

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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

NEWS RELEASE

FOR RELEASE

June 28, 2024

Contact: Brian Brustkern
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$22,818,316 for the year ended June 30, 2023, a 5.84% decrease from the prior year. Expenses for County operations for the year ended June 30, 2023 totaled \$20,320,476 a 5.52% increase over the prior year.

AUDIT FINDINGS:

Sand reported fourteen findings related to the receipt and expenditure of taxpayer funds. They are found on pages 88 through 98 of this report. The findings address issues such as a lack of segregation of duties, material amounts of receivables and payables not properly recorded in the County's financial statements, advance pay of salaried employees, the lack of an independent review of the monthly bank to book reconciliation by the Conservation Welcome Center and disbursements exceeding budgeted amounts. Sand provided the County with recommendations to address each of these findings.

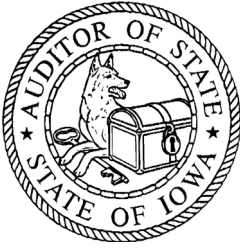
Eleven of the findings discussed above are repeated from the prior year. The County Board of Supervisors and other County officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible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

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

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HARRISON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2023

Harrison County



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

Rob Sand
Auditor of State

June 11, 2024

Officials of Harrison County
Logan, Iowa

Dear Board Members:

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

Sincerely,

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

Rob Sand
Auditor of State

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Harrison County

Officials

(Before January 2023)

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

(After January 2023)

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-----------------|----------------------|---------------------|
| John Straight | Board of Supervisors | Jan 2025 |
| Brian Rife | Board of Supervisors | Jan 2027 |
| Tony Smith | Board of Supervisors | Jan 2027 |
| Susan E. Bonham | County Auditor | Jan 2025 |
| Shelia Phillips | County Treasurer | Jan 2027 |
| Felicia Geith | County Recorder | Jan 2027 |
| Brandon Doiel | County Sheriff | Jan 2025 |
| Jennifer Mumm | County Attorney | Jan 2027 |
| Emily Allmon | County Assessor | Jan 2028 |



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Independent Auditor's Report

To the Officials of Harrison County:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Harrison 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 Harrison County as of June 30, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Harrison County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Harrison County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Harrison County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Harrison County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 62 through 74 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 Harrison County’s basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 5 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 11, 2024 on our consideration of Harrison County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Harrison County’s internal control over financial reporting and compliance.



Brian R. Brustkern, CPA
Deputy Auditor of State

June 11, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2023 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 5.9%, or approximately \$1,416,000, from fiscal year 2022 to fiscal year 2023. Charges for service increased approximately \$238,000. Operating grants, contributions and restricted interest increased approximately \$1,495,000. Capital grants, contributions and restricted interest decreased approximately \$2,693,000. Also, property tax increased by approximately \$860,000.
- Program expenses of the County's governmental activities were 5.6%, or approximately \$1,081,000, more in fiscal year 2023 than in fiscal year 2022. Public safety and legal services expenses increased approximately \$681,000 and roads and transportation expenses increased approximately \$638,000.
- The County's governmental activities net position increased 4.0%, or approximately \$2,511,000, 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 Harrison County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Harrison County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Harrison County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

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

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

Supplementary Information provides detailed information about the non-major governmental and the individual Custodial Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, 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, Secondary Roads and Drainage Districts, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

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

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

- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County’s own programs. These fiduciary funds include Custodial Funds that account for trustee-controlled drainage districts, emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

| Net Position of Governmental and Business Type Activities (Expressed in Thousands) | | | | | | |
|---|----------------------------|--------|-----------------------------|-------|----------|--------|
| | Governmental Activities | | Business Type Activities | | Total | |
| | June 30, | | June 30, | | June 30, | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | \$ 27,526 | 28,455 | 111 | 108 | 27,637 | 28,563 |
| Capital assets | 58,158 | 55,566 | 1,866 | 1,898 | 60,024 | 57,464 |
| Total assets | 85,684 | 84,021 | 1,977 | 2,006 | 87,661 | 86,027 |
| Deferred outflows of resources | 995 | 1,003 | - | - | 995 | 1,003 |
| Long-term liabilities | 9,471 | 7,313 | 600 | 615 | 10,071 | 7,928 |
| Other liabilities | 1,728 | 1,513 | - | - | 1,728 | 1,513 |
| Total liabilities | 11,199 | 8,826 | 600 | 615 | 11,799 | 9,441 |
| Deferred inflows of resources | 10,786 | 14,015 | - | - | 10,786 | 14,015 |
| Net position: | | | | | | |
| Net investment in capital assets | 53,876 | 50,817 | 1,266 | 1,282 | 55,142 | 52,099 |
| Restricted | 10,986 | 10,944 | 73 | 70 | 11,059 | 11,014 |
| Unrestricted | (168) | 422 | 38 | 39 | (130) | 461 |
| Total net position | \$ 64,694 | 62,183 | 1,377 | 1,391 | 66,071 | 63,574 |

