

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

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

Rob Sand  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

June 27, 2024

Contact: Brian Brustkern  
515/281-5834

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

**FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$38,539,796 for the year ended June 30, 2023, a 3.6% increase. Expenses for County operations for the year ended June 30, 2023 totaled \$35,797,902, a 12.4% increase. The significant increase in the revenues is due primarily to an increase in federal grants for the American Rescue Plan Act (ARPA), a decrease in infrastructure assets contributed by the Iowa Department of Transportation and an increase in land assets contributed by private donations. The significant increase in expenses is due primarily to the County providing ambulance service during fiscal year 2023.

**AUDIT FINDINGS:**

Sand reported twelve findings related to the receipt and expenditure of taxpayer funds. They are found on pages 101 through 111 of this report. The findings address issues such as lack of segregation of duties, the lack of bank reconciliations for certain accounts and closing protective payee accounts. Sand provided the County with recommendations to address each of these findings.

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

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

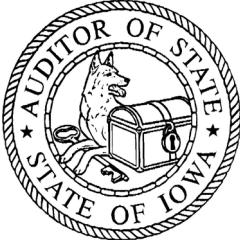
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**LEE COUNTY**

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

**JUNE 30, 2023**

**Lee County**



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Rob Sand  
Auditor of State

June 11, 2024

Officials of Lee County  
Fort Madison, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Lee 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 Lee 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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**Lee County**  
**Officials**  
**(Before January 2023)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Charles Holmes (Appointed Jun 2022)	Board of Supervisors	Nov 2022
Rick Larkin	Board of Supervisors	Jan 2023
Ron Fedler	Board of Supervisors	Jan 2025
Matt Pflug	Board of Supervisors	Jan 2025
Garry Seyb, Jr.	Board of Supervisors	Jan 2025
Denise Fraise	County Auditor	Jan 2025
Chris Spann	County Treasurer	Jan 2023
Nancy Booten	County Recorder	Jan 2023
Stacy Weber	County Sheriff	Jan 2025
Ross Braden	County Attorney	Jan 2023
Kandie White	County Assessor	(Resigned Jan 2023)
Patricia Meierotto (Appointed Jan 2023)	County Assessor	Jan 2028

**(After January 2023)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ron Fedler	Board of Supervisors	Jan 2025
Matt Pflug	Board of Supervisors	Jan 2025
Garry Seyb, Jr.	Board of Supervisors	Jan 2025
Charles Holmes	Board of Supervisors	Jan 2027
Tom Schulz	Board of Supervisors	Jan 2027
Denise Fraise	County Auditor	Jan 2025
Becky Gaylord	County Treasurer	Jan 2027
Nancy Booten	County Recorder	Jan 2027
Stacy Weber	County Sheriff	Jan 2025
Ross Braden	County Attorney	Jan 2027
Patricia Meierotto	County Assessor	Jan 2028



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Independent Auditor's Report

To the Officials of Lee 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 Lee 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 Lee 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 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 Lee 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 19 to the financial statements, Lee County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements. 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 Lee 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 Lee 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 Lee County's ability to continue as a going concern for a reasonable period of time.

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 64 through 76 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 Lee 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 9, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 9 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 11, 2024 on our consideration of Lee 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 Lee County's internal control over financial reporting and compliance.



Brian R. Brustkern, CPA  
Deputy Auditor of State

June 11, 2024

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

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

### **2023 FINANCIAL HIGHLIGHTS**

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 96, Subscription-Based Information Technology Arrangements (SBITAs), during fiscal year 2023. The implementation for this standard revised certain asset and liability accounts related to SBITAs, however had no effect on the beginning net position for governmental activities.
- 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 Mental Health Agency of Southeast Iowa prior to June 30, 2022.
- Revenues of the County's governmental activities increased 3.6%, or approximately \$1,325,000, from fiscal year 2022 to fiscal year 2023. The County recognized approximately \$3,034,000 of federal grants for the American Rescue Plan Act (ARPA), an increase of approximately \$2,114,000. Property and other county tax increased approximately \$429,000, capital grants, contributions and restricted interest decreased approximately \$668,000 and local option sales tax decreased approximately \$371,000.
- Program expenses of the County's governmental activities were 12.4%, or approximately \$3,939,000, more in fiscal year 2023 than in fiscal year 2022. Public safety and legal services, county environment and education and roads and transportation expenses increased approximately \$3,599,000, \$513,000 and \$500,000, respectively, while mental health expenses decreased approximately \$1,217,000.
- The County's net position increased 4.6%, or approximately \$2,742,000, over the June 30, 2022 balance.

### **USING THIS ANNUAL REPORT**

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Lee 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 Lee 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 Lee County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

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

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

Supplementary Information provides detailed information about the nonmajor governmental and the individual Internal Service and Custodial Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

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

### *Government-wide Financial Statements*

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

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

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as 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, 2) the Special Revenue Funds, such as Rural Services and Secondary Roads, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

- 2) Proprietary funds account for the County’s Internal Service 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 the County Assessor’s office, 911 and emergency management services, to name a few.

The required financial statements for fiduciary funds is 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 (Not Restated)
Current and other assets	\$ 44,556	46,886
Capital assets	53,478	51,998
Total assets	98,034	98,884
Deferred outflows of resources	2,104	1,841
Long-term liabilities	13,952	12,189
Other liabilities	4,691	7,312
Total liabilities	18,643	19,501
Deferred inflows of resources	19,403	21,875
Net position:		
Net investment in capital assets	50,191	50,702
Restricted	15,334	14,955
Unrestricted	(3,433)	(6,307)
Total net position	\$ 62,092	59,350

Lee County’s total net position increased 4.6% (from approximately \$59 million compared to approximately \$62 million).

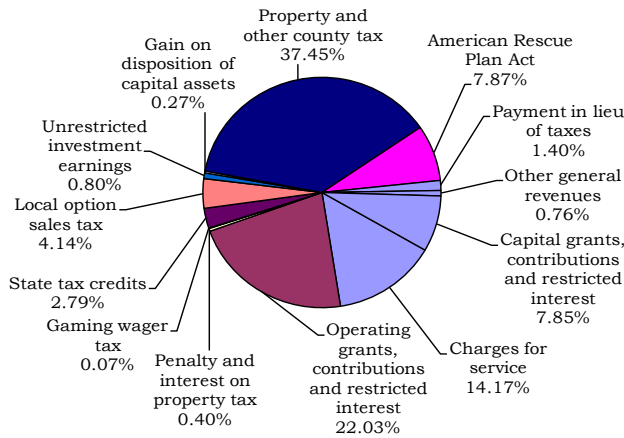
The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category decreased approximately \$511,000, or 1.0%, from the prior year.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$379,000, or 2.5%, over the prior year. This increase is primarily due to an increase in the amount held at year end in the Special Revenue, Secondary Roads Fund.

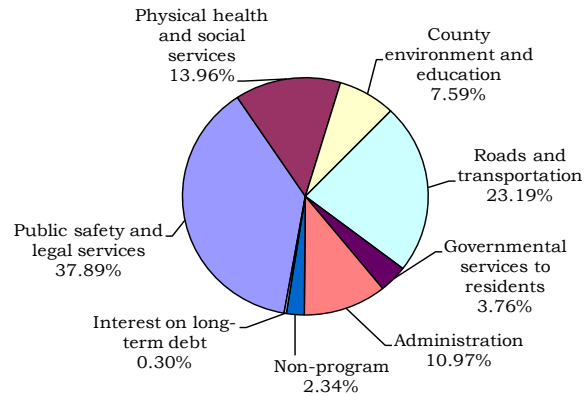
Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased from a deficit balance of approximately \$6,307,000 at June 30, 2022 to a deficit of approximately \$3,433,000 at the end of this year, an increase of approximately \$2,874,000. The change in the unrestricted net position is due to a decrease in pension related deferred inflows, an increase in pension related deferred outflows and an increase in the amount held at year end in the General Fund.

Changes in Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2023	2022 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 5,461	5,740
Operating grants, contributions and restricted interest	8,490	8,772
Capital grants, contributions and restricted interest	3,022	3,690
General revenues:		
Property and other county tax	14,433	14,004
Penalty and interest on property tax	154	152
Gaming wager tax	28	29
State tax credits	1,075	1,033
Local option sales tax	1,596	1,967
American Rescue Plan Act	3,034	920
Payment in lieu of taxes	540	540
Unrestricted investment earnings	309	55
Gain on disposition of capital assets	105	30
Other general revenues	293	283
Total revenues	<u>38,540</u>	<u>37,215</u>
Program expenses:		
Public safety and legal services	13,560	9,961
Physical health and social services	4,999	4,573
Mental health	-	1,217
County environment and education	2,716	2,203
Roads and transportation	8,302	7,802
Governmental services to residents	1,347	1,173
Administration	3,928	3,920
Non-program	838	891
Interest on long-term debt	108	119
Total expenses	<u>35,798</u>	<u>31,859</u>
Change in net position	2,742	5,356
Net position beginning of year	<u>59,350</u>	<u>53,994</u>
Net position end of year	<u>\$ 62,092</u>	<u>59,350</u>

**Revenue by Source**



**Expenses by Program**



Lee County’s governmental activities net position increased approximately \$2,742,000 during the year. Revenues for governmental activities increased approximately \$1,325,000 over the prior year. Approximately \$2,114,000 of this increase was the result of federal grants for the American Rescue Plan Act (ARPA). Capital grants, contributions and restricted interest decreased approximately \$668,000 due to a decrease in infrastructure assets contributed by the Iowa Department of Transportation which was netted against an increase in land donated for a public health building. Local option sales tax revenue decreased approximately \$371,000.

For fiscal year 2023, taxable property valuation increased approximately \$41,824,000 and the tax levy rate increased from \$10.25869 to \$10.32445 per \$1,000 of taxable valuation. As a result, property tax revenue increased approximately \$429,000. The total Lee County assessed taxable property valuation for property tax payable in fiscal year 2024 increased approximately \$3,692,000. The tax levy rate is set to increase to \$13.53266 per \$1,000 of taxable valuation. Property tax revenue is budgeted to increase approximately \$4,756,000 next year.

The cost of all governmental activities this year was approximately \$35.8 million compared to approximately \$31.9 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$18.8 million because some of the cost was paid by those who directly benefited from the programs (approximately \$5.5 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$11.5 million). Overall, the County’s governmental program revenues, including intergovernmental aid and charges for service, decreased from approximately \$18.2 million in fiscal year 2022 to approximately \$17.0 million in fiscal year 2023. The County paid for the remaining “public benefit” portion of governmental activities with approximately \$21.6 million of taxes and other revenues, such as interest.

**INDIVIDUAL MAJOR FUND ANALYSIS**

As Lee County completed the year, its governmental funds reported a combined fund balance of \$18,802,397, a decrease of \$216,750 below last year’s total of \$19,019,147. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

The General Fund ended fiscal year 2023 with an ending balance of \$6,615,975, compared to the prior year ending balance of \$5,407,912, an increase of \$1,208,063. Revenues increased \$4,297,732 or 21.6%, primarily due to American Rescue Plan Act revenues. Expenditures increased \$1,652,664, or 7.5%, to \$23,719,157. The public safety and legal services function increased \$1,063,650 due to increases for ambulance services salaries and ambulance chassis, adult corrections salaries, and a new equipment purchase agreement in fiscal year 2023.

The Special Revenue, Rural Services Fund ended fiscal year 2023 with a balance of \$1,371,711, a decrease of \$292,029 from the prior year ending balance. There were no significant changes in revenues or expenditures.

The Special Revenue, Secondary Roads Fund ended fiscal year 2023 with a balance of \$8,300,847 compared to the prior year ending balance of \$7,880,880, an increase of \$419,967. Revenues decreased \$448,311 or 8.6% due primarily to a decrease in state reimbursements for projects. Expenditures increased \$609,124 or 9.5%, due primarily to less capital projects being completed during the fiscal year.

The Capital Projects Fund ended fiscal year 2023 with a balance of \$132,811 compared to the prior year ending balance of \$2,291,682, a decrease of \$2,158,871. There was no significant changes in revenues or expenditures.

The Debt Service Fund ended fiscal year 2023 with a balance of \$35,801 compared to the prior year ending balance of \$71,259, a decrease of \$35,458. There were no significant changes in revenues or expenditures.

## **BUDGETARY HIGHLIGHTS**

During the year, Lee County amended its budget three times. The first amendment was made in October 2022 to increase budgeted disbursements for pipeline inspections and the countywide radio capital project. The second amendment was made in April 2023 to increase budgeted disbursements for nine new ambulance employees. The third amendment was made in May 2023 to increase disbursements in the sheriff and ambulance departments.

The County's receipts were \$2,004,734 less than budgeted, a variance of 6.1%. The County received \$2,027,706 less in miscellaneous receipts than anticipated in fiscal year 2023. This was primarily due to budgeting for ambulance receipts under miscellaneous receipts but recording them under charges for services, which is more appropriate.

