total assets</b>	<b>\$ 12,026,351</b>	<b>4,227,388</b>	<b>10,242,606</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 91,211	3,775	133,967
Salaries and benefits payable	29,402	85	47,684
Due to other governments	7,424	-	23
Unearned revenues	1,861,056	-	-
Total liabilities	1,989,093	3,860	181,674
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,920,000	3,157,000	-
Other	16,475	162	90
Lease related	504,994	-	-
Total deferred inflows of resources	5,441,469	3,157,162	90
Fund balances:			
Nonspendable:			
Inventories	-	-	1,124,022
Prepaid expenditures	106,946	-	-
Restricted for:			
Supplemental levy purposes	689,777	-	-
Rural services purposes	-	1,066,366	-
Secondary roads purposes	-	-	8,936,820
Drainage purposes	-	-	-
Opioid abatement	-	-	-
Other purposes	144,070	-	-
Committed for ambulance replacement	169,054	-	-
Unassigned	3,485,942	-	-
Total fund balances	4,595,789	1,066,366	10,060,842
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 12,026,351</b>	<b>4,227,388</b>	<b>10,242,606</b>

See notes to financial statements.

Nonmajor	Total
430,676	16,489,413
-	565
-	8,077,000
-	3,649
-	12,725
142,859	142,859
-	16,308
81,172	81,172
-	591,399
-	504,994
-	1,124,022
-	106,946
<u>654,707</u>	<u>27,151,052</u>
15,010	243,963
-	77,171
-	7,447
-	1,861,056
<u>15,010</u>	<u>2,189,637</u>
-	8,077,000
224,031	240,758
-	504,994
<u>224,031</u>	<u>8,822,752</u>
-	1,124,022
-	106,946
-	689,777
-	1,066,366
-	8,936,820
92,113	92,113
37,079	37,079
286,474	430,544
-	169,054
-	3,485,942
<u>415,666</u>	<u>16,138,663</u>
<u>654,707</u>	<u>27,151,052</u>

**O'Brien County**

O'Brien County

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

June 30, 2023

**Total governmental fund balances (page 23)** \$ 16,138,663

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$59,449,808 and the accumulated depreciation is \$26,593,429. 32,856,379

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 240,758

The Internal Service Funds are used by management to charge the costs of partial self-funding of the County's health insurance benefit plan and workers' compensation self insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. 2,655,441

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

Deferred outflows of resources	\$ 1,002,706	
Deferred inflows of resources	<u>(682,729)</u>	319,977

Long-term liabilities, including drainage district warrants payable, lease agreements payable, compensated absences payable, net pension liability and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. (2,492,523)

**Net position of governmental activities (page 19)** \$ 49,718,695

See notes to financial statements.

O'Brien County

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

Year ended June 30, 2023

	Special Revenue		
	General	Rural Services	Secondary Roads
Revenues:			
Property and other county tax	\$ 4,614,762	2,890,841	-
Local option sales tax	-	879,480	-
Interest and penalty on property tax	40,025	-	-
Intergovernmental	2,214,402	268,446	4,501,170
Licenses and permits	9,950	-	151,756
Charges for service	732,642	-	-
Use of money and property	746,027	-	3,000
Miscellaneous	101,186	3,280	99,241
Total revenues	<u>8,458,994</u>	<u>4,042,047</u>	<u>4,755,167</u>
Expenditures:			
Operating:			
Public safety and legal services	3,475,572	876,939	-
Physical health and social services	613,888	-	-
County environment and education	873,255	176,626	-
Roads and transportation	-	-	5,880,225
Governmental services to residents	712,853	1,860	-
Administration	2,498,992	-	-
Non-program	7,564	-	-
Debt service	-	-	-
Capital projects	21,881	-	1,059,922
Total expenditures	<u>8,204,005</u>	<u>1,055,425</u>	<u>6,940,147</u>
Excess (deficiency) of revenues over (under) expenditures	<u>254,989</u>	<u>2,986,622</u>	<u>(2,184,980)</u>
Other financing sources (uses):			
Transfers in	-	-	3,086,127
Transfers out	(209,643)	(2,876,484)	-
Lease agreements	9,135	-	-
Sale of capital assets	28,000	13,850	-
Total other financing sources (uses)	<u>(172,508)</u>	<u>(2,862,634)</u>	<u>3,086,127</u>
Change in fund balances	82,481	123,988	901,147
Fund balances beginning of year	4,513,308	942,378	9,159,695
Fund balances end of year	<u>\$ 4,595,789</u>	<u>1,066,366</u>	<u>10,060,842</u>

See notes to financial statements.

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Nonmajor	Total
-	7,505,603
-	879,480
-	40,025
69,761	7,053,779
-	161,706
2,988	735,630
7,295	756,322
198,507	402,214
<u>278,551</u>	<u>17,534,759</u>
-	4,352,511
2,611	616,499
43,826	1,093,707
-	5,880,225
-	714,713
-	2,498,992
-	7,564
260,388	260,388
-	1,081,803
<u>306,825</u>	<u>16,506,402</u>
<u>(28,274)</u>	<u>1,028,357</u>
-	3,086,127
-	(3,086,127)
-	9,135
-	41,850
-	50,985
<u>(28,274)</u>	<u>1,079,342</u>
<u>443,940</u>	<u>15,059,321</u>
<u>415,666</u>	<u>16,138,663</u>

O'Brien County

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

Year ended June 30, 2023

**Change in fund balances - Total governmental funds (page 27)** \$ 1,079,342

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

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

Expenditures for capital assets	\$ 1,886,659	
Right-to-use leased capital assets	9,135	
Depreciation expense	<u>(2,279,025)</u>	(383,231)

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. (33,779)

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	(611)	
Other	<u>(277,286)</u>	(277,897)

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.

Issued	(9,135)	
Repaid	<u>234,490</u>	225,355

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. 583,625

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	(3,538)	
Pension expense	66,286	
OPEB expense	<u>(98,225)</u>	(35,477)

The Internal Service Funds are used by management to charge the costs of partial self-funding of the County's health insurance benefit plan and workers' compensation self insurance to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities. (394,226)

**Change in net position of governmental activities (page 21)** \$ 763,712

See notes to financial statements.