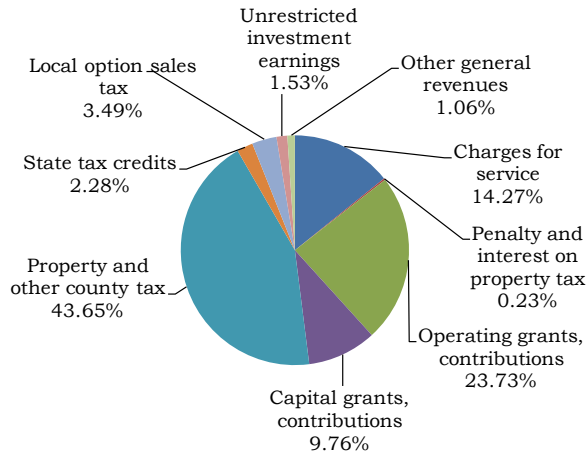
The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position component increased approximately \$3,059,000, or 6.0%, from the prior year.

Governmental activities restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$42,000, or less than one percent, over the prior year.

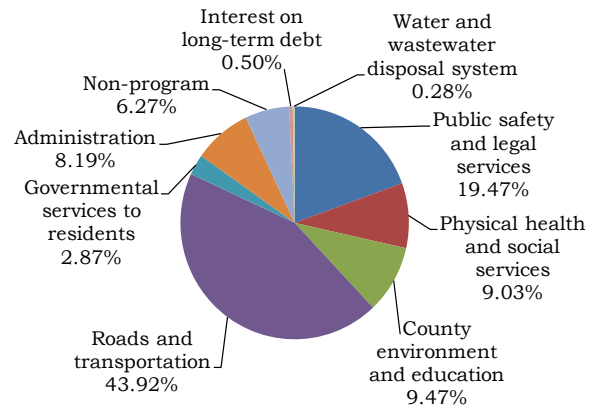
Governmental activities unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$422,000 at June 30, 2022 to approximately (\$168,000) at the end of this year, in part due to transfers out to conservation welcome center project.

| Changes in Net Position of Governmental and Business Type Activities (Expressed in Thousands) | | | | | | |
|--|----------------------------|--------|-----------------------------|-------|----------|--------|
| | Governmental Activities | | Business Type Activities | | Total | |
| | June 30, | | June 30, | | June 30, | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for service | \$ 3,134 | 2,895 | 43 | 43 | 3,177 | 2,938 |
| Operating grants, contributions and restricted interest | 5,285 | 4,931 | - | - | 5,285 | 4,931 |
| Capital grants, contributions and restricted interest | 2,173 | 3,725 | - | - | 2,173 | 3,725 |
| General revenues: | | | | | | |
| Property and other county tax | 9,720 | 8,860 | - | - | 9,720 | 8,860 |
| Penalty and interest on property tax | 52 | 50 | - | - | 52 | 50 |
| State tax credits | 507 | 503 | - | - | 507 | 503 |
| Local option sales tax | 777 | 839 | - | - | 777 | 839 |
| American Rescue Plan Act | 548 | 1,364 | - | - | 548 | 1,364 |
| Unrestricted investment earnings | 341 | 135 | - | - | 341 | 135 |
| Gain on disposition of capital assets | - | 50 | - | - | - | 50 |
| Other general revenues | 237 | 839 | - | - | 237 | 839 |
| Total revenues | 22,774 | 24,191 | 43 | 43 | 22,817 | 24,234 |
| Program expenses: | | | | | | |
| Public safety and legal services | 3,957 | 3,276 | - | - | 3,957 | 3,276 |
| Physical health and social services | 1,835 | 1,724 | - | - | 1,835 | 1,724 |
| Mental health | - | 310 | - | - | - | 310 |
| County environment and education | 1,925 | 2,253 | - | - | 1,925 | 2,253 |
| Roads and transportation | 8,923 | 8,285 | - | - | 8,923 | 8,285 |
| Governmental services to residents | 584 | 617 | - | - | 584 | 617 |
| Administration | 1,664 | 1,476 | - | - | 1,664 | 1,476 |
| Non-program | 1,274 | 1,145 | - | - | 1,274 | 1,145 |
| Interest on long-term debt | 101 | 97 | - | - | 101 | 97 |
| Water and wastewater disposal system | - | - | 57 | 75 | 57 | 75 |
| Total expenses | 20,263 | 19,183 | 57 | 75 | 20,320 | 19,258 |
| Change in net position | 2,511 | 5,008 | (14) | (32) | 2,497 | 4,976 |
| Net position beginning of year | 62,183 | 57,175 | 1,391 | 1,423 | 63,574 | 58,598 |
| Net position end of year | \$ 64,694 | 62,183 | 1,377 | 1,391 | 66,071 | 63,574 |