Total disbursements were \$5,150,492 less than the amended budget, a variance of 13.1%. Actual disbursements for roads and transportation, capital projects, and county environment and education were \$1,705,096, \$1,461,346 and \$516,304, respectively, less than budgeted. This was primarily due to a delay in anticipated equipment purchases due to shortage of equipment, timing of project payments to vendors, and the walking track project was not completed during the fiscal year as planned.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2023, the County had invested approximately \$53 million, net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, computers and audio-visual equipment, transportation equipment and administrative offices. This amount is a net increase of \$1,365,000 over June 30, 2022, as restated.

Lee County had depreciation/amortization expense of approximately \$3.9 million in fiscal year 2023 and total accumulated depreciation/amortization of approximately \$58.3 million at June 30, 2023. Additional information about the County's capital assets is included in Note 5 to the financial statements.



## **Long-Term Debt**

At June 30, 2023, the County had approximately \$13,951,391 of long-term debt outstanding. This represents an increase of \$3,808,923 from June 30, 2022, as restated.

Debt increased from the prior year mainly due to the change in net pension liability in fiscal year 2023.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Lee County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$131.9 million. Additional information about the County's long-term debt is included in Note 8 to the financial statements.

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

Lee 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 4.2% versus 4.7% a year ago. This compares with the State's unemployment rate of 2.9% 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 are approximately \$52.2 million, an increase of approximately \$1,600,000 from the final fiscal year 2023 budget. Budgeted disbursements are expected to decrease approximately \$397,000 from the final fiscal year 2023 budget, primarily in the Capital Project function. The County has added no major new programs or initiatives to the fiscal year 2024 budget.

If these estimates are realized, the County's budgetary operating balance is expected to increase approximately \$2,036,000, or 18.1%, by the close of fiscal year 2024.

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

This financial report is designed to provide the County's citizens, taxpayers, customers and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Lee County Board of Supervisors, PO Box 190, Fort Madison, Iowa, 52627-0190.

## **Basic Financial Statements**

Lee County  
Statement of Net Position  
June 30, 2023

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 21,719,271
Receivables:	
Property tax:	
Delinquent	49,120
Succeeding year	17,722,000
Interest and penalty on property tax	86,232
Accounts	1,257,050
Opioid settlement	887,417
Accrued interest	97,077
Loans receivable	76,565
Due from other governments	1,572,029
Lease receivable	52,226
Inventories	1,030,546
Prepaid expense	6,002
Capital assets not being depreciated	6,815,220
Capital assets, net of accumulated depreciation/amortization	<u>46,662,943</u>
<b>Total assets</b>	<u>98,033,698</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	1,934,128
OPEB related deferred outflows	<u>169,876</u>
<b>Total deferred outflows of resources</b>	<u>2,104,004</u>

Lee County  
Statement of Net Position  
June 30, 2023

	Governmental Activities
<b>Liabilities</b>	
Accounts payable	890,807
Accrued interest payable	7,740
Salaries and benefits payable	565,689
Due to other governments	526,106
Unearned revenues	2,701,015
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	993,000
Lease agreements	85,712
IT subscription liability	38,537
Equipment purchase agreement	256,112
Compensated absences	615,615
Total OPEB liability	11,240
Portion due or payable after one year:	
General obligation bonds	7,342,000
Lease agreements	114,731
IT subscription liability	39,065
Equipment purchase agreement	721,709
Compensated absences	174,864
Net pension liability	2,487,380
Total OPEB liability	1,071,426
<b>Total liabilities</b>	<b>18,642,748</b>
<b>Deferred Inflows of Resources</b>	
Lease related	52,226
Unavailable property tax revenue	17,722,000
Pension related deferred inflows	1,186,110
OPEB related deferred inflows	442,726
<b>Total deferred inflows of resources</b>	<b>19,403,062</b>
<b>Net Position</b>	
Net investment in capital assets	50,190,578
Restricted for:	
Nonexpendable:	
Permanent Fund - hospice care	82,500
Expendable:	
Supplemental levy purposes	1,865,374
Rural services purposes	1,354,654
Secondary roads purposes	8,106,666
Conservation land acquisition	415,057
Debt service	38,619
Building repair and maintenance	252,485
Hospice care purposes	216,308
Opioid abatement	903,228
Other purposes	2,099,512
Unrestricted	(3,433,089)
<b>Total net position</b>	<b>\$ 62,091,892</b>

See notes to financial statements.

**Lee County**

Lee 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	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 13,559,570	2,347,594	210,777	-	(11,001,199)
Physical health and social services	4,999,207	1,228,642	2,231,308	666,000	(873,257)
County environment and education	2,715,641	146,944	1,447,729	-	(1,120,968)
Roads and transportation	8,302,231	62,316	4,575,177	2,356,200	(1,308,538)
Governmental services to residents	1,347,271	551,552	10,164	-	(785,555)
Administration	3,928,148	321,440	13,536	-	(3,593,172)
Non-program	837,556	802,177	45	-	(35,334)
Interest on long-term debt	108,278	-	1,682	-	(106,596)
<b>Total</b>	<b>\$ 35,797,902</b>	<b>5,460,665</b>	<b>8,490,418</b>	<b>3,022,200</b>	<b>(18,824,619)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					13,462,163
Debt service					970,966
Penalty and interest on property tax					154,546
Gaming wager tax					27,760
Hotel/motel tax					3,415
State tax credits and replacements					1,074,649
Rents					171,127
Local option sales tax					1,595,607
American Rescue Plan Act					3,034,148
Payment in lieu of taxes					540,000
Unrestricted investment earnings					308,707
Gain on disposition of capital assets					104,693
Miscellaneous					118,732
<b>Total general revenues</b>					<b>21,566,513</b>
Change in net position					2,741,894
Net position beginning of year					59,349,998
Net position end of year					<b>\$ 62,091,892</b>

See notes to financial statements.

Lee County  
Balance Sheet  
Governmental Funds

June 30, 2023

	Special		
	General	Rural Services	Secondary Roads
<b>Assets</b>			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 9,433,613	1,313,492	7,015,422
Component units	-	-	-
Receivables:			
Property tax:			
Delinquent	40,058	3,122	-
Succeeding year	13,992,000	1,713,000	-
Interest and penalty on property tax	86,232	-	-
Accounts, net of allowance for doubtful ambulance accounts of \$362,425	136,382	-	2,033
Opioid settlement	-	-	-
Economic development loan	76,565	-	-
Accrued interest	96,464	-	-
Due from other funds	151,676	-	-
Due from other governments	1,083,730	98,060	380,336
Lease receivable	52,226	-	-
Inventories	-	-	1,023,440
Prepaid items	6,002	-	-
<b>Total assets</b>	<b>\$ 25,154,948</b>	<b>3,127,674</b>	<b>8,421,231</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 602,188	8,024	27,541
Salaries and benefits payable	442,566	16,826	90,715
Due to other funds	6,752	-	152
Due to other governments	114,428	15,122	1,976
Unearned revenue	2,701,015	-	-
Total liabilities	3,866,949	39,972	120,384
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	13,992,000	1,713,000	-
Other	627,798	2,991	-
Lease related	52,226	-	-
Total deferred inflows of resources	14,672,024	1,715,991	-
Fund balances:			
Nonspendable:			
Inventories	-	-	1,023,440
Hospice care	-	-	-
Prepaid items	6,002	-	-
Loans receivable	76,565	-	-
Restricted for:			
Supplemental levy purposes	1,930,727	-	-
Rural services purposes	-	1,371,711	-
Secondary roads purposes	-	-	7,277,407
Conservation land acquisition	415,057	-	-
Capital projects	-	-	-
Debt service	-	-	-
Hospice care	-	-	-
Building repair and maintenance (local option sales tax)	252,485	-	-
Opioid abatement	-	-	-
Other purposes	104,416	-	-
Assigned	151,676	-	-
Unassigned	3,679,047	-	-
Total fund balances	6,615,975	1,371,711	8,300,847
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 25,154,948</b>	<b>3,127,674</b>	<b>8,421,231</b>

See notes to financial statements.

Revenue			
Capital Projects	Debt Service	Nonmajor	Total
234,418	35,707	471,946	18,504,598
-	-	1,117,351	1,117,351
-	2,880	3,060	49,120
-	948,000	1,069,000	17,722,000
-	-	-	86,232
-	-	1,118,560	1,256,975
-	-	887,417	887,417
-	-	-	76,565
54	32	85	96,635
-	-	-	151,676
-	-	-	1,562,126
-	-	-	52,226
-	-	-	1,023,440
-	-	-	6,002
<u>234,472</u>	<u>986,619</u>	<u>4,667,419</u>	<u>42,592,363</u>
101,661	-	2,680	742,094
-	-	5,061	555,168
-	-	-	6,904
-	-	394,043	525,569
-	-	-	2,701,015
<u>101,661</u>	<u>-</u>	<u>401,784</u>	<u>4,530,750</u>
-	948,000	1,069,000	17,722,000
-	2,818	851,383	1,484,990
-	-	-	52,226
-	<u>950,818</u>	<u>1,920,383</u>	<u>19,259,216</u>
-	-	-	1,023,440
-	-	82,500	82,500
-	-	-	6,002
-	-	-	76,565
-	-	-	1,930,727
-	-	-	1,371,711
-	-	-	7,277,407
-	-	-	415,057
132,811	-	-	132,811
-	35,801	-	35,801
-	-	216,308	216,308
-	-	-	252,485
-	-	54,834	54,834
-	-	1,991,610	2,096,026
-	-	-	151,676
-	-	-	3,679,047
<u>132,811</u>	<u>35,801</u>	<u>2,345,252</u>	<u>18,802,397</u>
<u>234,472</u>	<u>986,619</u>	<u>4,667,419</u>	<u>42,592,363</u>



**Lee County**

Lee County

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

June 30, 2023

**Total governmental fund balances (page 21)** \$ 18,802,397

**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 \$111,742,838 and the accumulated depreciation/ amortization is \$58,264,675. 53,478,163

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. 1,484,990

The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The assets and liabilities of the Internal Service Funds are included with governmental activities in the Statement of Net Position. 1,810,305

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	\$ 2,104,004	
Deferred inflows of resources	<u>(1,628,836)</u>	475,168

Long-term liabilities, including general obligation bonds payable, lease agreements payable, equipment purchase agreements payable, subscription liability, net pension liability, total OPEB liability, accrued interest payable and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (13,959,131)

**Net position of governmental activities (page 17)** \$ 62,091,892

See notes to financial statements.

Lee County

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

Year ended June 30, 2023

	Special Revenue		
	General	Rural Services	Secondary Roads
<b>Revenues:</b>			
Property and other county tax	\$ 11,439,849	2,045,237	-
Local option sales tax	398,902	1,196,705	-
Interest and penalty on property tax	133,258	-	-
Intergovernmental	8,714,066	135,523	4,650,107
Licenses and permits	265,746	-	46,663
Charges for service	1,892,651	-	37
Use of money and property	478,182	-	-
Miscellaneous	883,117	-	48,809
<b>Total revenues</b>	<b>24,205,771</b>	<b>3,377,465</b>	<b>4,745,616</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	11,100,170	656,682	-
Physical health and social services	5,537,651	-	-
County environment and education	1,571,424	286,559	-
Roads and transportation	-	-	7,035,250
Governmental services to residents	1,387,456	3,034	-
Administration	3,883,681	-	-
Debt service	-	-	-
Capital projects	238,775	-	13,618
<b>Total expenditures</b>	<b>23,719,157</b>	<b>946,275</b>	<b>7,048,868</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>486,614</b>	<b>2,431,190</b>	<b>(2,303,252)</b>
<b>Other financing sources (uses):</b>			
Sale of capital assets	12,000	-	-
Transfer of equity	151,676	-	-
Transfers in	230,000	-	2,723,219
Transfers out	-	(2,723,219)	-
Lease and equipment purchase agreements	327,773	-	-
<b>Total other financing sources (uses)</b>	<b>721,449</b>	<b>(2,723,219)</b>	<b>2,723,219</b>
<b>Change in fund balances</b>	<b>1,208,063</b>	<b>(292,029)</b>	<b>419,967</b>
<b>Fund balances beginning of year</b>	<b>5,407,912</b>	<b>1,663,740</b>	<b>7,880,880</b>
<b>Fund balances end of year</b>	<b>\$ 6,615,975</b>	<b>1,371,711</b>	<b>8,300,847</b>

See notes to financial statements.