O'Brien County  
Statement of Net Position  
Proprietary Funds

June 30, 2023

	Internal Service
<b>Current Assets</b>	
Cash and cash equivalents	\$ 463,348
Investments	2,254,431
Receivables:	
Accounts	3,951
Accrued interest receivable	11,266
<b>Total current assets</b>	<b>2,732,996</b>
<b>Current Liabilities</b>	
Accounts payable	77,555
<b>Net Position</b>	
Unrestricted	<b>\$ 2,655,441</b>

See notes to financial statements.



## O'Brien County

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

Year ended June 30, 2023

	<u>Internal Service</u>
Operating revenues:	
Reimbursements from operating funds	\$ 1,616,375
Reimbursements from others	<u>12,684</u>
Total operating revenues	<u>1,629,059</u>
Operating expenses:	
Health claims	1,606,484
Administrative fees	<u>491,346</u>
	<u>2,097,830</u>
Operating loss	(468,771)
Non-operating revenues:	
Interest income	<u>74,545</u>
Net loss	(394,226)
Net position beginning of year	<u>3,049,667</u>
Net position end of year	<u>\$ 2,655,441</u>

See notes to financial statements.

O'Brien County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2023

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,613,322
Cash received from others	12,684
Cash paid to suppliers for services	<u>(2,061,449)</u>
Net cash used by operating activities	(435,443)
Cash flows from investing activities:	
Interest on investments	64,178
Cash paid for investments in certificates of deposit	(404,431)
Redemption of certificates of deposit	<u>400,398</u>
Net cash provided by investing activities	<u>60,145</u>
Decrease in cash and cash equivalents	(375,298)
Cash and cash equivalents beginning of year	<u>838,646</u>
Cash and cash equivalents end of year	<u>\$ 463,348</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (468,771)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Change in assets and liabilities:	
Accounts receivable	(3,053)
Accounts payable	<u>36,381</u>
Net cash used by operating activities	<u>\$ (435,443)</u>

See notes to financial statements.

O'Brien County  
Statement of Fiduciary Net Position  
Custodial Funds

June 30, 2023

**Assets**

Cash, cash equivalents and pooled investments:

County Treasurer \$ 1,794,528  
Other County officials 81,819

Receivables:

Property tax:

Delinquent 11,246  
Succeeding year 27,321,000

Accounts 9,278

Special assessments 62,336

Due from other governments 53,143

Prepaid expenses 16,056

**Total assets** 29,349,406

**Liabilities**

Accounts payable 1,543

Salaries and benefits payable 817

Due to other governments 838,178

Trusts payable 50,118

Compensated absences 27,998

**Total liabilities** 918,654

**Deferred Inflows of Resources**

Unavailable property tax revenue 27,321,000

**Net Position**

Restricted for individuals, organizations and  
other governments \$ 1,109,752

See notes to financial statements.

O'Brien County

Statement of Changes in Fiduciary Net Position  
Custodial Funds

June 30, 2023

Additions:	
Property and other county tax	\$ 24,539,691
911 surcharge	231,603
State tax credits	1,947,366
Office fees and collections	1,381,687
Auto licenses, use tax and postage	6,110,483
Assessments	3,410
Trusts	540,130
Miscellaneous	<u>185,212</u>
Total additions	<u>34,939,582</u>
Deductions:	
Agency remittances:	
To other funds	1,163,440
To other governments	33,110,553
Trusts paid out	<u>533,349</u>
Total deductions	<u>34,807,342</u>
Change in net position	132,240
Net position beginning of year, as restated	<u>977,512</u>
Net position end of year	<u>\$ 1,109,752</u>

See notes to financial statements.

O'Brien County

Notes to Financial Statements

June 30, 2023

**(1) Summary of Significant Accounting Policies**

O'Brien 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, O'Brien 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 O'Brien County (the primary government) and its component units. These component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

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

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

The Little Sioux Valley Conservation Association has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the O'Brien County Conservation Board. These donations are to be used for development and enhancement of County conservation and activities which are not included in the County's budget. The financial transactions of the Association are reported as a Special Revenue Fund.

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

The County also participates in the following jointly governed organizations: Northwest Iowa Multi-County Regional Juvenile Detention Center, Northwest Iowa Area Solid Waste Agency, Iowa Great Lakes Drug Task Force and Sioux Rivers Regional Mental Health and Disability Services. In addition, the County is involved in the following jointly governed organizations: Northwest Iowa Planning and Development Commission, Family Crisis Center, Private Industries Council, Third Judicial District Department of Correctional Services, Upper Des Moines Opportunity, Inc., Iowa County Engineers Association Service Bureau, Regional Transit Authority/RIDES, Inc., O’Brien County Health Care Coalition and O’Brien County Economic Development Corporation.

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other 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 Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

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

Additionally, the County reports the following funds:

Proprietary Funds – 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 the Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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



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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represent taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue 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, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2022.

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.

Opioid Settlement Receivable – The County will receive payments from certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failure to monitor for, detect and prevent diversion of the drugs. The County is required to use these funds for activities to remediate the opioid crisis and treat or mitigate opioid use disorder and related disorders through prevention, harm reduction and recovery services.

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 no more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected and remaining assessments which are payable but not yet due.

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

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 2003 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000
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)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Right-to-use leased assets	2 - 20
Equipment	2 - 20
Vehicles	3 - 10

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

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

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

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

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

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

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

**County as Lessor** – O’Brien County is a lessor for a noncancellable lease of farmland. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

O'Brien County uses its estimated incremental borrowing rate as the discount rate for leases.

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2023. 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, 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 attributable to the governmental activities will be paid primarily by the General Fund and Special Revenue, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB, deferred inflows related to OPEB, and OPEB expense, information has been determined based on the O'Brien 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 receivable that will not be recognized until the year for which it is levied.

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

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

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

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

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year-end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Insurance 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, 2023, disbursements did not exceed the amounts budgeted.