Revenues by Source



Expenses by Program



Revenues for governmental activities decreased approximately \$1,417,000 from the prior year. Operating grants, contributions and restricted interest increased approximately \$354,000, primarily due to an increase in road use tax allocation. Capital grants, contributions and restricted interest decreased approximately \$1,552,000, primarily due to receiving fewer contributions by the Department of Transportation for road projects.

The County's countywide property tax rate increased \$.23541 per \$1,000 of taxable valuation. The countywide assessed property taxable valuation increased \$71,155,016. The rural assessed property taxable valuation increased \$56,883,304. These changes resulted in an overall increase in property tax revenue of approximately \$841,000.

The cost of all governmental activities this year was approximately \$20.3 million, a 5.6% increase from last year. Public safety and legal services and roads and transportation expenses increased approximately \$681,000 and \$638,000, respectively. Public safety and legal services increased due to increase in contributions to 911 and roads and transportation increased due to SWAP bridge replacement projects. However, as shown in the Statement of Activities on pages 20 and 21, the amount taxpayers ultimately financed for these activities was approximately \$9.7 million because some of the cost was paid by those directly benefitting from the programs (approximately \$3,134,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$7,458,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2023 from approximately \$11,551,000 to approximately \$10,592,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Harrison County completed the year, its governmental funds reported a combined fund balance of approximately \$13.2 million, a decrease of approximately \$1,445,000 from last year's total of approximately \$14.7 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund expenditures increased approximately \$249,000, or 2.7%. Revenue increased approximately \$570,000 from fiscal year 2022 to fiscal year 2023, or 5.9%. The increase in revenue is primarily due to an increase in property tax receipts. The ending fund balance decreased approximately \$1,796,000, or 37.4%, from the prior year to approximately \$3,012,000.
- Special Revenue, Rural Services Fund revenues increased approximately \$277,000 and expenditures and transfers out increased approximately \$176,000. Property tax increased approximately \$283,000 as a result of an increase in the rural property valuations. The ending fund balance decreased approximately \$40,400, or 3.7% from the prior year to approximately \$1,057,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$622,000 and expenditures increased approximately \$1,000,000, primarily due to the County completing several road-maintenance projects during fiscal year 2023. The ending fund balance decreased approximately \$56,000, or less than one percent, from the prior year to approximately \$7,012,000.
- Special Revenue, Drainage District Fund revenues decreased approximately \$125,000 and expenditures decreased approximately \$318,000 which was primary due to a decrease of interest paid for stamped warrants. Also, drainage warrants issued increased approximately \$128,000. The ending fund balance increased approximately \$44,000.
- Capital Project Fund revenues increased approximately \$367,000 and expenditures decreased approximately \$700,000, primarily due to the completion of the conservation nature center project during fiscal year 2023. The ending fund balance increased approximately \$464,000 over the prior year to approximately \$819,000.

Proprietary Fund Highlights

- The Enterprise, Water and Wastewater Disposal System Fund, which accounts for the operation and maintenance of the County's sanitary sewer system, ended fiscal year 2023 with a net position of \$1,377,191 compared to the prior year ending net position balance of \$1,390,678, a decrease of less than one percent.

BUDGETARY HIGHLIGHTS

Over the course of the year, Harrison County amended its budget one time. The amendment was made in May 2023. This amendment was made to provide for additional disbursements in certain County departments.

The County's receipts were \$182,211 more than budgeted, a variance of less than 1.0%. Total disbursements were \$1,616,635 less than the amended budget, a variance of 6.6%, primarily due to less expended for capital projects than expected.