Capital Projects	Debt Service	Nonmajor	Total
-	971,086	71	14,456,243
-	-	-	1,595,607
-	-	-	133,258
-	72,850	214,634	13,787,180
-	-	-	312,409
-	-	4,636	1,897,324
2,655	1,682	9,287	491,806
-	-	1,430,728	2,362,654
2,655	1,045,618	1,659,356	35,036,481
-	-	881	11,757,733
-	-	37,372	5,575,023
-	-	742,350	2,600,333
-	-	-	7,035,250
-	-	7,175	1,397,665
-	-	-	3,883,681
-	1,091,189	-	1,091,189
2,151,413	-	-	2,403,806
2,151,413	1,091,189	787,778	35,744,680
(2,148,758)	(45,571)	871,578	(708,199)
-	-	-	12,000
-	-	-	151,676
-	10,113	-	2,963,332
(10,113)	-	(230,000)	(2,963,332)
-	-	-	327,773
(10,113)	10,113	(230,000)	491,449
(2,158,871)	(35,458)	641,578	(216,750)
2,291,682	71,259	1,703,674	19,019,147
132,811	35,801	2,345,252	18,802,397

Lee 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 25)** \$ (216,750)

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

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

Expenditures for capital assets	\$ 2,038,205	
Capital assets contributed by the Iowa Department of Transportation	2,319,948	
Capital assets contributed through private donation	666,000	
Right-to-use leased capital assets	152,521	
Depreciation/amortization expense	<u>(3,885,975)</u>	1,290,699

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 financial resources. 104,693

A transfer of equity related to capital assets and other liabilities from governmental activities to the internal service fund is not reported in the governmental funds. (19,165)

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	8,061	
Other	<u>(368,589)</u>	(360,528)

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

Issued	(327,773)	
Repaid	<u>1,313,044</u>	985,271

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. 1,313,303

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	(96,164)	
Pension expense	249,540	
OPEB expense	(100,996)	
Interest on long-term debt	<u>911</u>	53,291

The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The change in net position of the Internal Service Funds is reported with governmental activities. (408,920)

**Change in net position of governmental activities (page 19)** \$ 2,741,894

See notes to financial statements.

Lee County  
Statement of Net Position  
Proprietary Funds

June 30, 2023

	Internal Service
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 2,097,322
Receivables:	
Accounts	75
Accrued interest	442
Due from other funds	6,904
Due from other governments	9,903
Inventories	7,106
<b>Total assets</b>	<b>2,121,752</b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	148,713
Salaries and benefits payable	10,521
Due to other funds	151,676
Due to other governments	537
<b>Total liabilities</b>	<b>311,447</b>
<b>Net Position</b>	
Restricted for employee health	1,792,862
Unrestricted	17,443
<b>Total net position</b>	<b>\$ 1,810,305</b>

See notes to financial statements.

**Exhibit H**

## Lee 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 and other governmental units		\$ 3,973,894
Reimbursements from employees and others		403,895
Miscellaneous reimbursements		<u>7,002</u>
Total operating revenues		4,384,791
Operating expenses:		
Medical and health services	\$ 4,022,272	
Salaries and benefits	251,479	
Administrative fees, network access fees and stop-loss premium	60,305	
Supplies, utilities and data processing	191,187	
Maintenance agreements	23,781	
Non-capitalized equipment	86,307	
Depreciation/amortization	<u>30,542</u>	<u>4,665,873</u>
Operating loss		(281,082)
Non-operating revenues (expenses):		
Transfer of equity		19,165
Transfer due to elimination of fund		(151,676)
Interest income		<u>4,673</u>
Total non-operating revenues (expenses)		<u>(127,838)</u>
Net loss		(408,920)
Net position beginning of year		<u>2,219,225</u>
Net position end of year		<u>\$ 1,810,305</u>

See notes to financial statements.

Lee County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2023

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds and other governmental units	\$ 3,965,143
Cash received from employees and others	410,952
Cash paid to suppliers for services	(4,582,130)
Net cash used by operating activities	(206,035)
Cash flows from capital and related financing activities:	
Equipment purchase agreement payable	(8,280)
Cash flows from investing activities:	
Interest on investments	4,716
Cash flows from non-capital financing activities:	
Transfer of equity	19,165
Transfer due to elimination of fund	(151,676)
Cash flows from non-capital financing activities:	(132,511)
Net decrease in cash and cash equivalents	(342,110)
Cash and cash equivalents beginning of year	2,439,432
Cash and cash equivalents end of year	\$ 2,097,322
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (281,082)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation/amortization expense	30,542
Changes in assets and liabilities:	
Accounts receivable	55
Due from other funds	512
Due from other governments	(9,263)
Inventories	(3,386)
Prepaid expenses	6,181
Pension asset	21,616
Deferred outflows of resources	18,415
Accounts payable	(51,286)
Salaries and benefits payable	4,402
Due to other funds	151,676
Due to other governments	62
Compensated absences	(8,881)
Total OPEB liability	(9,900)
Deferred inflows of resources	(75,698)
Net cash used by operating activities	\$ (206,035)

See notes to financial statements.



Lee County  
Statement of Fiduciary Net Position  
Custodial Funds

June 30, 2023

**Assets**

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 4,958,556
Other County officials	238,417
Property tax receivable:	
Delinquent	137,271
Succeeding year	35,461,900
Accounts receivable	16,941
Accrued interest	457
Special assessments	756,092
Drainage Assessment	1,790
Due from other governments	69,724
	<hr/>
<b>Total assets</b>	<b>41,641,148</b>

**Liabilities**

Accounts payable	53,642
Salaries and benefits payable	66,494
Due to other governments	1,608,723
Trusts payable	271,428
Compensated absences	75,868
	<hr/>
<b>Total liabilities</b>	<b>2,076,155</b>

**Deferred Inflows of Resources**

Unavailable property tax revenue	<hr/>
	35,461,900

**Net Position**

Restricted for individuals, organizations and other governments	<hr/>
	\$ 4,103,093

See notes to financial statements.

Lee County  
Statement of Changes in Fiduciary Net Position  
Custodial Funds

Year Ended June 30, 2023

Additions:	
Property and other county tax	\$ 34,850,857
911 surcharge	315,925
State tax credits	2,798,201
Drivers license fees	71,158
Office fees and collections	1,239,465
Auto licenses, use tax and postage	11,092,475
Assessments	489,266
Trusts	3,069,122
Miscellaneous	<u>4,005,080</u>
Total additions	<u>57,931,549</u>
Deductions:	
Agency remittances:	
To other funds	1,196,868
To other governments	52,884,706
Trusts paid out	<u>3,069,122</u>
Total deductions	<u>57,150,696</u>
Change in net position	780,853
Net position beginning of year	<u>3,322,240</u>
Net position end of year	<u><u>\$ 4,103,093</u></u>

See notes to financial statements.

Lee County

Notes to Financial Statements

June 30, 2023

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

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

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

Lee County Economic Development Group has been incorporated under the provisions of the Iowa Nonprofit Corporation Act for the purpose of encouraging economic development and expansion in Lee County. In accordance with criteria set forth by the Governmental Accounting Standards Board, Lee County Economic Development Group meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

Three Rivers Conservation Foundation has been incorporated under the provisions of the Iowa Nonprofit Corporation Act for the purpose of supporting the mission of the Lee County Conservation Board. In accordance with criteria set forth by the Governmental Accounting Standards Board, Three Rivers Conservation Foundation meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

Friends of the Lee County Health Department (Friends of Public Health) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act for the purpose of supporting and enhancing the health of the public. In accordance with criteria set forth by the Governmental Accounting Standards Board, Friends of Public Health meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

#### Jointly Governed Organizations

The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Lee County Assessor's Conference Board, Lee County Emergency Management Commission, Lee County Joint 911 Service Board and Children First – Lee/Van Buren Empowerment Area. 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 established pursuant to Chapter 28E of the Code of Iowa: Great River Regional Waste Authority, South Iowa Area Crime Commission, South Iowa Detention Service Agency, Lee County Narcotics Task Force, Southeast Iowa Regional Planning Commission, Southeast Iowa Community Action Agency, Regional Workforce Investment Board, Quad County Decategorization Board, Regional Utility Service Systems Commission, Southeast Iowa Regional Economic Port Authority, Southeast Iowa Link, and Public Safety Answering Point (PSAP) Association.

#### B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

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

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

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

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit 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 receivables represent taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which they are levied.

Property tax revenue recognized in these funds becomes 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 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected and remaining assessments which are payable but not yet due.

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2023, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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



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	10 - 65
Intangibles	3 - 20
Equipment	2 - 20
Vehicles	3 - 10
Right-to-use leased assets	2 - 20
Right-to-use subscription assets	2 - 20

**Leases – County as Lessee** – Lee County is the lessee for a noncancellable lease of equipment, buildings and leased improvements. 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 the payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

Lee 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** – Lee 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 Lee County determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Lee 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.

Subscription-Based Information Technology Arrangements (SBITA) – Lee County has entered into a contract that conveys control of the right to use information technology software. The County has recognized an IT subscription liability and an intangible right-to-use IT subscription asset in the government-wide financial statements. The County recognized IT subscription liabilities with an initial, individual value of \$50,000, or more.

At the commencement of the IT subscription term, the County initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the IT subscription liability is reduced by the principal portion of payments made. The right-to-use an IT subscription asset is initially measured as the sum of the initial IT subscription liability, adjusted for payments made at or before the commencement date, plus capitalization implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the right-to-use IT subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to IT subscription arrangements include how Lee County determines the discount rate it uses to discount the expected payments to present value, term and payments.

Lee County uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.

The IT subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the liability are composed of fixed payments.

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

Right-to-use IT subscription assets are reported with other capital assets and IT subscription liabilities are reported with long-term debt on the statement of net position.

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in 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 (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be recognized primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on Lee 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 receivable that will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan assets and deferred amounts related to leases.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

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.

Three Rivers Conservation Foundation's investments at June 30, 2023 consist of stocks, mutual funds, exchange-traded funds and closed-ended funds with a fair value of \$214,489. Disclosure of concentration of credit risk and interest rate risk do not apply to these investments.

Friends of Public Health's investments at June 30, 2023 consist of Series A preferred interest in IO-MEGA, LLC with a cost of \$75,000. Fair value is not determinable for this investment. Disclosures of concentration of credit risk and interest rate risk do not apply to this investment.

The County uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the stocks and stock mutual funds of \$214,489 was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2023 is as follows:

Receivable Fund	Payable Fund	Amount
Internal Service:		
Supplies	General	\$ 6,752
	Special Revenue:	
	Secondary Roads	152
		<u>6,904</u>
General	Internal Service:	
	Information Technology	151,676
Total		<u>\$ 158,580</u>

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

**(4) Interfund Transfers**

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

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Local Government Opioid Abatement	\$ 230,000
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Basic	2,723,219
Debt Service	Capital Projects	10,113
		<u>\$ 2,963,332</u>

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

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2023 was as follows:

	Restated Balance Beginning of Year	Transfer of Equity	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>					
Capital assets not being depreciated/amortized:					
Land	\$ 1,107,136	-	666,000	-	1,773,136
Land, road network	1,585,584	-	-	-	1,585,584
Construction in progress	3,017,539	-	2,776,346	(2,337,385)	3,456,500
Total capital assets not being depreciated/amortized	5,710,259	-	3,442,346	(2,337,385)	6,815,220
Capital assets being depreciated/amortized:					
Buildings	18,282,204	-	105,507	-	18,387,711
Improvements other than buildings	1,835,860	-	-	-	1,835,860
Equipment and vehicles	15,354,141	111,355	1,580,993	(440,310)	16,606,179
Equipment, internal service	129,380	(111,355)	-	-	18,025
Intangibles	125,420	468,250	-	-	593,670
Intangibles, internal service	468,250	(468,250)	-	-	-
Infrastructure, road network	64,804,719	-	2,337,385	-	67,142,104
Right-to-use leased buildings	215,529	-	152,521	(165,626)	202,424
Right-to-use leased improvements other than buildings	7,529	-	-	-	7,529
Right-to-use leased equipment	18,498	-	-	-	18,498
Right-to-use subscription asset	115,618	-	-	-	115,618
Total capital assets being depreciated/amortized	101,357,148	-	4,176,406	(605,936)	104,927,618
Less accumulated depreciation/amortization for:					
Buildings	8,582,441	-	416,677	-	8,999,118
Improvements other than buildings	978,835	-	50,442	-	1,029,277
Equipment and vehicles	8,263,803	109,255	1,446,557	(440,310)	9,379,305
Equipment, internal service	126,230	(109,255)	1,050	-	18,025
Intangibles	125,420	409,266	-	-	534,686
Intangibles, internal service	379,774	(409,266)	29,492	-	-
Infrastructure, road network	36,401,656	-	1,828,974	-	38,230,630
Right-to-use leased buildings	90,298	-	99,149	(165,626)	23,821
Right-to-use leased improvements other than buildings	941	-	941	-	1,882
Right-to-use leased equipment	4,696	-	4,696	-	9,392
Right-to-use subscription asset	-	-	38,539	-	38,539
Total accumulated depreciation/amortization	54,954,094	-	3,916,517	(605,936)	58,264,675
Total capital assets being depreciated/amortized, net	46,403,054	-	259,889	-	46,662,943
Governmental activities capital assets, net	\$ 52,113,313	-	3,702,235	(2,337,385)	53,478,163

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 787,814
Physical health and social services	172,031
County environment and education	145,932
Roads and transportation	2,355,653
Government services to residents	12,665
Administration	442,422
Total depreciation/amortization expense - government activities	\$ 3,916,517

Equipment costing \$1,146,637 was purchased under equipment purchase agreements. Accumulated depreciation on these assets totaled \$581,835.