**(2) Cash, Cash Equivalents and Pooled Investments**

The County’s deposits in banks at June 30, 2023 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$9,370,542. There were no limitations or restrictions on withdrawals for the IPAIT investments. The investment in the IPAIT is unrated for credit risk purposes.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2023 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 209,643
	Special Revenue:	
	Rural Services	2,876,484
Total		\$ 3,086,127

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, 2023 was as follows:

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,019,401	-	-	1,019,401
Construction in progress, road network	685,371	1,059,522	(1,059,522)	685,371
Total capital assets not being depreciated	1,704,772	1,059,522	(1,059,522)	1,704,772
Capital assets being depreciated:				
Buildings	5,354,193	-	-	5,354,193
Improvements other than buildings	30,697	-	-	30,697
Equipment and vehicles	10,990,477	885,617	(250,913)	11,625,181
Right-to-use leased equipment	-	9,135	-	9,135
Infrastructure, road network	39,666,308	1,059,522	-	40,725,830
Total capital assets being depreciated	56,041,675	1,954,274	(250,913)	57,745,036
Less accumulated depreciation for:				
Buildings	2,221,095	110,452	-	2,331,547
Improvements other than buildings	17,081	592	-	17,673
Equipment and vehicles	6,324,247	593,764	(158,654)	6,759,357
Right-to-use leased assets	-	457	-	457
Infrastructure, road network	15,910,635	1,573,760	-	17,484,395
Total accumulated depreciation	24,473,058	2,279,025	(158,654)	26,593,429
Total capital assets being depreciated, net	31,568,617	(324,751)	(92,259)	31,151,607
Governmental activities capital assets, net	\$ 33,273,389	734,771	(1,151,781)	32,856,379

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 153,719
Physical health and social services	1,744
County environment and education	69,707
Roads and transportation	1,998,293
Governmental services to residents	3,245
Administration	52,317
Total depreciation expense – governmental activities	\$ 2,279,025

**(5) County Lease Receivable**

O'Brien County owns 325 acres of land. Effective September 17, 2015, the County entered into a 25-year lease with MidAmerican Energy, whereby MidAmerican will erect 214 wind turbines and generate energy. The County is to receive a yearly payment from MidAmerican based on nameplate capacity per turbine, feet of turbine access road, feet of underground cable, and acres made operable. In FY23, the County received \$32,890 from MidAmerican. The agreement has an implicit interest rate of 5.0%.

The County owns farmland. Effective March 1, 2023, the County entered into a two-year lease with a local farmer whereby the farmer operates 297 acres of the farmland. The County is to receive \$127,151 in land rent annually with an implicit rate of 5.50%.

Year Ending June 30,	Windmill Easement				Farm Land			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2024	5.00%	\$ 13,667	19,223	32,890	5.50%	\$ 120,522	6,629	127,151
2025	5.00	14,350	18,540	32,890	-	-	-	-
2026	5.00	15,067	17,823	32,890	-	-	-	-
2027	5.00	15,821	17,069	32,890	-	-	-	-
2028	5.00	16,612	16,278	32,890	-	-	-	-
2029-2033	5.00	96,380	68,070	164,450	-	-	-	-
2034-2038	5.00	123,008	41,442	164,450	-	-	-	-
2039-2041	5.00	89,567	9,103	98,670	-	-	-	-
<b>Total</b>		<b>\$ 384,472</b>	<b>207,548</b>	<b>592,020</b>		<b>\$ 120,522</b>	<b>6,629</b>	<b>127,151</b>

Year Ending June 30,	Total		
	Principal	Interest	Total
2024	\$ 134,189	25,852	160,041
2025	14,350	18,540	32,890
2026	15,067	17,823	32,890
2027	15,821	17,069	32,890
2028	16,612	16,278	32,890
2029-2033	96,380	68,070	164,450
2034-2038	123,008	41,442	164,450
2039-2041	89,567	9,103	98,670
<b>Total</b>	<b>\$ 504,994</b>	<b>214,177</b>	<b>719,171</b>



**(6) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2023 is as follows:

Fund	Description	Amount
General	Services	\$ 7,424
Special Revenue		
Secondary Roads	Services	23
Total for governmental funds		<u>\$ 7,447</u>
Custodial		
County Offices	Collections	\$ 38,812
Schools		107,548
Community Colleges		10,317
Corporations		32,489
Auto License, Use Tax and Driver's License		518,990
All other		<u>130,022</u>
Total for custodial funds		<u>\$ 838,178</u>

**(7) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	Lease Agreements	Drainage District Warrants	Compensated Absences	Net Pension Liability/(Asset)	Total OPEB Liability	Total
Balance beginning of year	\$ -	315,141	332,563	(1,369,975)	622,423	(99,848)
Increases	9,135	-	382,379	2,793,024	118,642	3,303,180
Decreases	521	233,969	378,841	-	97,478	710,809
Balance end of year	<u>\$ 8,614</u>	<u>81,172</u>	<u>336,101</u>	<u>1,423,049</u>	<u>643,587</u>	<u>2,492,523</u>
Due within one year	\$ 1,625	-	277,400	-	-	279,025

Lease Agreements

On April 18, 2023, the County entered into a lease agreement for a postage machine. An initial lease liability was recorded in the amount of \$9,135. The agreement requires quarterly payments of \$521, with an implicit rate of 5.75% and final payment due January 18, 2028.

Future principal and interest lease payments as of June 30, 2023 are as follows:

Year Ending June 30,	Treasurer's Postage Machine		
	Principal	Interest	Total
2024	\$ 1,625	461	2,086
2025	1,720	365	2,085
2026	1,821	264	2,085
2027	1,928	157	2,085
2028	1,520	44	1,564
Totals	<u>\$ 8,614</u>	<u>1,291</u>	<u>9,905</u>

### Drainage Warrants/Drainage Improvement Certificates Payable – Direct Borrowings

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 improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated rate. The improvement certificates representing the assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed, and interest is paid to the bearer of the certificate upon receipt of the installment payment plus interest, from the landowner.

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

### **(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](http://www.ipers.org).

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

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

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

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

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

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 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 2023, 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 8.76% of covered payroll, for a total rate of 17.52%. 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, 2023 totaled \$583,625.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the County reported a liability of \$1,423,050 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the County's proportion was 0.037665%, which was a decrease of 0.359168% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense of \$(66,286). At June 30, 2023, 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	\$ 204,884	27,985
Changes of assumptions	1,643	95,377
Net difference between projected and actual earnings on IPERS' investments	-	273,967
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	141,861	66,424
County contributions subsequent to the measurement date	583,625	-
Total	<u>\$ 932,013</u>	<u>463,753</u>

\$583,625 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, 2024. 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
2024	\$ (228,913)
2025	(163,682)
2026	(336,914)
2027	616,959
2028	(2,815)
Total	<u>\$ (115,365)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2022 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, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

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%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	<u>100.0%</u>	

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

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 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	\$ 3,778,590	1,423,050	(649,213)

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](http://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, 2023.