Disbursements exceeded the amount budgeted in the county environment and education, non-program and debt service functions prior to the budget amendment and disbursements in certain departments exceeded the amounts appropriated prior to the appropriation amendment and at year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, Harrison County had approximately \$58.2 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$2,592,000, or 4.66%, over last year.

| Capital Assets of Governmental Activities at Year End (Expressed in Thousands) | | |
|---|-----------|--------------|
| | June 30, | |
| | 2023 | 2022 |
| Land | \$ 2,241 | 2,241 |
| Construction in progress | 6,647 | 9,090 |
| Buildings and improvements | 9,544 | 4,444 |
| Equipment and vehicles | 4,506 | 4,415 |
| Right-to-use leased building | - | 5 |
| Right-to-use leased equipment | 9 | 6 |
| Intangibles | 978 | 979 |
| Infrastructure | 34,233 | 34,386 |
| Total | \$ 58,158 | 55,566 |
| This year's major additions include: | | |
| Capital assets contributed by the Iowa Department of Transportation | | 503,873 |
| 911 communication tower | | 5,520,609 |
| Radio tower | | 133,424 |
| Nature center project | | 2,258,298 |
| Total | | \$ 8,416,204 |

| Capital Assets of Business Type Activities at Year End (Expressed in Thousands) | | |
|--|----------|-------|
| | June 30, | |
| | 2023 | 2022 |
| Infrastructure | \$ 1,866 | 1,898 |

For governmental activities, the County had depreciation/amortization expense of \$2,490,630 in fiscal year 2023 and total accumulated depreciation/amortization of \$37,329,973 at June 30, 2023. Capital assets for business type activities totaled \$1,866,336 (net of accumulated depreciation) at June 30, 2023. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2023, Harrison County had approximately \$6,405,000 of debt outstanding, compared to approximately \$6,037,000 at June 30, 2022, as shown below.

| Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands) | | |
|---|-----------------|--------------|
| | June 30, | |
| | 2023 | 2022 |
| General obligation notes | \$ 5,125 | 5,665 |
| Lease agreements | 9 | 16 |
| Drainage warrants | 1,280 | 372 |
| | <u>\$ 6,414</u> | <u>6,053</u> |

| Outstanding Debt of Business Type Activities at Year-End (Expressed in Thousands) | | |
|--|---------------|------------|
| | June 30, | |
| | 2023 | 2022 |
| USDA sewer revenue notes | <u>\$ 601</u> | <u>615</u> |

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Harrison County outstanding general obligation debt of \$5,125,000 is significantly below its constitutional debt limit of approximately \$79 million. Additional information about the County's long-term debt is included in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Harrison County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2023 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.9% versus 2.7% a year ago. This compares with the State's unemployment rate of 2.7% and the national rate of 3.6%.

These indicators were taken into account when adopting the budget for fiscal year 2024. Amounts available for appropriation in the operating budget are approximately \$33.6 million, less than one percent increase over the final fiscal year 2023 budget. Disbursements are expected to decrease 7.4% from the final fiscal year 2023 budget.

If the budget estimates are realized, the County's budgetary operating balance is expected to decrease to approximately \$10,865,914 by the close of fiscal year 2024.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Harrison County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Harrison County Auditor's Office, 111 North Second Avenue, Logan, Iowa 51546.

Harrison County

Basic Financial Statements

Exhibit A

Harrison County
Statement of Net Position
June 30, 2023

| | Governmental Activities | Business Type Activities | Total |
|---|----------------------------|-----------------------------|-------------------|
| Assets | | | |
| Cash, cash equivalents and pooled investments | \$ 10,905,277 | 111,506 | 11,016,783 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 11,875 | - | 11,875 |
| Succeeding year | 10,184,000 | - | 10,184,000 |
| Interest and penalty on property tax | 43,908 | - | 43,908 |
| Accounts | 6,965 | - | 6,965 |
| Drainage assessments | 1,675,360 | - | 1,675,360 |
| Special assessments | 255,870 | - | 255,870 |
| Loan | 715,000 | - | 715,000 |
| Opioid settlement | 372,251 | - | 372,251 |
| Accrued interest receivable | 118,930 | - | 118,930 |
| Due from other governments | 1,156,897 | - | 1,156,897 |
| Lease receivable | 16,046 | - | 16,046 |
| Inventories | 1,989,314 | - | 1,989,314 |
| Prepaid items | 73,991 | - | 73,991 |
| Capital assets not being depreciated | 9,867,621 | | 9,867,621 |
| Capital assets, net of accumulated depreciation/amortization | 48,290,944 | 1,866,336 | 50,157,280 |
| Total assets | 85,684,249 | 1,977,842 | 87,662,091 |
| Deferred Outflows of Resources | | | |
| Pension related deferred outflows | 929,393 | - | 929,393 |
| OPEB related deferred outflows | 65,958 | - | 65,958 |
| Total deferred outflows of resources | 995,351 | - | 995,351 |