**(6) County Farm Lease Receivable**

The County owns farmland. Effective January 1, 2023, the County entered into two three-year lease agreements with citizens to rent farmland. The County is to receive land rent annually with an implicit rate of 1.37% as follows:

Year Ending June 30,	Amount
2024	\$ 31,313
2025	<u>21,924</u>
Total	<u>53,237</u>
Less interest	<u>(1,011)</u>
Present Value	<u>\$ 52,226</u>

**(7) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 114,428
Special Revenue:		
Rural Services	Services	15,122
Secondary Roads	Services	1,976
Lee County Economic Development Group	Services	<u>394,043</u>
		<u>411,141</u>
Total for governmental funds		<u>\$ 525,569</u>
Custodial:		
County Assessor	Collections	\$ 48
Schools		242,183
Community Colleges		25,105
Corporations		173,156
Auto License and Use Tax		960,224
All other		<u>208,007</u>
Total for agency funds		<u>\$ 1,608,723</u>



**(8) Long-Term Liabilities**

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

	General Obligation Communication and Refunding Bonds 2021	General Obligation Maintenance Bonds 2020	Direct Borrowing Promissory Note	Lease Agreements	Direct Borrowing Equipment Purchase Agreements
Balance beginning of year, as restated	\$ 8,388,000	929,000	9,978	146,658	1,021,565
Increases	-	-	-	152,521	175,252
Decreases	884,000	98,000	9,978	98,736	218,996
Balance end of year	\$ 7,504,000	831,000	-	200,443	977,821
Due within one year	\$ 894,000	99,000	-	85,712	256,112

	Subscription Liability	Compensated Absences	Net Pension Liability (Asset)	Total OPEB Liability	Total
Balance beginning of year, as restated	115,618	703,196	(2,161,586)	990,039	10,142,468
Increases	-	1,311,705	4,648,966	146,239	6,434,683
Decreases	38,016	1,224,422	-	53,612	2,625,760
Balance end of year	77,602	790,479	2,487,380	1,082,666	13,951,391
Due within one year	38,537	615,615	-	11,240	2,000,216

General Obligation Communication and Refunding Bonds

On April 1, 2021, the County issued \$9,245,000 of general obligation communication and refunding bonds with an interest rate of 1.15% per annum. The bonds were issued to refund the outstanding balance of \$140,000 of the general obligation jail bonds, \$218,000 of general obligation conservation building bonds and \$2,830,000 of the general obligation refunding bonds series 2016 for a total refunding of \$3,188,000. The remaining bonds were issued to construct the emergency services communication system. During the year ended June 30, 2023, the County made principal payments of \$884,000 and interest of \$96,462 on the bonds.

A summary of the annual bond principal and interest requirements to maturity is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2024	1.15%	\$ 894,000	86,296	980,296
2025	1.15	904,000	76,015	980,015
2026	1.15	914,000	65,619	979,619
2027	1.15	925,000	55,108	980,108
2028	1.15	936,000	44,470	980,470
2029-2033	1.15	2,931,000	101,901	3,032,901
Total		\$ 7,504,000	429,409	7,933,409

### General Obligation Maintenance Bonds

On October 29, 2020, the County issued \$1,025,000 of general obligation bonds with an interest rate of 1.37% per annum. The bonds were issued for boiler maintenance projects, improvements in the North Lee Courthouse, improvements to the jail building and for security cameras at the jail building. During the year ended June 30, 2023, the County made principal payments of \$98,000 and paid interest of \$12,728 on the bonds.

A summary of the annual bond principal and interest requirements to maturity is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2024	1.37%	\$ 99,000	11,385	110,385
2025	1.37	100,000	10,028	110,028
2026	1.37	102,000	8,658	110,658
2027	1.37	103,000	7,261	110,261
2028	1.37	105,000	5,850	110,850
2029-2031	1.37	322,000	8,863	330,863
Total		\$ 831,000	52,045	883,045

### Lease Agreements

On April 1, 2020, the County entered into a lease agreement for a parking lot. An initial lease liability was recorded in the amount of \$7,529. The agreement requires annual payments of \$1,000 over 10 years with an implicit interest rate of 1.37% and final payment due March 31, 2029. During the year ended June 30, 2023, the County paid principal of \$909 and interest of \$91.

On July 1, 2020, the County entered into a lease agreement for an administration building for the Public Health department. An initial lease liability was recorded in the amount of \$165,626. The agreement requires monthly payments of \$7,000 over 3 years with an implicit interest rate of 1.37% and final payment due June 30, 2023. During the year ended June 30, 2023, the County paid principal of \$83,380 and interest of \$620. On July 1, 2023, the County entered into a new lease agreement for this administration building. An initial lease liability was recorded in the amount of \$152,521. The agreement requires monthly payments of \$7,500 over 2 years with an implicit interest rate of 1.37% and final payment due June 30, 2025.

On October 1, 2021, the County entered into a lease agreement for office space for the Public Health department. An initial lease liability was recorded in the amount of \$49,903. The agreement requires monthly payments of \$861 over 5 years with an implicit interest rate of 1.37% and final payment due September 30, 2026. During the year ended June 30, 2023, the County paid principal of \$9,809 and interest of \$523.

On January 15, 2020, the County entered into a lease agreement for a postage machine in the Auditor's Office. An initial lease liability was recorded in the amount of \$11,623. The agreement requires monthly payments of \$297 over 5 years with an implicit interest rate of 1.37% and final payment due December 15, 2024. During the year ended June 30, 2023, the County paid principal of \$3,284 and interest of \$287.

On July 2, 2021, the County entered into a lease agreement for a printer in the EMS department. An initial lease liability was recorded in the amount of \$6,875. The agreement requires monthly payments of \$119 over 5 years with an implicit interest rate of 1.37% and final payment due June 2, 2026. During the year ended June 30, 2023, the County paid principal of \$1,354 and interest of \$74.

Year Ending June 30,	Parking Lot			Postage Meter		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 922	78	1,000	\$ 3,422	142	3,564
2025	934	66	1,000	1,765	17	1,782
2026	947	53	1,000	-	-	-
2027	960	40	1,000	-	-	-
2028	973	27	1,000	-	-	-
2029	987	13	1,000	-	-	-
<b>Total</b>	<b>\$ 5,723</b>	<b>277</b>	<b>6,000</b>	<b>\$ 5,187</b>	<b>159</b>	<b>5,346</b>

Year Ending June 30,	Office Space			Printer		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 9,945	387	10,332	\$ 1,375	53	1,428
2025	10,082	250	10,332	1,395	33	1,428
2026	10,221	111	10,332	1,417	11	1,428
2027	2,577	6	2,583	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
<b>Total</b>	<b>\$ 32,825</b>	<b>754</b>	<b>33,579</b>	<b>\$ 4,187</b>	<b>97</b>	<b>4,284</b>

Year Ending June 30,	Administration Building			Total		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 70,048	19,952	90,000	\$ 85,712	20,612	106,324
2025	82,473	7,527	90,000	96,649	7,893	104,542
2026	-	-	-	12,585	175	12,760
2027	-	-	-	3,537	46	3,583
2028	-	-	-	973	27	1,000
2029	-	-	-	987	13	1,000
<b>Total</b>	<b>\$ 152,521</b>	<b>27,479</b>	<b>180,000</b>	<b>\$ 200,443</b>	<b>28,766</b>	<b>229,209</b>

#### IT Subscription Liability

On July 1, 2020, the County entered into an IT subscription license and services information technology agreement with Solutions for financial and tax software. An initial IT subscription liability was recorded in the amount of \$115,618. The agreement requires annual payments of \$39,600 over 5 years with an initial payment made July 15, 2020 for \$39,600, with an implicit interest rate of 1.37% and final payment due July 15, 2024. During the year ended June 30, 2023, principal and interest paid were \$38,016 and \$1,584, respectively. Future principal and interest lease payments as of June 30, 2023 are as follows:

Year Ending June 30,	Subscription Liability		
	Principal	Interest	Total
2024	\$ 38,537	1,063	39,600
2025	39,065	535	39,600
<b>Total</b>	<b>\$ 77,602</b>	<b>1,598</b>	<b>79,200</b>

Equipment Purchase Agreements – Direct Borrowing

During the year ended June 30, 2023, the County entered into an equipment purchase agreement for body cameras and software for the Sheriff’s office with an implicit interest rate of 1.37% per annum. An initial liability was recorded in the amount of \$175,252. The agreement is payable over 5 years with annual installments of \$36,504, with a final payment due November 2027. During the year ended June 30, 2023, no principal or interest was paid.

During the year ended June 30, 2021, the County entered into an equipment purchase agreement for ambulances for the Ambulance Department with an interest rate of 1.635% per annum. The agreement is payable over 6 years with annual installments of \$199,882, with a final payment due March 2, 2027. During the year ended June 30, 2023, principal and interest paid were \$184,314 and \$15,568, respectively.

During the year ended June 30, 2019, the County entered into an interest free equipment purchase agreement to purchase aerial photography for its Geographic Information System. The agreement is payable over 6 years, with annual installments ranging from \$34,132 to \$34,682, with a final payment of \$34,682 due by June 30, 2024. During the year ended June 30, 2023, principal paid was \$34,682.

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

Year Ending June 30,	Pictometry Principal	Ambulance		
		Principal	Interest	Total
2024	\$ 34,682	\$ 187,327	12,555	199,882
2025	-	190,390	9,492	199,882
2026	-	193,503	6,379	199,882
2027	-	196,667	3,215	199,882
2028	-	-	-	-
<b>Total</b>	<b>\$ 34,682</b>	<b>\$ 767,887</b>	<b>31,641</b>	<b>799,528</b>

Year Ending June 30,	Body Cameras			Total		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 34,103	2,401	36,504	\$ 256,112	14,956	271,068
2025	34,570	1,934	36,504	224,960	11,426	236,386
2026	35,044	1,460	36,504	228,547	7,839	236,386
2027	35,524	980	36,504	232,191	4,195	236,386
2028	36,011	493	36,504	36,011	493	36,504
<b>Total</b>	<b>\$ 175,252</b>	<b>7,268</b>	<b>182,520</b>	<b>\$ 977,821</b>	<b>38,909</b>	<b>1,016,730</b>

**(9) Loans Receivable**

Economic Development Loan

In September 2016, Lee County agreed to loan Lee County Economic Development Group, Inc. \$200,000 for the purpose of loaning the amount to Keokuk Mills, LLC to assist in its efforts to acquire and establish a production facility and begin manufacturing. Lee County may forgive the loan in whole or part. Lee County will require repayment of the loan only if Keokuk Mills, Inc. has repaid the loan to Lee County Economic Development Group, Inc.

In December 2020 Keokuk Mills, LLC paid \$100,000 of the loan back to the Lee County Economic Development Group, Inc. who in turn paid the funds over to the County in January 2021. Also, in December 2020 Keokuk Mills, LLC signed a promissory note agreeing to repay the remaining \$100,000 to the Lee County Economic Development Group, Inc. with an interest rate of 2.5%. Starting on January 31, 2021, and on the last day of each month thereafter, Keokuk Mill, LLC will repay \$4,276 of principal and interest. On, or before, January 1, 2023 (the maturity date) the entire balance of the note, including principal and interest shall be paid in full. The maturity date may be extended for up to two years with approval from the Lee County Economic Development Group Inc. The Lee County Economic Development Group Inc. will repay the County as they receive each payment from Keokuk Mills, LLC. During the year ended June 30, 2023, principal and interest paid by the Lee County Economic Development Group Inc. were \$16,946 and \$159, respectively. The remaining \$8,526 loan has not been repaid as of June 30, 2023. The County informally extended the agreement and is requiring repayment of the outstanding balance by June 30, 2024. As of May 16, 2024, the balance has been repaid.

In July 2022, Lee County agreed to loan Lee County Economic Development Group, Inc., \$70,000 for the purpose of loaning the amount to PV Pallet, Inc. to assist in its efforts to expand the business. PV Pallet, Inc. signed a promissory note agreeing to repay the \$70,000 to the Lee County Economic Development Group, Inc, with an interest rate of 3.5%. Starting on September 14, 2022, and on the 15<sup>th</sup> day of each month thereafter, PV Pallet will repay \$692 of principal and interest. On or before September 14, 2032 (the maturity date) the entire balance of the note, including principal and interest, shall be paid in full. The Lee County Economic Development Group, Inc. will repay the County as they receive each payment from PV Pallet, Inc. During the year ended June 30, 2023, principal and interest paid by the Lee County Economic Development Group, Inc. were \$1,961 and \$808.

The note receivable of \$76,565 is reported in the County's General Fund.

**(10) Endowment**

In 1998, the Lee County Health Department was given \$82,500 to establish the Gilbert Neff Memorial for the purpose of assisting needy persons in gaining access to hospice care. The endowment requires the principal amount be held in trust and only the interest generated by the investment be spent. The Health Department has established written guidelines for the use of these funds.