**(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 O’Brien 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, 2023, the following employees were covered by the benefit terms:

Active employees	<u>106</u>
------------------	------------

Total OPEB Liability – The County’s total OPEB liability of \$643,587 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022 rolled forward to June 30, 2023.

Actuarial Assumptions – The total OPEB liability in the July 1, 2022 actuarial valuation rolled forward to June 30, 2023 was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective July 1, 2022)	2.60% per annum.
Rates of salary increase (effective July 1, 2022)	3.25% per annum, including inflation, plus merit/productivity increases.
Discount rate (effective June 30, 2023)	4.13% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2023)	7.00% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 4.13% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Pub-2010 headcount weighted mortality table fully generational using Scale MP-2021. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of a actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 622,423
Changes for the year:	
Service cost	89,523
Interest	29,119
Differences between expected and actual experiences	(95,739)
Changes in assumptions	<u>(1,739)</u>
Net changes	<u>21,164</u>
Total OPEB liability end of year	<u>\$ 643,587</u>

Changes of assumptions reflect a change in the discount rate from 4.09% in fiscal year 2022 to 4.13% in fiscal year 2023.

Sensitivity of the County’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.13%) or 1% higher (5.13%) than the current discount rate.

	<u>1% Decrease (3.13%)</u>	<u>Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
Total OPEB liability	\$ 688,476	643,587	601,633

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	\$ 565,802	643,587	736,460

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the County recognized OPEB expense of \$98,225. At June 30, 2023, 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	\$ 44,569	165,975
Changes in assumptions	26,124	53,001
Total	\$ 70,693	218,976

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

Year Ending June 30,	Amount
2024	\$ (20,418)
2025	(23,666)
2026	(23,666)
2027	(23,673)
2028	(16,180)
Thereafter	(40,680)
	<u>\$ (148,283)</u>

**(10) Risk Management**

The County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims 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 Health Insurance Fund was established to account for the partial self-funding of the County’s health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark Blue Cross Blue Shield. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark Blue Cross Blue Shield from the Employee Health Insurance Fund. The County’s contribution to the fund for the year ended June 30, 2023 was \$1,614,960.

Amounts payable from the Employee Health Insurance Fund at June 30, 2023 total \$77,555, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$2,641,676 at June 30, 2023 and is reported as a designation of the Internal Service, Employee Health Insurance Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$	41,174
Incurred claims (including claims incurred but not reported at June 30, 2023)		1,606,484
Payment on claims during the fiscal year		<u>1,570,103</u>
Unpaid claims end of year	\$	<u>77,555</u>

**(12) Contingent Liability**

The County has provided a local government guarantee for a portion of the closure and postclosure care costs of the Northwest Iowa Area Solid Waste Agency required by Chapter 567-113.14 of the Iowa Administrative Code. The County’s financial assurance obligation is \$306,000.

**(13) Tax Abatements**

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

**Tax Abatements of Other Entities**

Other entities within the County also provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Primghar offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2023 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Primghar	Chapter 404 tax abatement program	\$ 6,231
City of Sheldon	Urban renewal and economic development projects	4,205

**(14) Restatement**

Beginning net position for governmental activities was restated to properly report infrastructure depreciation that was previously understated and construction in progress not previously recorded.

The restatements to retroactively report the change in net position, are as follows:

	Accumulated Depreciation, Infrastructure	Construction In Progress, Road Network	Governmental Net Position
Balances June 30, 2022, as previously reported	\$ 12,349,746	-	51,830,501
Adjustment to properly report infrastructure depreciation	3,560,889	-	(3,560,889)
Adjustment to properly report Farm To Market CIP	-	685,371	685,371
Balances July 1, 2022, as restated	\$ 15,910,635	685,371	48,954,983

**O'Brien County**

**Required Supplementary Information**

O'Brien 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, 2023

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 8,383,274	-	8,383,274
Interest and penalty on property tax	40,025	-	40,025
Intergovernmental	6,417,840	59,437	6,358,403
Licenses and permits	161,171	-	161,171
Charges for service	722,665	-	722,665
Use of money and property	763,874	2,934	760,940
Miscellaneous	416,008	156,300	259,708
Total receipts	<u>16,904,857</u>	<u>218,671</u>	<u>16,686,186</u>
<b>Disbursements:</b>			
Public safety and legal services	4,384,285	-	4,384,285
Physical health and social services	617,565	-	617,565
County environment and education	1,089,481	22,020	1,067,461
Roads and transportation	5,910,282	-	5,910,282
Governmental services to residents	707,490	-	707,490
Administration	2,587,649	-	2,587,649
Non-program	7,564	-	7,564
Debt service	260,388	260,388	-
Capital projects	1,065,968	-	1,065,968
Total disbursements	<u>16,630,672</u>	<u>282,408</u>	<u>16,348,264</u>
Excess (deficiency) of receipts over (under) disbursements	274,185	(63,737)	337,922
Other financing sources, net	41,922	-	41,922
Change in balances	316,107	(63,737)	379,844
Balance beginning of year	<u>16,173,306</u>	<u>220,135</u>	<u>15,953,171</u>
Balance end of year	<u>\$ 16,489,413</u>	<u>156,398</u>	<u>16,333,015</u>

See accompanying independent auditor's report.