Harrison County
Statement of Net Position
June 30, 2023

| | Governmental Activities | Business Type Activities | Total |
|--|----------------------------|-----------------------------|-------------------|
| Liabilities | | | |
| Accounts payable | 789,301 | - | 789,301 |
| Accrued interest payable | 7,549 | - | 7,549 |
| Salaries and benefits payable | 49,932 | - | 49,932 |
| Due to other governments | 15,008 | - | 15,008 |
| Unearned revenue | 866,084 | - | 866,084 |
| Long-term liabilities: | | | |
| Portion due or payable within one year: | | | |
| USDA sewer revenue notes | - | 15,047 | 15,047 |
| General obligation notes | 555,000 | - | 555,000 |
| Lease agreements | 2,359 | - | 2,359 |
| Compensated absences | 247,901 | - | 247,901 |
| Net OPEB liability | 18,155 | - | 18,155 |
| Portion due or payable after one year: | | | |
| USDA sewer revenue notes | - | 585,604 | 585,604 |
| General obligation notes | 4,570,000 | - | 4,570,000 |
| Lease agreements | 6,737 | - | 6,737 |
| Compensated absences | 726,989 | - | 726,989 |
| Drainage warrants | 1,280,132 | - | 1,280,132 |
| Net pension liability | 1,840,678 | - | 1,840,678 |
| Net OPEB liability | 222,979 | - | 222,979 |
| Total liabilities | 11,198,804 | 600,651 | 11,799,455 |
| Deferred Inflows of Resources | | | |
| Lease related | 16,046 | - | 16,046 |
| Unavailable property tax revenue | 10,184,000 | - | 10,184,000 |
| Pension related deferred inflows | 550,332 | - | 550,332 |
| OPEB related deferred inflows | 36,197 | - | 36,197 |
| Total deferred inflows of resources | 10,786,575 | - | 10,786,575 |
| Net Position | | | |
| Net investment in capital assets | 53,876,148 | 1,265,685 | 55,141,833 |
| Restricted for: | | | |
| Supplemental levy purposes | 1,097,505 | - | 1,097,505 |
| Rural services purposes | 1,023,613 | - | 1,023,613 |
| Secondary roads purposes | 6,758,810 | - | 6,758,810 |
| Debt service | 719,768 | 43,901 | 763,669 |
| Capital projects | - | 29,106 | 29,106 |
| Drainage district purposes | 529,422 | - | 529,422 |
| Opioid abatement | 476,218 | - | 476,218 |
| Other purposes | 380,286 | - | 380,286 |
| Unrestricted | (167,549) | 38,499 | (129,050) |
| Total net position | \$ 64,694,221 | 1,377,191 | 66,071,412 |

See notes to financial statements.

Harrison County

Statement of Activities

Year ended June 30, 2023

| | Expenses | Program Revenues | | |
|---|---------------|---------------------|---|---|
| | | Charges for Service | Operating Grants, Contributions and Restricted Interest | Capital Grants, Contributions and Restricted Interest |
| Functions/Programs: | | | | |
| Governmental activities: | | | | |
| Public safety and legal services | \$ 3,956,539 | 270,297 | 304,841 | - |
| Physical health and social services | 1,835,522 | 633,302 | 78,574 | - |
| County environment and education | 1,924,655 | 327,447 | 67,673 | 530,199 |
| Roads and transportation | 8,923,113 | 74,122 | 4,833,545 | 1,643,148 |
| Governmental services to residents | 584,509 | 313,435 | - | - |
| Administration | 1,663,899 | 26,822 | - | - |
| Non-program | 1,273,909 | 1,488,281 | - | - |
| Interest on long-term debt | 101,385 | - | - | - |
| Total governmental activities | 20,263,531 | 3,133,706 | 5,284,633 | 2,173,347 |
| Business type activities: | | | | |
| Water and wastewater disposal system | 56,945 | 43,458 | - | - |
| Total | \$ 20,320,476 | 3,177,164 | 5,284,633 | 2,173,347 |
| General Revenues: | | | | |
| Property and other county tax levied for: | | | | |
| General purposes | | | | |
| Debt service | | | | |
| Penalty and interest on property tax | | | | |
| State tax credits and replacements | | | | |
| Local option sales tax | | | | |
| American Rescue Plan Act | | | | |
| Unrestricted investment earnings | | | | |
| Miscellaneous | | | | |
| Total general revenues | | | | |
| Change in net position | | | | |
| Net position beginning of year | | | | |
| Net position end of year | | | | |
| See notes to financial statements. | | | | |