The County maintains the endowment principal in the Permanent, Neff Memorial Fund. Interest earned on the principal is credited to the Special Revenue, Neff Memorial Fund to be used in accordance with the endowment provisions. The balance in the Permanent Fund is reported as nonspendable for hospice care while the balance in the Special Revenue Fund is reported as restricted for hospice care.

**(11) 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 and protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for 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 \$1,313,303.

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 \$2,487,380 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 0.065836%, which was a decrease of 0.560299% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense of \$249,540. 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	\$ 499,080	54,167
Changes of assumptions	3,198	241,139
Net difference between projected and actual earnings on IPERS' investments	-	600,119
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	118,547	290,685
County contributions subsequent to the measurement date	1,313,303	-
Total	\$ 1,934,128	1,186,110

\$1,313,303 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 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	\$ (586,817)
2025	(428,129)
2026	(780,418)
2027	1,250,054
2028	(19,975)
Total	<u>\$ (565,285)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension asset 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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
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	100.0%	

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 7,426,466	2,487,380	(1,856,622)

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.

**(12) 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 Lee 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:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>178</u>
Total	<u>179</u>

Total OPEB Liability – The County’s total OPEB liability of \$1,082,666 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2023)	2.60% per annum.
Rates of salary increase (effective June 30, 2023)	3.25% per annum, including inflation.
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 highest index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 990,039</u>
Changes for the year:	
Service cost	102,036
Interest	44,203
Difference between expected and actual experiences	(27,251)
Changes in assumptions	(3,501)
Benefit payments	<u>(22,860)</u>
Net changes	<u>92,627</u>
Total OPEB liability end of year	<u>\$ 1,082,666</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	\$ 1,172,982	1,082,666	998,194

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.

	<u>1% Decrease (6.00%)</u>	<u>Healthcare Cost Trend Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Total OPEB liability	\$ 938,055	1,082,666	1,255,484

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 \$100,996. 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	\$ 72,178	333,663
Changes in assumptions	97,698	109,063
Total	<u>\$ 169,876</u>	<u>442,726</u>

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

Year Ending June 30,	Amount
2024	\$ (22,383)
2025	(22,383)
2026	(22,383)
2027	(22,384)
2028	(24,670)
Thereafter	<u>(158,647)</u>
	<u>\$ (272,850)</u>

**(13) 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 purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(14) Employee Health Insurance Plan**

The County has a fully insured health insurance plan with Wellmark. The deductibles have been set at \$6,000 for single coverage and \$12,000 for family coverage.

The Internal Service, Employee Health Plan Trust Fund was established to account for the collection of premiums from individuals and departments which are then paid to Wellmark, as well as for the partial self-funding of a reduction in the County’s health insurance benefit plan deductibles. The deductible reduction is funded by both employee and County contributions and is administered through a service agreement with Midwest Group Benefits. The agreement is subject to automatic renewal provisions.

Monthly payments of service fees and plan contributions to the Employee Health Plan Trust 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 Midwest Group Benefits and health insurance premiums are paid to Wellmark from the Employee Health Plan Trust Fund. The County's contribution for the year ended June 30, 2023 was \$3,522,190.

Amounts payable from the Employee Health Plan Fund at June 30, 2023 total \$122,221, 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 \$1,792,862 at June 30, 2023 and is reported as a designation of the Internal Service, Employee Health Plan 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	\$ 167,651
Incurred claims (including claims incurred but not reported at June 30, 2023)	4,022,272
Payments:	
Payments on claims during the year	<u>(4,067,702)</u>
Unpaid claims end of year	<u>\$ 122,221</u>

**(15) Tax Abatements**

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

**County Tax Abatements**

In 2012, the County entered into a development agreement with Iowa Fertilizer Company (Company) to construct a facility located in the County. Under the agreement, the County grants property tax exemptions to the Company and the Company agrees to make payments in lieu of property taxes to the County.

For the year ended June 30, 2023, the County abated \$461,206 of property tax under the agreement. The County received \$540,000 of payment in lieu of tax from the Company, of which \$322,701 was provided to other affected governments and \$217,299 was retained by the County.

In addition, the County provides tax abatements to certain property owners who make qualified improvements to eligible property through the Lee County Revitalization Plan, as provided for in Chapter 404.1 of the Code of Iowa. Under this Plan, the Board of Supervisors shall approve applications from property owners, subject to review by the local Assessor, if the improvement project is in conformance with the plan for revitalization developed by the County, is located within a designated Revitalization Area, and if the improvements were made during the time the area was so designated. All qualified real estate is eligible to receive a two-year one hundred percent exemption from the taxation on the actual value added by the improvements. For the year ended June 30, 2023, \$68,658 of property tax was diverted from the County under these agreements.

**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. 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 Fort Madison	Urban renewal and economic development projects	\$ 47,796
City of Keokuk	Urban renewal and economic development projects	<u>218,236</u>
	Total	<u><u>\$ 266,032</u></u>

**(16) Jointly Governed Organization**

The County participates in the Lee County Public Safety Answering Point Association, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of Other Custodial Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2023:

Additions:		
Contributions from governmental units:		
Member contributions		\$ 1,193,232
Interest on investments		2,032
Miscellaneous		<u>560</u>
Total additions		1,195,824
Deductions:		
Salaries	\$ 807,153	
Benefits	334,936	
Office supplies	2,445	
Legal representation and publications	909	
Telephone	5,151	
Travel	1,655	
Training	3,843	
Equipment	2,465	
Labor relation services	945	
Insurance	6,551	
Maintenance and improvements	18,686	
Professional and technical services	14,500	
Data processing services	18,697	
Miscellaneous	<u>130</u>	<u>1,218,066</u>
Net		(22,242)
Balance beginning of year		<u>724,425</u>
Balance end of year		<u>\$ 702,183</u>

**(17) Early Childhood Iowa Area Board**

The County is the fiscal agent for Children First, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of Other Custodial Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2023 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early childhood	\$ 78,822	-	78,822
Quality improvement	-	46,572	46,572
Allocation for administration	4,149	17,257	21,406
School ready general use	-	283,771	283,771
Total state grants	82,971	347,600	430,571
Interest on investments	98	409	507
Total revenues	83,069	348,009	431,078
Expenditures:			
Program services:			
Early childhood	77,905	-	77,905
Quality improvement	-	46,832	46,832
School ready general use	-	308,742	308,742
Total program services	77,905	355,574	433,479
Administration	4,123	17,257	21,380
Total expenditures	82,028	372,831	454,859
Change in net position	1,041	(24,822)	(23,781)
Net position beginning of year	14,587	72,310	86,897
Net position end of year	\$ 15,628	47,488	63,116



**(18) Information Technology**

In fiscal year 2023, the County decided to dissolve the Information Technology Fund, which had been reported by the County as an Internal Service Fund. The funds were transferred to the County's General Fund. At the time the fund was dissolved, the County transferred the net accrual fund balance of \$151,676 to the General Fund. During the year ended June 30, 2023, a transfer of equity was made from the governmental activities to the Information Technology Fund for the existing capital assets, deferred outflows of resources, net pension asset, total OPEB liability, deferred inflows of resources and equipment purchase agreement payable. The following amounts are reported in the financial statements for these transfers:

Balances reported at June 30, 2022:	
Capital assets	\$ 91,626
Deferred outflows of resources	
Pension related deferred outflows	16,423
OPEB related deferred outflows	1,992
Net pension asset	21,616
Total OPEB liability	(9,900)
Deferred inflows of resources	
Pension related deferred inflows	(71,061)
OPEB related deferred inflows	(4,637)
Equipment purchase agreement payable	<u>(69,364)</u>
Total	<u>(23,305)</u>
Current year depreciation on capital assets	(30,542)
Current year payment on installment purchase payable	<u>34,682</u>
Transfer of equity	<u>\$ (19,165)</u>
Cash	176,408
Accounts receivable	9,471
Accounts payable	(23,682)
Salaries payable	<u>(10,521)</u>
Transfer due to elimination of fund	<u>\$ 151,676</u>

**(19) Accounting Change**

Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), was implemented during fiscal year 2023. The new requirements require the reporting of certain right-to-use subscription-based IT arrangements and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	<u>Capital Assets</u>	<u>Long-term Liabilities IT Subscription Liability</u>
Balances June 30, 2022, as previously reported	\$ 51,997,695	-
Change to implement GASBS No. 96	115,618	115,618
Net position July 1, 2022, as restated	<u>\$ 52,113,313</u>	<u>115,618</u>

**Required Supplementary Information**

Lee 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	\$ 16,077,770	-	16,077,770
Interest and penalty on property tax	133,662	-	133,662
Intergovernmental	11,343,454	200,000	11,143,454
Licenses and permits	314,317	-	314,317
Charges for service	2,088,060	-	2,088,060
Use of money and property	416,644	8,004	408,640
Miscellaneous	1,667,891	966,075	701,816
Total receipts	<u>32,041,798</u>	<u>1,174,079</u>	<u>30,867,719</u>
<b>Disbursements:</b>			
Public safety and legal services	11,522,556	-	11,522,556
Physical health and social services	5,426,108	1,047	5,425,061
County environment and education	2,864,846	898,233	1,966,613
Roads and transportation	6,861,003	-	6,861,003
Governmental services to residents	1,394,519	-	1,394,519
Administration	3,670,317	-	3,670,317
Non-program	10,500	-	10,500
Debt service	1,091,189	-	1,091,189
Capital projects	2,259,094	-	2,259,094
Total disbursements	<u>35,100,132</u>	<u>899,280</u>	<u>34,200,852</u>
Excess (deficiency) of receipts over (under) disbursements	(3,058,334)	274,799	(3,333,133)
Other financing sources (uses), net	13,850	-	13,850
Change in balances	(3,044,484)	274,799	(3,319,283)
Balance beginning of year	22,666,433	842,552	21,823,881
Balance end of year	<u>\$ 19,621,949</u>	<u>1,117,351</u>	<u>18,504,598</u>

See accompanying independent auditor's report.

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Budgeted Amounts		Final to
Original	Final	Net
		Variance
16,487,122	16,487,122	(409,352)
56,010	56,010	77,652
11,558,447	11,723,447	(579,993)
324,850	324,850	(10,533)
1,249,730	1,249,730	838,330
301,772	301,772	106,868
2,336,718	2,729,522	(2,027,706)
<u>32,314,649</u>	<u>32,872,453</u>	<u>(2,004,734)</u>
10,809,757	11,966,052	443,496
5,441,430	5,788,011	362,950
2,482,917	2,482,917	516,304
8,116,099	8,566,099	1,705,096
1,480,027	1,488,527	94,008
6,277,999	3,817,998	147,681
128,510	428,510	418,010
1,092,790	1,092,790	1,601
3,150,660	3,720,440	1,461,346
<u>38,980,189</u>	<u>39,351,344</u>	<u>5,150,492</u>
(6,665,540)	(6,478,891)	3,145,758
-	-	13,850
(6,665,540)	(6,478,891)	3,159,608
<u>17,725,705</u>	<u>17,725,705</u>	<u>4,098,176</u>
<u>11,060,165</u>	<u>11,246,814</u>	<u>7,257,784</u>

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Lee County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2023

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	<u>Basis</u>	<u>Adjustments</u>	<u>Basis</u>
Revenues	\$ 32,041,798	2,994,683	35,036,481
Expenditures	<u>35,100,132</u>	<u>644,548</u>	<u>35,744,680</u>
Net	(3,058,334)	2,350,135	(708,199)
Other financing sources, net	13,850	477,599	491,449
Beginning fund balances	<u>22,666,433</u>	<u>(3,647,286)</u>	<u>19,019,147</u>
Ending fund balances	<u>\$ 19,621,949</u>	<u>(819,552)</u>	<u>18,802,397</u>

See accompanying independent auditor's report.

Lee 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, 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, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Permanent Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$371,155. 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.

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Lee 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)	0.065836%	0.626135% **	0.098051%	0.090086%
County's proportionate share of the net pension liability (asset)	\$ 2,487	(2,162)	6,888	5,217
County's covered payroll	\$ 11,754	10,113	9,659	9,055
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.16%	-21.38%	71.31%	57.61%
IPERS' net position as a percentage of the total pension liability (asset)	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
0.095661%	0.100564%	0.097016%	0.092265%	0.085462%
6,054	6,699	6,106	4,558	3,389
9,043	8,809	8,228	7,867	7,415
66.95%	76.05%	74.21%	57.94%	45.70%
83.62%	82.21%	81.82%	85.19%	87.61%



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Lee 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	\$ 1,313	1,093	955	916
Contributions in relation to the statutorily required contribution	<u>(1,313)</u>	<u>(1,093)</u>	<u>(955)</u>	<u>(916)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 14,072	11,754	10,113	9,659
Contributions as a percentage of covered payroll	9.33%	9.30%	9.44%	9.48%

See accompanying independent auditor's report.