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Budgeted Amounts		Final to Net Variance
Original	Final	
8,188,489	8,314,229	69,045
18,510	18,510	21,515
5,699,127	5,978,914	379,489
114,500	114,500	46,671
604,700	626,860	95,805
197,690	425,329	335,611
134,500	200,444	59,264
14,957,516	15,678,786	1,007,400
4,749,531	4,820,284	435,999
596,075	757,049	139,484
1,147,715	1,157,252	89,791
6,156,860	6,926,860	1,016,578
750,372	756,713	49,223
1,759,610	2,867,036	279,387
38,200	37,564	30,000
-	-	-
1,779,000	1,784,000	718,032
16,977,363	19,106,758	2,758,494
(2,019,847)	(3,427,972)	3,765,894
-	13,922	28,000
(2,019,847)	(3,414,050)	3,793,894
11,255,831	15,888,212	64,959
9,235,984	12,474,162	3,858,853

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O'Brien County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation  
Required Supplementary Information

Year ended June 30, 2023

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	Basis	Adjustments	Accrual
			Basis
Revenues	\$ 16,904,857	629,902	17,534,759
Expenditures	16,630,672	(124,270)	16,506,402
Net	274,185	754,172	1,028,357
Other financing sources, net	41,922	9,063	50,985
Beginning fund balances	16,173,306	(1,113,985)	15,059,321
Ending fund balances	<u>\$ 16,489,413</u>	<u>(350,750)</u>	<u>16,138,663</u>

See accompanying independent auditor's report.

O'Brien County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2023

This 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 Funds 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 nine major classes of expenditures known as functions, not by fund. These nine functions are: public safety and legal services, physical health and social services, 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, and the Special Revenue Funds. 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, three budget amendments increased budgeted disbursements by \$2,129,395. 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, 2023, disbursements did not exceed the amounts budgeted by function.



O'Brien County

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

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

Required Supplementary Information

	2023	2022	2021	2020
County's proportion of the net pension liability /asset	0.037665%	0.396833% **	0.050451%	0.045239%
County's proportionate share of the net pension liability (asset)	\$ 1,423	(1,370)	3,544	2,620
County's covered payroll	\$ 5,540	5,537	5,246	4,939
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	25.69%	-24.74%	67.56%	53.05%
IPERS' net position as a percentage of the total pension liability	91.40%	100.81%	82.90%	85.45%

\* 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.

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2019	2018	2017	2016	2015
0.047371%	0.048382%	0.049687%	0.045775%	0.042809%
2,998	3,223	3,127	2,262	1,698
4,874	4,589	4,546	4,374	4,237
61.51%	70.23%	68.79%	51.71%	40.08%
83.62%	82.21%	81.82%	85.19%	87.61%

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O'Brien County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 584	517	523	499
Contributions in relation to the statutorily required contribution	<u>(584)</u>	<u>(517)</u>	<u>(523)</u>	<u>(499)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 6,253	5,540	5,537	5,246
Contributions as a percentage of covered payroll	9.34%	9.33%	9.45%	9.51%

See accompanying independent auditor's report.

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2019	2018	2017	2016	2015	2014
474	444	420	418	404	391
(474)	(444)	(420)	(418)	(404)	(391)
-	-	-	-	-	-
4,939	4,874	4,589	4,546	4,374	4,237
9.60%	9.11%	9.15%	9.19%	9.24%	9.23%

**O'Brien County**

O'Brien County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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.

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O'Brien County

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

For the Last Six Years  
Required Supplementary Information

	2023	2022	2021	2020
Service cost	\$ 89,523	69,164	62,677	45,412
Interest cost	29,119	13,864	13,903	18,093
Difference between expected and actual experiences	(95,739)	41,643	17,035	(80,258)
Changes in assumptions	(1,739)	(66,132)	16,741	13,026
Benefit payments	-	-	(12,814)	-
Net change in total OPEB liability	21,164	58,539	97,542	(3,727)
Total OPEB liability beginning of year	622,423	563,884	466,342	470,069
Total OPEB liability end of year	\$ 643,587	622,423	563,884	466,342
Covered-employee payroll	\$ 6,293,057	5,379,478	5,596,045	4,985,358
Total OPEB liability as a percentage of covered-employee payroll	10.2%	11.6%	10.1%	9.4%

See accompanying independent auditor's report.

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<u>2019</u>	<u>2018</u>
44,525	28,297
20,022	15,557
(79,249)	5,756
11,931	16,986
-	-
<u>(2,771)</u>	<u>66,596</u>
<u>472,840</u>	<u>406,244</u>
<u>470,069</u>	<u>472,840</u>
4,742,285	4,593,012
9.9%	10.3%



O'Brien County

Notes to Required Supplementary Information – OPEB Liability

Year ended June 30, 2023

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

The 2022 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2023:

- Changed mortality assumptions to the SOA Pub-2010 headcount weighted mortality table fully generational using Scale MP-2021.

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, 2023	4.13%
Year ended June 30, 2022	4.09%
Year ended June 30, 2021	2.19%
Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	4.00%

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

## **Supplementary Information**

O'Brien County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2023

			Special
	Resource Enhancement and Protection	County Recorder's Records Management	Federal Drug Reimbursement
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 165,733	35,417	4,753
Receivables:			
Opioid settlement	-	-	-
Drainage assessments	-	-	-
<b>Total assets</b>	<b>\$ 165,733</b>	<b>35,417</b>	<b>4,753</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 15,010	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Other	-	-	-
Fund balances:			
Restricted for:			
Drainage purposes	-	-	-
Opioid abatement	-	-	-
Other purpose	150,723	35,417	4,753
Total fund balances	150,723	35,417	4,753
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 165,733</b>	<b>35,417</b>	<b>4,753</b>

See accompanying independent auditor's report.

Revenue							
County Attorney Forfeiture	Housing Rehab	Special Environment	Local Government Opioid Abatement	Little Sioux Valley Conservation Association	Drainage Districts		Total
10,163	15,692	5,441	37,079	64,285	92,113		430,676
-	-	-	142,859	-	-		142,859
-	-	-	-	-	81,172		81,172
10,163	15,692	5,441	179,938	64,285	173,285		654,707
-	-	-	-	-	-		15,010
-	-	-	142,859	-	81,172		224,031
-	-	-	-	-	92,113		92,113
-	-	-	37,079	-	-		37,079
10,163	15,692	5,441	-	64,285	-		286,474
10,163	15,692	5,441	37,079	64,285	92,113		415,666
10,163	15,692	5,441	179,938	64,285	173,285		654,707

O'Brien County

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

Year ended June 30, 2023

	Resource Enhancement and Protection	County Recorder's Records Management	Special Federal Drug Reimbursement
Revenues:			
Intergovernmental	\$ 10,324	-	-
Charges for service	-	2,988	-
Use of money and property	3,198	660	-
Miscellaneous	-	-	-
Total revenues	13,522	3,648	-
Expenditures:			
Operating:			
County environment and education	21,806	-	-
Physical health and social services	-	-	-
Debt service	-	-	-
Total expenditures	21,806	-	-
Changes in fund balances	(8,284)	3,648	-
Fund balances beginning of year	159,007	31,769	4,753
Fund balances end of year	\$ 150,723	35,417	4,753

See accompanying independent auditor's report.