| Net (Expense) Revenue and Changes in Net Position | | |
|--|--------------------------------|-------------|
| Governmental Activities | Business Type Activities | Total |
| (3,381,401) | - | (3,381,401) |
| (1,123,646) | - | (1,123,646) |
| (999,336) | - | (999,336) |
| (2,372,298) | - | (2,372,298) |
| (271,074) | - | (271,074) |
| (1,637,077) | - | (1,637,077) |
| 214,372 | - | 214,372 |
| (101,385) | - | (101,385) |
| (9,671,845) | - | (9,671,845) |
| - | (13,487) | (13,487) |
| (9,671,845) | (13,487) | (9,685,332) |
| 9,223,120 | - | 9,223,120 |
| 496,723 | - | 496,723 |
| 51,706 | - | 51,706 |
| 507,252 | - | 507,252 |
| 777,921 | - | 777,921 |
| 548,343 | - | 548,343 |
| 341,066 | - | 341,066 |
| 237,041 | - | 237,041 |
| 12,183,172 | - | 12,183,172 |
| 2,511,327 | (13,487) | 2,497,840 |
| 62,182,894 | 1,390,678 | 63,573,572 |
| \$ 64,694,221 | 1,377,191 | 66,071,412 |

Harrison County
Balance Sheet
Governmental Funds

June 30, 2023

| | Special Revenue | | | |
|---|----------------------|-------------------|--------------------|-----------------------|
| | General | Rural Services | Secondary Roads | Drainage Districts |
| Assets | | | | |
| Cash, cash equivalents and pooled investments | \$ 3,764,616 | 1,039,690 | 4,611,818 | 134,194 |
| Receivables: | | | | |
| Property tax: | | | | |
| Delinquent | 9,334 | 1,850 | - | - |
| Succeeding year | 7,030,000 | 2,650,000 | - | - |
| Interest and penalty on property tax | 43,908 | - | - | - |
| Accounts | 6,965 | - | - | - |
| Drainage assessments | - | - | - | 1,675,360 |
| Special assessments | - | - | 255,870 | - |
| Loan to Harrison County Landfill Commission | - | - | - | - |
| Opioid Settlement | - | - | - | - |
| Accrued interest | 118,930 | - | - | - |
| Due from other governments | 21,677 | 19,098 | 1,116,122 | - |
| Lease receivable | 16,046 | - | - | - |
| Inventories | - | - | 1,989,314 | - |
| Prepaid items | 73,991 | - | - | - |
| Total assets | 11,085,467 | 3,710,638 | 7,973,124 | 1,809,554 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 88,315 | 895 | 660,306 | - |
| Salaries and benefits payable | 6,819 | - | 43,113 | - |
| Due to other governments | 13,201 | 328 | 1,479 | - |
| Unearned revenues | 866,084 | - | - | - |
| Total liabilities | 974,419 | 1,223 | 704,898 | - |
| Deferred inflows of resources: | | | | |
| Unavailable revenues: | | | | |
| Succeeding year property tax | 7,030,000 | 2,650,000 | - | - |
| Other | 53,242 | 1,850 | 255,870 | 1,675,360 |
| Lease related | 16,046 | - | - | - |
| Total deferred inflows of resources | 7,099,288 | 2,651,850 | 255,870 | 1,675,360 |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Inventories | - | - | 1,989,314 | - |
| Prepaid items | 73,991 | - | - | - |
| Loan receivable | - | - | - | - |
| Restricted for: | | | | |
| Supplemental levy purposes | 1,148,594 | - | - | - |
| Rural services purposes | - | 1,057,565 | - | - |
| Secondary roads purposes | - | - | 5,023,042 | - |
| Debt service | - | - | - | - |
| Other purposes | 460,835 | - | - | 134,194 |
| Assigned for: | | | | |
| Conservation | 54,181 | - | - | - |
| Unassigned | 1,274,159 | - | - | - |
| Total fund balances | 3,011,760 | 1,057,565 | 7,012,356 | 134,194 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 11,085,467 | 3,710,638 | 7,973,124 | 1,809,554 |

See notes to financial statements.

| Capital Projects | Nonmajor | Total |
|---------------------|-----------|------------|
| 859,080 | 495,879 | 10,905,277 |
| - | 691 | 11,875 |
| - | 504,000 | 10,184,000 |
| - | - | 43,908 |
| - | - | 6,965 |
| - | - | 1,675,360 |
| - | - | 255,870 |
| - | 715,000 | 715,000 |
| - | 372,251 | 372,251 |
| - | - | 118,930 |
| - | - | 1,156,897 |
| - | - | 16,046 |
| - | - | 1,989,314 |
| - | - | 73,991 |
| 859,080 | 2,087,821 | 27,525,684 |
| 39,785 | - | 789,301 |
| - | - | 49,932 |
| - | - | 15,008 |
| - | - | 866,084 |
| 39,785 | - | 1,720,325 |
| - | 504,000 | 10,184,000 |
| - | 372,942 | 2,359,264 |
| - | - | 16,046 |
| - | 876,942 | 12,559,310 |
| - | - | 1,989,314 |
| - | - | 73,991 |
| - | 715,000 | 715,000 |
| - | - | 1,148,594 |
| - | - | 1,057,565 |
| - | - | 5,023,042 |
| - | 11,626 | 11,626 |
| - | 484,253 | 1,079,282 |
| - | - | 54,181 |
| 819,295 | - | 2,093,454 |
| 819,295 | 1,210,879 | 13,246,049 |
| 859,080 | 2,087,821 | 27,525,684 |