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2019	2018	2017	2016	2015	2014
862	820	799	742	710	669
(862)	(820)	(799)	(742)	(710)	(669)
-	-	-	-	-	-
9,055	9,043	8,809	8,228	7,867	7,415
9.52%	9.07%	9.07%	9.02%	9.03%	9.02%

**Lee County**

Lee 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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Lee 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	\$ 102,036	120,798	116,235	89,917
Interest cost	44,203	30,462	35,945	37,620
Difference between expected and actual experiences	(27,251)	(269,456)	(104,066)	120,298
Changes in assumptions	(3,501)	(129,408)	43,012	49,988
Benefit payments	(22,860)	(64,686)	(47,445)	(41,762)
Net change in total OPEB liability	92,627	(312,290)	43,681	256,061
Total OPEB liability beginning of year	990,039	1,302,329	1,258,648	1,002,587
Total OPEB liability end of year	\$ 1,082,666	990,039	1,302,329	1,258,648
Covered-employee payroll	\$ 11,973,226	9,538,270	8,231,659	8,135,252
Total OPEB liability as a percentage of covered-employee payroll	9.0%	10.4%	15.8%	15.5%

See accompanying independent auditor's report.

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2019	2018
82,135	63,552
36,992	30,518
-	(31,852)
29,052	54,741
(38,272)	(26,155)
109,907	90,804
892,680	801,876
1,002,587	892,680
7,259,202	7,711,045
13.8%	11.6%

Lee 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 2021 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2021:

- Changed mortality assumptions to the SOA Public Plan 2010 tables.

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	3.58%

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

**Supplementary Information**



Lee County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2023

	Resource Enhancement and Protection	County Recorder's Records Management	Sheriff Reserves	Special Local Government Opioid Abatement
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer Component units	\$ 79,225	58,039	11,217	15,807
Receivables:				
Delinquent property tax	-	-	-	-
Succeeding year property tax Accounts	-	-	-	-
Opioid settlement	-	-	-	887,417
Accrued interest	18	13	-	4
<b>Total assets</b>	<b>79,243</b>	<b>58,052</b>	<b>11,217</b>	<b>903,228</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	-	48	-
Salaries and benefits payable	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	-	-	48	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	848,394
Total deferred inflows of resources	-	-	-	848,394
Fund balances:				
Nonspendable:				
Hospice care	-	-	-	-
Restricted for:				
Hospice care	-	-	-	-
Opioid abatement	-	-	-	54,834
Other purposes	79,243	58,052	11,169	-
Total fund balances	79,243	58,052	11,169	54,834
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 79,243</b>	<b>58,052</b>	<b>11,217</b>	<b>903,228</b>

See accompanying independent auditor's report.

Lee County Economic Development Group	Three Rivers Conservation Foundation	Friends of Public Health	Sheriff's Forfeiture	Memorial Trust	Neff Memorial	Voted EMS Levy	Permanent Neff Memorial	Total
-	-	-	7,818	191,491	25,849	-	82,500	471,946
635,054	324,138	158,159	-	-	-	-	-	1,117,351
-	-	-	-	-	-	3,060	-	3,060
-	-	-	-	-	-	1,069,000	-	1,069,000
1,117,010	-	-	-	1,550	-	-	-	1,118,560
-	-	-	-	-	-	-	-	887,417
-	-	-	-	44	6	-	-	85
1,752,064	324,138	158,159	7,818	193,085	25,855	1,072,060	82,500	4,667,419
-	-	-	-	2,632	-	-	-	2,680
5,061	-	-	-	-	-	-	-	5,061
394,043	-	-	-	-	-	-	-	394,043
399,104	-	-	-	2,632	-	-	-	401,784
-	-	-	-	-	-	1,069,000	-	1,069,000
-	-	-	-	-	-	2,989	-	851,383
-	-	-	-	-	-	1,071,989	-	1,920,383
-	-	-	-	-	-	-	82,500	82,500
-	-	-	-	190,453	25,855	-	-	216,308
-	-	-	-	-	-	-	-	54,834
1,352,960	324,138	158,159	7,818	-	-	71	-	1,991,610
1,352,960	324,138	158,159	7,818	190,453	25,855	71	82,500	2,345,252
1,752,064	324,138	158,159	7,818	193,085	25,855	1,072,060	82,500	4,667,419

Lee 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	Sheriff Reserves	Special Local Government Opioid Abatement
Revenues:				
Property tax and other county tax	-	-	-	-
Intergovernmental	\$ 14,634	-	-	-
Charges for service	-	4,636	-	-
Use of money and property	208	164	-	287
Miscellaneous	-	-	2,993	245,524
Total revenues	14,842	4,800	2,993	245,811
Expenditures:				
Operating:				
Public safety and legal services	-	-	881	-
Physical health and social services	-	-	-	-
County environment and education	-	-	-	-
Governmental services to residents	-	7,175	-	-
Total expenditures	-	7,175	881	-
Excess (deficiency) of revenues over (under) expenditures	14,842	(2,375)	2,112	245,811
Other financing uses:				
Transfers out	-	-	-	230,000
Change in fund balances	14,842	(2,375)	2,112	15,811
Fund balances beginning of year	64,401	60,427	9,057	39,023
Fund balances end of year	\$ 79,243	58,052	11,169	54,834

See accompanying independent auditor's report.

Lee County Economic Development Group	Three Rivers Conservation Foundation	Friends of Public Health	Sheriff's Forfeiture	Memorial Trust	Neff Memorial	Voted EMS Levy	Permanent Neff Memorial	Total
-	-	-	-	-	-	71	-	71
200,000	-	-	-	-	-	-	-	214,634
-	-	-	-	-	-	-	-	4,636
985	6,891	128	-	551	73	-	-	9,287
1,018,425	139,432	-	-	24,354	-	-	-	1,430,728
1,219,410	146,323	128	-	24,905	73	71	-	1,659,356
-	-	-	-	-	-	-	-	881
-	-	1,047	-	36,325	-	-	-	37,372
695,337	47,013	-	-	-	-	-	-	742,350
-	-	-	-	-	-	-	-	7,175
695,337	47,013	1,047	-	36,325	-	-	-	787,778
524,073	99,310	(919)	-	(11,420)	73	71	-	871,578
-	-	-	-	-	-	-	-	230,000
524,073	99,310	(919)	-	(11,420)	73	71	-	641,578
828,887	224,828	159,078	7,818	201,873	25,782	-	82,500	1,703,674
1,352,960	324,138	158,159	7,818	190,453	25,855	71	82,500	2,345,252

**Schedule 3**

## Lee County

Combining Schedule of Net Position  
Internal Service Funds

June 30, 2023

	Supplies	Employee Health Plan Trust	Information Technology	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 5,811	1,915,103	176,408	2,097,322
Receivables:				
Accounts	-	75	-	75
Accrued interest	-	442	-	442
Due from other funds	6,904	-	-	6,904
Due from other governments	432	-	9,471	9,903
Inventories	7,106	-	-	7,106
<b>Total assets</b>	<b>20,253</b>	<b>1,915,620</b>	<b>185,879</b>	<b>2,121,752</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	2,810	122,221	23,682	148,713
Salaries and benefits payable	-	-	10,521	10,521
Due to other funds	-	-	151,676	151,676
Due to other governments	-	537	-	537
<b>Total liabilities</b>	<b>2,810</b>	<b>122,758</b>	<b>185,879</b>	<b>311,447</b>
<b>Net Position</b>				
Restricted for employee health	-	1,792,862	-	1,792,862
Unrestricted	17,443	-	-	17,443
<b>Total net position</b>	<b>\$ 17,443</b>	<b>1,792,862</b>	<b>-</b>	<b>1,810,305</b>

See accompanying independent auditor's report.

## Lee County

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

Year ended June 30, 2023

	Supplies	Employee Health Plan Trust	Information Technology	Total
Operating revenues:				
Reimbursements from operating funds and other governmental units	\$ 70,818	3,522,190	380,886	3,973,894
Reimbursements from employees and others	-	403,895	-	403,895
Miscellaneous reimbursements	-	6,957	45	7,002
Total operating revenues	<u>70,818</u>	<u>3,933,042</u>	<u>380,931</u>	<u>4,384,791</u>
Operating expenses:				
Medical and health services	-	4,022,272	-	4,022,272
Salaries and benefits	-	-	251,479	251,479
Administrative fees, network access fees and stop-loss premium	-	60,305	-	60,305
Supplies, utilities and data processing	72,568	194	118,425	191,187
Maintenance agreements	-	-	23,781	23,781
Non-capitalized equipment	-	-	86,307	86,307
Depreciation/amortization	-	-	30,542	30,542
Total operating expenses	<u>72,568</u>	<u>4,082,771</u>	<u>510,534</u>	<u>4,665,873</u>
Operating loss	(1,750)	(149,729)	(129,603)	(281,082)
Non-operating revenues (expenses):				
Transfer due to elimination of fund	-	-	19,165	19,165
Transfer of equity	-	-	(151,676)	(151,676)
Interest income	-	4,673	-	4,673
Total non-operating revenues (expenses):	<u>-</u>	<u>4,673</u>	<u>(132,511)</u>	<u>(127,838)</u>
Change in net position	(1,750)	(145,056)	(262,114)	(408,920)
Net position beginning of year	19,193	1,937,918	262,114	2,219,225
Net position end of year	<u>\$ 17,443</u>	<u>1,792,862</u>	<u>-</u>	<u>1,810,305</u>

See accompanying independent auditor's report.

**Lee County**

Lee County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2023

	Supplies	Employee Health Plan Trust	Information Technology	Total
Cash flows from operating activities:				
Cash received from operating funds and other governmental units	\$ 71,538	3,522,190	371,415	3,965,143
Cash received from employees and others	-	410,907	45	410,952
Cash paid to suppliers for services	(76,686)	(4,128,139)	(377,305)	(4,582,130)
Net cash used by operating activities	(5,148)	(195,042)	(5,845)	(206,035)
Cash flows from capital and related financing activities:				
Equipment purchase agreement payment	-	-	(8,280)	(8,280)
Cash flows from investing activities:				
Interest on investments	-	4,716	-	4,716
Cash flows from non-capital financing activities:				
Transfer of equity	-	-	19,165	19,165
Transfer due to elimination of fund	-	-	(151,676)	(151,676)
Net cash used by non-capital financing activities	-	-	(132,511)	(132,511)
Net decrease in cash and cash equivalents	(5,148)	(190,326)	(146,636)	(342,110)
Cash and cash equivalents beginning of year	10,959	2,105,429	323,044	2,439,432
Cash and cash equivalents end of year	\$ 5,811	1,915,103	176,408	2,097,322
<b>Reconciliation of operating loss to net cash used by operating activities:</b>				
Operating loss	\$ (1,750)	(149,729)	(129,603)	(281,082)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation/amortization expense	-	-	30,542	30,542
Changes in assets and liabilities:				
Accounts receivable	-	55	-	55
Due from other funds	512	-	-	512
Due from other governments	208	-	(9,471)	(9,263)
Inventories	(3,386)	-	-	(3,386)
Prepaid expenses	-	-	6,181	6,181
Pension liability	-	-	21,616	21,616
Deferred outflows of resources	-	-	18,415	18,415
Accounts payable	(732)	(45,430)	(5,124)	(51,286)
Salaries and benefits payable	-	-	4,402	4,402
Due to other funds	-	-	151,676	151,676
Due to other governments	-	62	-	62
Compensated absences	-	-	(8,881)	(8,881)
Total OPEB liability	-	-	(9,900)	(9,900)
Deferred inflows of resources	-	-	(75,698)	(75,698)
Net cash provided (used) by operating activities	\$ (5,148)	(195,042)	(5,845)	(206,035)

See accompanying independent auditor's report.