Revenue

County Attorney Forfeiture	Housing Rehab	Special Environment	Local Government Opioid Abatement	Little Sioux Valley Conservation Association	Drainage Districts	Total
-	-	-	-	-	59,437	69,761
-	-	-	-	-	-	2,988
-	251	87	165	839	2,095	7,295
2,682	-	-	39,525	8,839	147,461	198,507
2,682	251	87	39,690	9,678	208,993	278,551
-	-	-	-	14,544	7,476	43,826
-	-	-	2,611	-	-	2,611
-	-	-	-	-	260,388	260,388
-	-	-	2,611	14,544	267,864	306,825
2,682	251	87	37,079	(4,866)	(58,871)	(28,274)
7,481	15,441	5,354	-	69,151	150,984	443,940
10,163	15,692	5,441	37,079	64,285	92,113	415,666

**Schedule 3**

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## O'Brien County

Combining Schedule of Net Position  
Internal Service Funds

June 30, 2023

	Employee Health Insurance	Workers' Compensation Self Insurance	Total
<b>Current Assets</b>			
Cash and cash equivalents	\$ 449,583	13,765	463,348
Investments	2,254,431	-	2,254,431
Receivables:			
Accounts	3,951	-	3,951
Accrued interest receivable	11,266	-	11,266
<b>Total current assets</b>	2,719,231	13,765	2,732,996
<b>Current Liabilities</b>			
Accounts payable	77,555	-	77,555
<b>Net Position</b>			
Unrestricted	\$ 2,641,676	13,765	2,655,441

See accompanying independent auditor's report.

## O'Brien County

Combining Schedule of Revenues, Expenses and  
Changes in Fund Net Position  
Internal Service Funds

Year ended June 30, 2023

	Employee Health Insurance	Workers' Compensation Self Insurance	Total
Operating revenues:			
Reimbursements from operating funds	\$ 1,616,375	-	1,616,375
Reimbursements from others	12,684	-	12,684
Total operating revenues	<u>1,629,059</u>	-	<u>1,629,059</u>
Operating expenses:			
Health claims	1,606,484	-	1,606,484
Administrative services	491,346	-	491,346
Total operating expenses	<u>2,097,830</u>	-	<u>2,097,830</u>
Operating loss	(468,771)	-	(468,771)
Non-operating revenues:			
Interest income	74,545	-	74,545
Net loss	(394,226)	-	(394,226)
Net position beginning of year	3,035,902	13,765	3,049,667
Net position end of year	<u>\$ 2,641,676</u>	<u>13,765</u>	<u>2,655,441</u>

See accompanying independent auditor's report.



**O'Brien County**

## O'Brien County

Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2023

	Employee Health Insurance	Workers' Compensation Self Insurance	Total
Cash flows from operating activities:			
Cash received from operating fund reimbursements	\$ 1,613,322	-	1,613,322
Cash received from others	12,684	-	12,684
Cash paid to suppliers for services	(2,061,449)	-	(2,061,449)
Net cash used by operating activities	(435,443)	-	(435,443)
Cash flows from investing activities:			
Interest on investments	64,178	-	64,178
Cash paid for investments in certificates of deposit	(404,431)	-	(404,431)
Redemption of certificates of deposit	400,398	-	400,398
Net cash provided by investing activities	60,145	-	60,145
Decrease in cash and cash equivalents	(375,298)	-	(375,298)
Cash and cash equivalents beginning of year	824,881	13,765	838,646
Cash and cash equivalents end of year	\$ 449,583	13,765	463,348
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income	(468,771)	-	(468,771)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Accounts receivable	(3,053)	-	(3,053)
Accounts payable	36,381	-	36,381
Net cash provided (used) by operating activities	\$ (435,443)	-	(435,443)

See accompanying independent auditor's report.

O'Brien County  
Combining Schedule of Fiduciary Net Position  
Custodial Funds

June 30, 2023

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,959	328,794	107,548
Other County officials	81,819	-	-	-
Receivables:				
Property tax:				
Delinquent	-	23	29	1,571
Succeeding year	-	271,000	383,000	16,593,000
Accounts	1,305	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid expenses	-	-	16,056	-
<b>Total assets</b>	<b>83,124</b>	<b>272,982</b>	<b>727,879</b>	<b>16,702,119</b>
<b>Liabilities</b>				
Accounts payable	-	-	58	-
Salaries and benefits payable	-	-	817	-
Due to other governments	38,812	1,959	3,768	107,548
Trusts payable	44,312	-	-	-
Compensated absences	-	-	17,566	-
<b>Total liabilities</b>	<b>83,124</b>	<b>1,959</b>	<b>22,209</b>	<b>107,548</b>
<b>Deferred inflows of resources</b>				
Unavailable revenues	-	271,000	383,000	16,593,000
<b>Net Position</b>				
Restricted for individuals, organizations and other governments	\$ -	23	322,670	1,571

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License, Use Tax and Driver's License	911 Surcharges	Other	Total
10,317	32,489	3,337	518,990	640,813	150,281	1,794,528
-	-	-	-	-	-	81,819
178	9,413	32	-	-	-	11,246
1,496,000	8,178,000	398,000	-	-	2,000	27,321,000
-	-	-	-	7,659	314	9,278
-	-	-	-	-	62,336	62,336
-	-	-	-	53,143	-	53,143
-	-	-	-	-	-	16,056
1,506,495	8,219,902	401,369	518,990	701,615	214,931	29,349,406
-	-	-	-	635	850	1,543
-	-	-	-	-	-	817
10,317	32,489	3,337	518,990	80	120,878	838,178
-	-	-	-	-	5,806	50,118
-	-	-	-	-	10,432	27,998
10,317	32,489	3,337	518,990	715	137,966	918,654
1,496,000	8,178,000	398,000	-	-	2,000	27,321,000
178	9,413	32	-	700,900	74,965	1,109,752