Harrison County

Harrison County

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

June 30, 2023

Total governmental fund balances (page 23) \$ 13,246,049

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 \$95,488,538 and the accumulated depreciation/amortization is \$37,329,973. 58,158,565

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. 2,359,264

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 | \$ 995,351 | |
| Deferred inflows of resources | <u>(586,529)</u> | 408,822 |

Long-term liabilities, including lease agreements payable, notes payable, drainage warrants payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (9,478,479)

Net position of governmental activities (page 19) \$ 64,694,221

See notes to financial statements.

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

Year ended June 30, 2023

| | Special Revenue | | | |
|--|---------------------|--------------------|--------------------|-----------------------|
| | General | Rural Services | Secondary Roads | Drainage Districts |
| Revenues: | | | | |
| Property and other county tax | \$ 6,665,866 | 2,560,004 | - | - |
| Local option sales tax | - | 194,480 | 583,441 | - |
| Interest and penalty on property tax | 49,568 | - | - | - |
| Intergovernmental | 1,996,864 | 114,598 | 5,951,198 | - |
| Licenses and permits | - | 17,525 | 7,855 | - |
| Charges for service | 799,074 | 17,309 | 39,177 | - |
| Use of money and property | 390,589 | - | - | - |
| Miscellaneous | 244,887 | 8,400 | 117,882 | 419,840 |
| Total revenues | 10,146,848 | 2,912,316 | 6,699,553 | 419,840 |
| Expenditures: | | | | |
| Operating: | | | | |
| Public safety and legal services | 3,599,870 | 159,204 | - | - |
| Physical health and social services | 1,874,957 | 106,888 | - | - |
| County environment and education | 1,382,741 | 302,623 | - | - |
| Roads and transportation | - | - | 7,894,417 | - |
| Governmental services to residents | 696,216 | - | - | - |
| Administration | 1,713,887 | - | - | - |
| Non-program | - | - | - | 1,273,909 |
| Debt service | - | - | - | 372,293 |
| Capital projects | 207,914 | - | 1,427,107 | - |
| Total expenditures | 9,475,585 | 568,715 | 9,321,524 | 1,646,202 |
| Excess (deficiency) of revenues over (under) expenditures | 671,263 | 2,343,601 | (2,621,971) | (1,226,362) |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 2,566,000 | - |
| Transfers out | (2,467,097) | (2,384,000) | - | - |
| Drainage warrants issued | - | - | - | 1,269,913 |
| Total other financing sources (uses) | (2,467,097) | (2,384,000) | 2,566,000 | 1,269,913 |
| Change in fund balances | (1,795,834) | (40,399) | (55,971) | 43,551 |
| Fund balances beginning of year | 4,807,594 | 1,097,964 | 7,068,327 | 90,643 |
| Fund balances end of year | \$ 3,011,760 | 1,057,565 | 7,012,356 | 134,194 |

See notes to financial statements.

| Capital Projects | Nonmajor | Total |
|---------------------|-----------|-------------|
| - | 496,866 | 9,722,736 |
| - | - | 777,921 |
| - | - | 49,568 |
| - | 37,858 | 8,100,518 |
| - | - | 25,380 |
| - | 2,734 | 858,294 |
| - | 15,023 | 405,612 |
| 530,199 | 106,368 | 1,427,576 |
| 530,199 | 658,849 | 21,367,605 |
| - | 200 | 3,759,274 |
| - | 1,700 | 1,983,545 |
| - | - | 1,685,364 |
| - | - | 7,894,417 |
| - | - | 696,216 |
| - | - | 1,713,887 |
| - | - | 1,273,909 |
| - | 630,745 | 1,003,038 |
| 2,431,131 | 6,225 | 4,072,377 |
| 2,431,131 | 638,870 | 24,082,027 |
| (1,900,932) | 19,979 | (2,714,422) |
| 2,365,097 | 10,000 | 4,941,097 |
| - | (90,000) | (4,941,097) |
| - | - | 1,269,913 |
| 2,365,097 | (80,000) | 1,269,913 |
| 464,165 | (60,021) | (1,444,509) |
| 355,130 | 1,270,900 | 14,690,558 |
| 819,295 | 1,210,879 | 13,246,049 |

Harrison County

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

Year ended June 30, 2023

Change in fund balances - Total governmental funds (page 27) \$ (1,444,509)