Lee County  
Combining Schedule of Fiduciary Net Position  
Custodial Funds

June 30, 2023

	County Offices	Agricultural Extension Education	County Assessor	Drainage Districts	Schools
<b>Assets</b>					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	3,487	750,183	637,598	242,183
Other County officials	72,242	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	807	1,627	-	54,927
Succeeding year	-	282,300	569,000	-	17,695,000
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Drainage assessments	-	-	-	1,790	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>72,242</b>	<b>286,594</b>	<b>1,320,810</b>	<b>639,388</b>	<b>17,992,110</b>
<b>Liabilities</b>					
Accounts payable	-	-	281	13,789	-
Salaries and benefits payable	-	-	14,296	582	-
Due to other governments	38,249	3,487	48	-	242,183
Trusts payable	33,993	-	-	-	-
Compensated absences	-	-	25,067	-	-
<b>Total liabilities</b>	<b>72,242</b>	<b>3,487</b>	<b>39,692</b>	<b>14,371</b>	<b>242,183</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	-	282,300	569,000	-	17,695,000
<b>Net Position</b>					
Restricted for individuals, organizations and other governments	\$ -	807	712,118	625,017	54,927

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drivers License Trust	Payee Accounts	Other	Total
25,105	173,156	6,312	960,224	802	-	2,159,506	4,958,556
-	-	-	-	-	166,175	-	238,417
6,137	72,624	1,142	-	-	-	7	137,271
2,120,000	14,228,000	565,000	-	-	-	2,600	35,461,900
-	-	-	-	-	-	16,941	16,941
-	-	-	-	-	-	457	457
-	-	-	-	-	-	756,092	756,092
-	-	-	-	-	-	-	1,790
-	-	-	-	-	-	69,724	69,724
2,151,242	14,473,780	572,454	960,224	802	166,175	3,005,327	41,641,148
-	-	-	-	-	-	39,572	53,642
-	-	-	-	-	-	51,616	66,494
25,105	173,156	6,312	960,224	802	-	159,157	1,608,723
-	-	-	-	-	166,175	71,260	271,428
-	-	-	-	-	-	50,801	75,868
25,105	173,156	6,312	960,224	802	166,175	372,406	2,076,155
2,120,000	14,228,000	565,000	-	-	-	2,600	35,461,900
6,137	72,624	1,142	-	-	-	2,630,321	4,103,093

Lee County

Combining Schedule of Changes in Fiduciary Net Position  
Custodial Funds

Year ended June 30, 2023

	County Offices	Agricultural Extension Education	County Assessor	Drainage Districts	Schools
<b>Additions:</b>					
Property and other county tax	\$ -	276,791	602,982	-	19,123,624
911 surcharges	-	-	-	-	-
State tax credits	-	21,694	45,841	-	1,236,179
Drivers license fees	-	-	-	-	-
Office fees and collections	1,239,465	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	61,852	-
Trusts	1,133,677	-	-	-	-
Miscellaneous	-	-	8,600	629,952	-
Total additions	<u>2,373,142</u>	<u>298,485</u>	<u>657,423</u>	<u>691,804</u>	<u>20,359,803</u>
<b>Deductions:</b>					
<b>Agency remittances:</b>					
To other funds	833,953	-	-	-	-
To other governments	405,512	298,535	561,596	396,094	20,368,711
Trusts paid out	1,133,677	-	-	-	-
Total deductions	<u>2,373,142</u>	<u>298,535</u>	<u>561,596</u>	<u>396,094</u>	<u>20,368,711</u>
Changes in net position	-	(50)	95,827	295,710	(8,908)
Net position beginning of year	-	857	616,291	329,307	63,835
Net position end of year	<u>\$ -</u>	<u>807</u>	<u>712,118</u>	<u>625,017</u>	<u>54,927</u>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Drivers License Trust	Payee Accounts	Other	Total
2,007,212	12,210,489	626,054	-	-	-	3,705	34,850,857
-	-	-	-	-	-	315,925	315,925
126,167	1,338,165	29,855	-	-	-	300	2,798,201
-	-	-	-	71,158	-	-	71,158
-	-	-	-	-	-	-	1,239,465
-	-	-	11,092,475	-	-	-	11,092,475
-	-	-	-	-	-	427,414	489,266
-	-	-	-	-	1,267,157	668,288	3,069,122
-	-	-	-	-	-	3,366,528	4,005,080
2,133,379	13,548,654	655,909	11,092,475	71,158	1,267,157	4,782,160	57,931,549
-	-	-	362,915	-	-	-	1,196,868
2,133,496	13,539,298	656,195	10,729,560	71,158	-	3,724,551	52,884,706
-	-	-	-	-	1,267,157	668,288	3,069,122
2,133,496	13,539,298	656,195	11,092,475	71,158	1,267,157	4,392,839	57,150,696
(117)	9,356	(286)	-	-	-	389,321	780,853
6,254	63,268	1,428	-	-	-	2,241,000	3,322,240
6,137	72,624	1,142	-	-	-	2,630,321	4,103,093

Lee 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	\$ 14,456,243	14,036,936	14,329,996	12,639,874
Local option sales tax	1,595,607	1,966,921	1,931,515	1,492,519
Interest and penalty on property tax	133,258	140,817	236,589	70,342
Intergovernmental	13,787,180	11,332,947	10,438,322	9,166,206
Licenses and permits	312,409	308,432	347,910	307,560
Charges for service	1,897,324	1,747,806	1,087,477	1,094,015
Use of money and property	491,806	259,153	437,018	342,886
Miscellaneous	2,362,654	1,799,621	1,359,294	955,446
Total	<u>\$ 35,036,481</u>	<u>31,592,633</u>	<u>30,168,121</u>	<u>26,068,848</u>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 11,757,733	10,703,384	8,655,988	7,069,060
Physical health and social services	5,575,023	4,897,136	4,390,725	4,416,032
Mental health	-	1,197,350	1,437,670	1,200,074
County environment and education	2,600,333	2,442,520	2,476,510	1,948,572
Roads and transportation	7,035,250	6,006,221	6,261,344	5,432,447
Governmental services to residents	1,397,665	1,270,784	1,337,050	1,326,980
Administration	3,883,681	4,002,380	2,445,927	2,379,676
Non-program	-	-	-	-
Debt service	1,091,189	1,091,080	4,063,515	871,646
Capital projects	2,403,806	2,885,504	3,526,995	403,469
Total	<u>\$ 35,744,680</u>	<u>34,496,359</u>	<u>34,595,724</u>	<u>25,047,956</u>

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
11,862,940	10,903,882	10,720,493	11,009,591	10,759,734	10,260,723
1,358,036	1,557,179	1,685,519	1,831,714	1,764,285	1,318,713
159,809	160,481	138,525	142,002	139,728	146,058
8,868,737	8,941,730	8,661,941	11,772,333	9,850,223	8,271,583
272,379	243,592	256,856	192,727	111,772	101,664
1,131,033	1,009,650	995,653	1,064,137	1,048,099	1,006,977
291,487	326,001	297,881	615,296	297,627	309,196
1,049,972	660,400	1,495,640	5,799,346	3,019,302	899,461
24,994,393	23,802,915	24,252,508	32,427,146	26,990,770	22,314,375
6,701,060	6,280,673	5,736,621	4,980,040	4,694,543	4,428,780
4,241,339	4,630,114	4,363,856	4,505,995	4,346,000	4,290,759
1,597,347	1,491,378	1,214,808	1,292,277	1,182,005	1,753,244
2,000,233	1,929,379	2,100,128	2,052,614	1,715,148	1,800,562
5,676,020	5,046,294	5,364,056	5,285,493	5,394,021	5,130,710
1,197,568	1,181,467	1,268,466	1,085,093	1,190,720	918,840
2,152,793	2,922,850	2,136,108	2,161,986	2,129,200	1,989,089
51,309	68,273	832,870	305,876	63,574	8,734
856,374	1,018,024	935,845	996,738	906,756	893,243
859,503	254,199	224,320	8,066,394	3,406,224	579,977
25,333,546	24,822,651	24,177,078	30,732,506	25,028,191	21,793,938

**Schedule 9**

Lee County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture:			
Passed through Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	00002128981	\$ 26,989
Passed through Iowa Department of Public Health:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5882NU38	1,670
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5883NU38	3,193
			<u>31,852</u>
Community Facilities Loans and Grants	10.766	0348-0004	25,600
Total U.S. Department of Agriculture			<u>57,452</u>
U.S. Department of Justice:			
Passed through Iowa Department of Justice:			
Rural Violent Crime Initiative	16.039	15PBJA-21-GK-03942-RURA	12,007
Crime Victim Assistance	16.575	VP-21-132-VWC	6,721
Crime Victim Assistance	16.575	VWC-2022-Lee County Attorney-00214	25,479
			<u>32,200</u>
Public Safety Partnership and Community Policing Grants	16.710	21-CAMP-06	1,810
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20-JAG-448097	31,500
Total U.S. Department of Justice			<u>77,517</u>
U.S. Department of Transportation:			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	BROS-CBHP-CO56(107)-NC-56	65,847
Passed through Iowa Department of Public Safety - Governor's:			
Traffic Safety Bureau:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	PAP 22-402-MOPT, Task 41-00-00	3,097
State and Community Highway Safety	20.600	PAP 23-402-MOPT, Task 48-00-00	5,125
			<u>8,222</u>
National Priority Safety Programs	20.616	PAP 22-405d-M6OT, Task 00-41-00	1,751
National Priority Safety Programs	20.616	PAP 22-405d-F24*SE, Task 03-00-00	1,553
National Priority Safety Programs	20.616	PAP 23-405d-M6OT, Task 00-48-00	361
			<u>3,665</u>
			<u>11,887</u>
Total U.S. Department of Transportation			<u>77,734</u>
U.S. Department of the Treasury:			
COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027	FY23	2,954,502
Local Assistance and Tribal Consistency Fund	21.032	FY23	70,354
Total U.S. Department of the Treasury			<u>3,024,856</u>
U.S. Election Assistance Commission:			
HAVA Election Security Grants	90.404	356-2321	10,000
U. S. Department of Health and Human Services:			
Passed through Iowa Department of Public Health:			
Grants to States to Support Oral Health Workforce Activities	93.236	5882DH32	10,115
Grants to States to Support Oral Health Workforce Activities	93.236	5883DH32	61,633
			<u>71,748</u>
Immunization Cooperative Agreements	93.268	5883I452	11,180
Immunization Cooperative Agreements	93.268	5885BT456	130
			<u>11,310</u>

Lee County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2023

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	MOU-2022-ELC27	5,200
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	5885BT456	138,516
			<u>143,716</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	5885BT456	8,903
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366	5883CAH13	8,304
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	TR1RH45917	101,552
Passed through Iowa Department of Human Services: MaryLee Allen Promoting Safe and Stable Families Program	93.556	00002128981	76,000
Passed through Iowa Department of Public Health: CCDF Cluster:			
Child Care and Development Block Grant	93.575	5883CAH13	6,468 *
Children's Health Insurance Program	93.767	5881MH10	3,808
Children's Health Insurance Program	93.767	5883CAH13	18,605
			<u>28,881 **</u>
Medicaid Cluster:			
Medical Assistance Program	93.778	5881MH10	18,587
Medical Assistance Program	93.778	5883CAH13	117,971
Medical Assistance Program	93.778	5881MH108E	29,877
Medical Assistance Program	93.778	5881MH108E	60,270
			<u>226,705 ***</u>
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	5880CH06E	66,028
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	5880CH06	189,078
			<u>255,106</u>
Maternal and Child Health Services Block Grant to the States	93.994	5881MH10E	22,880
Maternal and Child Health Services Block Grant to the States	93.994	5881MH13	32,908
Maternal and Child Health Services Block Grant to the States	93.994	5883CAH13	23,400
			<u>79,188</u>
Passed through Iowa Department of Human Services: Human Services Administrative Reimbursements:			
Guardianship Assistance	93.090	00002128981	6
Title IV-E Prevention Program	93.472	00002128981	802
Refugee and Entrant Assistance State/ Replacement Designee Administered Programs	93.566	00002128981	74
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	00002128981	6,187 *
Foster Care Title IV-E	93.658	00002128981	5,669
Adoption Assistance	93.659	00002128981	3,155
Social Services Block Grant	93.667	00002128981	7,131
Children's Health Insurance Program	93.767	00002128981	469 **
Medicaid Cluster: Medical Assistance Program	93.778	00002128981	30,993 ***
Total U. S. Department of Health and Human Services			<u>1,065,899</u>
Total			<u>\$ 4,313,458</u>

\* Total CCDF Cluster \$12,655

\*\* Total Children's Health Insurance Program \$29,350

\*\*\* Total Medicaid Cluster \$257,698

**Basis of Presentation** – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Lee County under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lee County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Lee County.

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

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

See accompanying independent auditor's report.





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

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Auditor of State

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

To the Officials of Lee 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 Lee 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 June 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lee 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 Lee County's internal control. Accordingly, we do not express an opinion on the effectiveness of Lee 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 Part II of the accompanying Schedule of Findings and Questioned Costs, 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 deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a material weakness.

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 Part II of the accompanying Schedule of Findings and Questioned Costs as items 2023-002 through 2023-004 to be significant deficiencies.

## Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about Lee 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 Lee 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.

## Lee County's Responses to Findings

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



Brian R. Brustkern, CPA  
Deputy Auditor of State

June 11, 2024

**Lee County**



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

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Auditor of State

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

To the Officials of Lee County:

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

We have audited Lee County, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Lee County's major federal program for the year ended June 30, 2023. Lee County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Lee County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Lee County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lee County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

## Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lee County's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lee County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lee County's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control Over Compliance

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

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

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

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



Brian R. Brustkern, CPA  
Deputy Auditor of State

June 11, 2024

Lee County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

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

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

Lee County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

2023-001 County Offices – 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. An effective internal control system also provides for internal controls related to ensuring proper accounting for all funds by reviewing reconciliations of bank and book balances and accounting for void receipts.