O'Brien County

Combining Schedule of Changes in Fiduciary Net Position  
Custodial Funds

Year ended June 30, 2023

<b>Assets and Liabilities</b>	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Additions:</b>				
Property and other county tax	\$ -	260,723	333,635	14,522,731
911 surcharge	-	-	-	-
State tax credits	-	19,269	26,247	744,265
Office fees and collections	1,381,687	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Special assessments	-	-	-	-
Trusts	384,805	-	-	-
Miscellaneous	-	7	9,806	364
Total additions	<u>1,766,492</u>	<u>279,999</u>	<u>369,688</u>	<u>15,267,360</u>
<b>Deductions:</b>				
Agency remittances:				
To other funds	976,882	-	-	-
To other governments	404,805	280,037	398,320	15,268,778
Trusts paid out	384,805	-	-	-
Total deductions	<u>1,766,492</u>	<u>280,037</u>	<u>398,320</u>	<u>15,268,778</u>
Changes in net position	-	(38)	(28,632)	(1,418)
Net position beginning of year	-	61	351,302	2,989
Net position end of year	<u>\$ -</u>	<u>23</u>	<u>322,670</u>	<u>1,571</u>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License, Use Tax and Driver's License	911 Surcharges	Other	Total
1,391,600	7,649,867	378,079	-	-	3,056	24,539,691
-	-	-	-	231,603	-	231,603
159,136	979,141	19,082	-	-	226	1,947,366
-	-	-	-	-	-	1,381,687
-	-	-	6,110,483	-	-	6,110,483
-	-	-	-	-	3,410	3,410
-	-	-	-	-	155,325	540,130
40	-	10	-	-	174,985	185,212
1,550,776	8,629,008	397,171	6,110,483	231,603	337,002	34,939,582
-	-	-	186,558	-	-	1,163,440
1,550,893	8,624,130	397,171	5,923,925	106,497	155,997	33,110,553
-	-	-	-	-	148,544	533,349
1,550,893	8,624,130	397,171	6,110,483	106,497	304,541	34,807,342
(117)	4,878	-	-	125,106	32,461	132,240
295	4,535	32	-	575,794	42,504	977,512
178	9,413	32	-	700,900	74,965	1,109,752

O'Brien County

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

For the Last Ten Years

	2023	2022	2021	2020
<b>Revenues:</b>				
Property and other county tax	\$ 7,505,603	7,108,525	6,945,877	5,890,979
Local option sales tax	879,480	824,886	698,972	708,500
Tax increment financing	-	-	-	-
Interest and penalty on property tax	40,025	40,679	64,282	23,088
Intergovernmental	7,053,779	6,730,284	7,463,669	5,924,140
Licenses and permits	161,706	122,761	125,624	85,325
Charges for service	735,630	757,337	738,686	622,826
Use of money and property	756,322	198,736	230,331	368,469
Miscellaneous	402,214	243,240	273,001	431,217
<b>Total</b>	<b>\$ 17,534,759</b>	<b>16,026,448</b>	<b>16,540,442</b>	<b>14,054,544</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 4,352,511	3,990,809	3,962,536	3,462,733
Physical health and social services	616,499	536,362	456,243	408,596
Mental health	-	366,260	699,761	209,917
County environment and education	1,093,707	1,234,281	1,595,568	1,225,173
Roads and transportation	5,880,225	4,217,564	4,564,411	5,448,753
Governmental services to residents	714,713	708,982	690,395	618,506
Administration	2,498,992	1,568,115	1,378,716	1,563,944
Non-program	7,564	7,828	7,792	28,488
Debt service	260,388	399,414	96,016	170,561
Capital projects	1,081,803	1,593,871	1,213,179	2,172,791
<b>Total</b>	<b>\$ 16,506,402</b>	<b>14,623,486</b>	<b>14,664,617</b>	<b>15,309,462</b>

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
5,855,926	6,678,801	7,070,274	7,070,445	5,647,504	5,643,094
629,051	593,784	674,321	571,246	496,833	464,700
-	-	-	21,775	263,343	586,956
36,951	42,262	41,381	40,146	47,003	37,618
5,652,202	5,647,010	6,181,575	5,308,263	5,018,196	5,650,951
121,992	121,359	160,281	272,402	104,028	309,211
598,909	627,722	544,145	560,990	517,915	557,920
427,533	293,350	221,935	217,321	194,059	179,802
554,900	222,578	447,082	173,763	225,334	228,701
<b>13,877,464</b>	<b>14,226,866</b>	<b>15,340,994</b>	<b>14,236,351</b>	<b>12,514,215</b>	<b>13,658,953</b>
3,385,615	3,171,369	3,034,429	2,959,086	2,946,246	3,053,886
435,469	489,779	426,730	415,653	432,384	425,074
139,997	409,869	607,257	750,298	917,950	951,114
1,163,616	1,052,900	1,214,268	908,779	858,867	908,450
5,012,030	4,417,507	4,254,380	5,130,878	4,351,451	3,996,617
606,356	579,165	534,193	547,206	522,927	640,455
1,192,553	1,383,603	1,517,055	1,340,722	1,174,974	1,282,709
47,034	98,740	832,092	30,160	6,958	6,676
189,649	272,458	284,710	277,585	862,618	736,770
859,459	1,961,307	1,416,266	686,432	342,107	1,360,912
<b>13,031,778</b>	<b>13,836,697</b>	<b>14,121,380</b>	<b>13,046,799</b>	<b>12,416,482</b>	<b>13,362,663</b>





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

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

To the Officials of O'Brien 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 O'Brien County, Iowa, as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 20, 2024.

Report on Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2023-001 and 2023-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2023-003 and 2023-004 to be significant deficiencies.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether O'Brien County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about O'Brien County's operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of O'Brien 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.