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

	<u>Applicable Offices</u>
(1) Incoming mail is opened by an employee who is authorized to make entries to the accounting records.	Treasurer, Recorder, Sheriff, Secondary Roads
(2) Generally, one individual may have control over collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist.	Treasurer, Recorder, Health Department, Conservation, Secondary Roads, Lee County Economic Development Group, Three Rivers Conservation Foundation
(3) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash.	Treasurer, Recorder, Three Rivers Conservation Foundation
(4) Bank reconciliations were not reviewed periodically by an independent person for propriety.	Recorder, Lee County Economic Development Group, Three Rivers Conservation Foundation
(5) Responsibilities for maintaining detailed accounts receivable records are not segregated from posting receipts.	Health Department
(6) A monthly report of voided receipts is not maintained and reviewed by someone independent of the receipts process for receipts voided in the Solutions system or the ARTS system.	Treasurer



Lee County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

- (7) An investments register is not maintained. Investments are not periodically inspected or reconciled to investment records by an independent person, and an independent verification of interest earnings is not performed. Treasurer
- (8) The person who signs checks is not independent of the person preparing checks, approving disbursements and recording cash receipts. Recorder, Conservation

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

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

Recommendation – 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. In addition, all bank accounts should be reviewed by an independent person, and a monthly report of voided receipts should be maintained.

Responses –

- (a) Recorder – We will review our controls and try to make changes where possible given our limited staff. We will ask an independent person to review the monthly bank reconciliations. We have two employees who open the mail and record checks.
- (b) Treasurer – We will consider changes in our mail opening process. We will start generating a monthly report of voided receipts in the Solutions system and have someone independent review this report. We will maintain the monthly voided receipts report in the ARTS system and have someone independent review this report. We will have an independent person in the auditor’s office review our bank reconciliations.
- (c) Sheriff – With limited staff, we will attempt to segregate duties as much as possible.
- (d) Health Department – With limited staff, we will attempt to segregate duties as much as possible. With the additional of an admin assistant working part-time, effective April 2023, this should help segregate duties.
- (e) Conservation – With limited staff, we will attempt to segregate duties as much as possible.
- (f) Lee County Economic Development Group – We will ask our treasurer, who does not sign checks, to initial and date the bank reconciliations to document his review.

Lee County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

- (g) Three Rivers Conservation Foundation – With limited staff, we will attempt to segregate duties as much as possible.
- (h) Secondary Roads – With limited staff, we will attempt to segregate duties as much as possible. We will explore having state reimbursements directly deposited at the County Treasurer.

Conclusions – Responses acknowledged. All offices should continue to review current operating procedures for the areas noted to obtain the maximum internal control possible. The officials should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

2023-002 Debit Card

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

Condition – The County Attorney and the Three Rivers Conservation Foundation have a debit card available for use. Unlike credit cards, debit cards offer limited ability to set guidelines for access and limited, if any, repercussions for fraudulent transactions. In addition, there is no process for prior approval of purchases made with a debit card.

Cause – Officials have been unaware of the repercussions of allowing the use of debit cards.

Effect – Allowing the use of debit cards could result in unauthorized transactions and the opportunity for misappropriations.

Recommendation – The County Attorney and the Three Rivers Conservation Foundation should prohibit the use of debit cards for purchases.

Responses –

County Attorney – The recommendation is duly noted. The debit card purchases in the office are primarily limited to postage from the U.S. Post Office.

Three Rivers Conservation Foundation – We will research other options, such as a credit card.

Conclusions –

County Attorney – Response acknowledged. The County Attorney should prohibit the use of debit cards.

Three Rivers Conservation Foundation – Response accepted.

Lee County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-003 Bank Reconciliations

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

Condition – Bank reconciliations were not prepared for the Conservation’s account. Bank reconciliations were prepared for the Treasurer’s accounts, however the reconciliations for January through June 2023 did not include a procedure to verify the book balance. The June bank reconciliation identified an initial variance of \$51,606 between the bank and book balances, which was investigated by the Treasurer and reduced to a remaining variance of \$2,043.

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

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

Recommendation – Conservation should prepare bank reconciliations and have an independent person review the reconciliations for propriety. The reviews should be documented by the signature or initials of the reviewer and the date of the review. The Treasurer should ensure bank reconciliations include a procedure to verify the book balance and investigate any variances between the bank and book balances.

Responses –

Conservation – We will begin preparing monthly bank reconciliations and have an independent person review them.

Treasurer – We have added a procedure to verify the book balance and investigate any variances between the bank and book balances.

Conclusions – Responses accepted.

2023-004 Protective Payee Accounts

Criteria – Lee County maintains protective payee accounts for clients. The County has a policy for closing payee accounts, which states “A client’s payee account will be closed upon the death of that payee client. When a payee account is terminated, the account balance will be forwarded to the entity designated.”

Condition – Protective payee accounts with balances of \$629 and \$300 were closed in October 2021 upon the death of two clients. Cashier’s checks were issued for the account balances and forwarded to the Great Iowa Treasure Hunt. The cashier’s checks were returned to the County where they are still being held.

Lee County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Cause – The County followed policy and forwarded these two accounts to the Great Iowa Treasure Hunt. However, these amounts were returned to the County and no further action has been taken.

Effect – The County is still in possession of these two cashier’s checks for payee accounts which were terminated in October 2021 due to death of the payee clients.

Recommendation – The County should forward the protective payee balances to the entity designated.

Response – The Lee County Protective Payee program will work with the Great Iowa Treasure Hunt and the bank to remit the cashier’s checks. We will amend our written policy, for bank accounts to be closed by writing a check on the account instead of issuing a cashier’s check.

Conclusions – Responses accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Lee County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

No material weaknesses in internal control over the major program was noted.

Lee County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

**Part IV: 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 date 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 – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Tom Schulz, BOS member, owns Your Heat and Air Guy, LLC	Installation roof unit, thermostats, air filters	\$ 44,042
Chuck Vandenberg, Grant Administrator, editor of Pen City Current	Publication of notices, monthly web banner, ads	11,938
Tammy Wilson, Financial Director of Public Health, husband is a shareholder in Agrineed, Inc.	Supplies, maintenance and erosion/dust control other County departments	7,563
Michael Helliege, EMS paramedic, owns Helliege Lawn Care	Landscaping and snow removal	7,180
Sarah Helenthal, Auditor's office, husband works at Headco	Installation of County drop boxes and COVID guards, fan part	1,263

The transactions with Agrineed, Inc. do not appear to represent a conflict of interest in accordance with Chapter 331.342(2)(d) since the employee's salary is not directly affected by the transactions and the duties of employment do not directly involve procurement or preparation of any part of the transactions.

The transactions with Headco does not appear to represent a conflict of interest as defined in Chapter 331.342(2) since the total transactions do not exceed \$6,000. The transactions with Michael Helliege, Tom Schulz and Chuck Vandenberg may represent a conflict of interest as defined in Chapter 331.342(2)(j) of the Code of Iowa since the total transactions exceeded \$6,000 and were not competitively bid.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – We will consult the County Attorney.

Conclusion – Response accepted.

Lee County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

- 2023-E Restricted Donor Activity – No transactions were noted between the County, County officials, or County employers 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 periodically reviewed 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 noncompliance with the deposit and investment provisions of Chapter 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 Early Childhood Iowa Area Board – The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Custodial Funds because of the County's fiduciary relationship with the organization.
- No instances of non-compliance were noted as a result of the audit procedures performed.
- 2023-K Tax Increment Financing (TIF) – For the year ended June 30, 2023, the County Auditor prepared a reconciliation for each City to reconcile TIF receipts with total outstanding debt.
- 2023-L Lee County Public Safety Answering Point Association – The Lee County Public Safety Answering Point Association is operated under the authority of Chapter 28E of the Code of Iowa. Chapter 28E(6)(3) of the Code of Iowa requires the Lee County Public Safety Answering Point Association to publish a summary of the proceedings of each regular, adjourned, or special meeting. For two meetings tested, the minutes were not submitted for publication within 20 days following the meeting's adjournment, as required by Chapter 28E(6)(3).
- Recommendation – The Lee County Public Safety Answering Point Association should ensure minutes are submitted for publication, as required.
- Response – A new director took over in September 2023. We will begin publishing minutes within 20 days after the meeting has adjourned as required.
- Conclusion – Response accepted.

Lee County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-M Lee County Public Safety Answering Point Association – The Lee County Public Safety Answering Point Association is operated under the authority of Chapter 28E of the Code of Iowa. One disbursement reimbursing an employee for travel expenditure was submitted and paid twice, in the amount of \$202.

Recommendation – The Lee County Public Safety Answering Point Association should ensure claims are only submitted and paid once.

Response – Under new leadership, we will implement policies and procedures to ensure claims are only paid once.

Conclusion – Response accepted.

2023-N Sheriff Unclaimed Property – Chapter 556.11 of the Code of Iowa requires checks outstanding for more than two years at June 30 be reported and remitted to the Office of Treasurer of State. The County Sheriff did not report and remit these obligations as required.

Recommendation – Outstanding checks should be reviewed annually and items over two years should be reported and remitted to the Office of Treasurer of State as required.

Response – The County Sheriff is working with the Treasurer of State to resolve this issue.

Conclusion – Response accepted.

2023-O Taxable Fringe Benefits – Certain County expenditures for clothing considered adaptable to general usage as ordinary clothing were not included in wages of employees in accordance with Internal Revenue Service (IRS) guidelines.

Recommendation – The County should properly include taxable fringe benefits in reported employee wages in accordance with IRS guidelines.

Response – We will remind the department heads about the IRS guidelines. When these expenses are submitted for payment, we will add them to the employee’s payroll.

Conclusion – Response accepted.



Lee County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-P Opioid Settlement Funds – The County transferred \$230,000 of opioid settlement funds to the General Fund to pay salaries and benefits for 10 county ambulance employees. The “Iowa Opioid Allocation Memorandum of Understanding” which lists approved uses of the opioid settlement funds does not include salaries of first responders as an appropriate use within the parameters of the opioid remediation strategies outlined in Exhibit 1/E of this agreement.

The County Attorney provided guidance to the County in the form of a legal opinion dated November 21, 2022. This guidance stated Schedule A does not include staffing of ambulance services, EMS, or first responders. Under Schedule B, the attorney advised the following activities would qualify the expenditures as appropriate:

- Ambulance staff should be supplied and educated for the appropriate use and administration of Narcan/Naxolone.
- Ambulance staff should provide informational pamphlets and education on how to appropriately and responsibly use these medications to manage their pain.
- Ambulance staff should be equipped with information packets, brochures, and business cards/contacts for those professionals in our community who further advise and treat OUD to provide to the patients on scene or at drop off.
- This should be in the form of packages for a campaign for Lee County’s Operation Against Opioid Abuse which contacts could include drug deactivation bags, ADDS business cards and informational packets, Sheriff’s Office cards for medication drop off location, availability and information packets for substance abuse and mental health services administration and information on the Iowa Opioid Help Website.
- Ambulance staff should conduct, at least bi-annual, informational trainings to other emergency first responders, fire departments, police departments and/or the general public in order to educate the public and other emergency workers on how to properly respond to an active overdose situation.
- Informational trainings should also be conducted at schools in partnership with the local school resource officers to education children and teachers to identify, report, and appropriate actions to take if a person is identified or recognized to suffer from opioid abuse and dependency.
- In the County Attorney’s opinion, if the above recommendations are adhered to, then the second qualification required to utilize the opioid settlement funds to staff these additional ambulance staff members will be met.

Upon inquiry during the audit, the ambulance department was not aware of any information pamphlets, packets, brochures, business cards, or the campaign for Lee County’s Operation Against Opioid Abuse. The ambulance department was also not aware of any bi-annual informational trainings provided for emergency first responders, fire departments, police departments, the general public, or to any schools. As a result, the County was unable to provide sufficient documentation to support qualified expenditures for the transfer of opioid settlement funds to the General Fund.

Lee County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Recommendation – The County should reimburse the \$230,000 opioid settlement funds from the General Fund to the Opioid Abatement Fund.

Response – The reimbursements is included in the upcoming budget amendment.

Conclusion – Response accepted.

2023-Q Property Tax on County Owned Farmland – Chapter 427.1(2) of the Code of Iowa states the property of a County, when devoted to public use and not held for pecuniary profit, shall not be taxed. The County holds farmland which is leased out annually for profit and the County does not remit property tax on the farmland leased for profit.

Recommendation – The County should remit property tax on the farmland leased for profit.

Response – We will remit property tax on the farmland leased for profit.

Conclusion – Response accepted.

2023-R Payroll – The County paid some employees as an independent contractor and not as employee, as required by Internal Revenue Service (IRS) requirements.

Recommendation – The County should ensure all employees are paid as employees, as required by the IRS.

Response – We will ensure all employees are paid as employees, as required by the IRS.

Conclusion – Response accepted.

Lee County

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Deputy  
Suzanne R. Dahlstrom, CPA, Manager  
Selina V. Johnson, CPA, Senior Auditor II  
William R. Bamber, CPA, Senior Auditor  
Kelsey R. Sauer, Staff Auditor  
Dillon J. Hoit, Assistant Auditor  
Sydney L. Steffen, Assistant Auditor