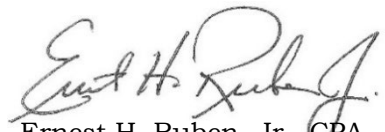
## O'Brien County's Responses to Findings

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

March 20, 2024

O'Brien County

Schedule of Findings

Year ended June 30, 2023

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

2023-001 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:

	Applicable Offices
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Treasurer, Recorder, Sheriff, Public Health, and Conservation
(2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash. In addition, for the Sheriff's office, responsibilities for receipts are not being performed during employee's absence.	Treasurer, Recorder, Sheriff, Public Health, and Conservation
(3) Bank reconciliations are not performed by a person who does not record cash receipts or prepare checks. In addition, bank reconciliations are not reviewed periodically by an independent person for propriety.	Treasurer, Sheriff, including Commissary Account and Conservation
(4) Responsibilities for maintaining detail accounts receivable records are not segregated from posting receipts.	Treasurer and Public Health
(5) Voided receipts are not reviewed by an independent person.	Sheriff
(6) Responsibility for the change fund is not assigned to only one person.	Recorder and Conservation
(7) The person who signs checks is not independent of the person preparing checks, approving disbursements, recording cash receipts and has access to credit cards.	Conservation

O'Brien County

Schedule of Findings

Year ended June 30, 2023

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

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

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

Responses –

County Treasurer – With a limited staff, it is hard to segregate duties, but we will try to comply with the recommendations that were made.

County Recorder – With limited staff, we will continue to segregate duties as much as possible. We will review our options to have separate cash drawers.

County Sheriff – With limited staff, we will continue to segregate duties whenever possible.

County Public Health – We are adding to our staff and looking to utilize other departments to segregate duties as much as possible with limited staff.

Conservation – With limited staff, we do the best we can to segregate duties, whenever possible.

Conclusion for Public Health – Response accepted.

Conclusion for all others – Responses acknowledged. The Offices should also consider utilizing personnel from other offices or departments to provide additional internal control.

2023-002 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 capital asset depreciation were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include and classify these amounts in the financial statements.

O'Brien County

Schedule of Findings

Year ended June 30, 2023

Cause – County policies do not require, and procedures have not been established to require independent review of year-end capital assets 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 implement procedures to ensure all capital assets are correctly depreciated in the County's financial statements.

Response – We will communicate with the departments, so they are aware the auditor's office needs the information when assets are removed or added.

Conclusion – Response accepted.

2023-003 Reconciliation of Public Health Billings, Collections, Delinquent Accounts and Write-offs

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

Condition – Billings, collections and delinquent accounts were not reconciled throughout the year and delinquent accounts list was not prepared. Also, collections were not reconciled to deposits. Procedures do not exist to identify, adjust and write-off uncollectible balances.

Cause – Policies have not been established and procedures have not been implemented to maintain delinquent account listings, reconcile billings, collections and receivables, reconcile collections to deposits and identify, adjust and write off uncollectible balances.

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

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

Response – We began preparing a listing of delinquent accounts on a monthly basis and reconciling billings and collections. We will do our best to have an independent person review these listings and reconciliations. We will work to develop written procedures for write-offs of delinquent account balances.

Conclusion – Response acknowledged. The Department should designate an independent person to review the reconciliation and monitor delinquent accounts.

O'Brien County

Schedule of Findings

Year ended June 30, 2023

2023-004 Conservation Internal Control

Criteria – Effective internal control includes procedures over receipts, expenditures and cash to help prevent losses from employee error or dishonesty and maximize the accuracy of the financial statements.

Condition – Deficiencies in internal control were identified in the following areas:

Receipts – Checks are not restrictively endorsed immediately upon receipt. A reconciliation of MyCountyParks reservations, collections and receivables is not prepared.

Expenses – Voided checks are not retained.

Cash – Bank reconciliations are not prepared.

Cause – Procedures have not been designed and implemented to ensure necessary internal controls are in place for receipts, expenditures, and cash.

Effect – A lack of internal control can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – The Conservation Department should ensure necessary internal controls are in place to cover receipts, expenditures and cash.

Response – Checks will be endorsed as soon as possible once received, a process to reconcile MyCountyParks reservations, collections, and receivables will be implemented. Voided checks will be retained. A process to reconcile cash will be implemented.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

O'Brien County

Schedule of Findings

Year ended June 30, 2023

**Other Findings Related to Required Statutory Reporting:**

- 2023-A Certified Budget – Disbursements during the year ended June 30, 2023 did not exceed the amounts budgeted.
- 2023-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.
- 2023-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 2023-D Business Transactions – The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Dan Friedrichsen, Board of Supervisors, employee of Neal Chase Lumber Company	Repairs, hardware and maintenance supplies	\$ 11,743
Molly Hicks, part-time conservation employee	Cleaning services	5,400
Mary Newell, sister of Deputy Auditor	Election assistance	956
Joan Thompson, sister-in-law of Deputy Auditor	Election assistance	685
Tom's Repair Inc, owned by Conservation Board Chairman Tom Konz	Repairs	472
Carol McDowell, mother of County Supervisor	Election assistance	288
Mary Helfter, sister-in-law of Deputy Auditor	Election assistance	271
Seth Hobson, Secondary Roads employee	Mowing	250
Ryan Jenness, brother of Recorder's Clerk	Election assistance	250
Bode Baily, son of Secondary Roads employee	Mowing	240
Beverly Brouwer, mother of Deputy Recorder	Election assistance	169
Michael Odenbrett, Secondary Roads employee	Mowing	140
Cole Leiding, Secondary Roads employee	Mowing	135
L & T Lawn Service, owned by Secondary Roads employee	Mowing	120
Sarah Rohwer, daughter of County Auditor	Election assistance	112
Gavin Heeren, son of Secondary Roads employee	Mowing	75
Abby Wallin, County employee	Election assistance	29
Aimee Jenness, Recorder's Clerk	Election assistance	15
James Thompson, brother of Deputy Auditor	Election assistance	15

O'Brien County

Schedule of Findings

Year ended June 30, 2023

The transactions with Neal Chase Lumber Company do not appear to represent a conflict in accordance with Chapter 331.342(2)(d) since the employee has an interest solely by reason of employment.

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

- 2023-E Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2023-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.
- 2023-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2023-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.
- 2023-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).
- 2023-J Separately Maintained Records – The Conservation Department maintains separate accounting records for its operation for the "MyCountyParks". Monthly financial reports are not provided to the County and the activity of this outside bank account held by the Conservation Department is not included in the County's computer system, the accounting records or the County's financial reports.

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

Response – A discussion with the County Treasurer and County Auditor was held and moving forward a record of claims and receipts that enter and leave this bank account will be transferred to the County Treasurer and County Auditor's office.

Conclusion – Response accepted.



O'Brien County

Staff

This audit was performed by:

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