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

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

| | | |
|---|--------------------|-----------|
| Expenditures for capital assets | \$ 4,579,244 | |
| Capital assets contributed by the Iowa Department of Transportation | 503,873 | |
| Depreciation/amortization expense | <u>(2,490,630)</u> | 2,592,487 |

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 | (2,893) | |
| Other | <u>932,645</u> | 929,752 |

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

| | | |
|--------|----------------|-----------|
| Issued | (1,269,913) | |
| Repaid | <u>909,063</u> | (360,850) |

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. 644,773

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 | 47,507 | |
| OPEB expense | (4,278) | |
| Pension expense | <u>106,445</u> | 149,674 |

Change in net position of governmental activities (page 21) \$ 2,511,327

See notes to financial statements.

Harrison County
Statement of Net Position
Proprietary Fund

June 30, 2023

| | Business Type Activities |
|---|---|
| | Enterprise |
| | Water and Wastewater Disposal System |
| Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 111,506 |
| Capital assets, net of accumulated depreciation | <u>1,866,336</u> |
| Total assets | <u>1,977,842</u> |
| Liabilities | |
| Current liabilities: | |
| USDA sewer revenue notes | 15,047 |
| Long-term liabilities: | |
| USDA sewer revenue notes | <u>585,604</u> |
| Total liabilities | <u>600,651</u> |
| Net Position | |
| Net investment in capital assets | 1,265,685 |
| Restricted for: | |
| Debt service | 43,901 |
| Capital projects | 29,106 |
| Unrestricted | <u>38,499</u> |
| | <u>\$ 1,377,191</u> |

See notes to financial statements.

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

Year ended June 30, 2023

| | <u>Enterprise</u> |
|--------------------------------|---|
| | <u>Water and Wastewater Disposal System</u> |
| Operating revenues: | |
| Charges for service | \$ 43,458 |
| Operating expenses: | |
| Depreciation | <u>31,106</u> |
| Operating income | 12,352 |
| Non-operating expense: | |
| Interest expense | <u>(25,839)</u> |
| Change in net position | (13,487) |
| Net position beginning of year | <u>1,390,678</u> |
| Net position end of year | <u>\$ 1,377,191</u> |

See notes to financial statements.

Harrison County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2023

| | Enterprise |
|---|---|
| | Water and Wastewater Disposal System |
| Cash flows from operating activities: | |
| Cash received from sewer fees | \$ 43,458 |
| Cash flows from capital and related financing activities: | |
| Principal paid on USDA sewer revenue notes | (14,440) |
| Interest paid on USDA sewer revenue notes | (25,839) |
| Net cash used by capital and related financing activities | (40,279) |
| Net decrease in cash and cash equivalents | 3,179 |
| Cash and cash equivalents beginning of year | 108,327 |
| Cash and cash equivalents end of year | \$ 111,506 |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 12,352 |
| Adjustment to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 31,106 |
| Net cash provided by operating activities | \$ 43,458 |

See notes to financial statements.

Harrison County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2023

Assets

| | |
|--|-------------------|
| Cash, cash equivalents and pooled investments: | |
| County Treasurer | \$ 3,400,625 |
| Other County officials | 111,447 |
| Receivables: | |
| Property tax receivable: | |
| Delinquent | 34,750 |
| Succeeding year | 21,540,000 |
| Accounts | 4,126 |
| Drainage assessments | 1,066,830 |
| Special assessments | 183,915 |
| Accrued interest | 12,643 |
| Due from other governments | 41,790 |
| Prepaid items | 4,800 |
| | <hr/> |
| Total assets | 26,400,926 |

Liabilities

| | |
|-------------------------------|------------------|
| Accounts payable | 49,560 |
| Accrued interest payable | 2,868 |
| Stamped warrants payable | 355,138 |
| Salaries and benefits payable | 3,303 |
| Due to other governments | 1,368,526 |
| Trusts payable | 12,689 |
| Compensated absences | 70,956 |
| | <hr/> |
| Total liabilities | 1,863,040 |

Deferred Inflows of Resources

| | |
|----------------------------------|---------------------|
| Unavailable property tax revenue | <hr/> |
| | 21,540,000 |
| | <hr/> |
| Net position | \$ 2,997,886 |

See notes to financial statements.

Harrison County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2023

| | |
|------------------------------------|---------------------|
| Additions: | |
| Property and other county tax | \$ 20,897,954 |
| 911 surcharge | 284,802 |
| State tax credits | 1,327,497 |
| Drivers license fees | 719,959 |
| Auto licenses, use tax and postage | 6,966,307 |
| Assessments | 2,083,303 |
| Trusts | 621,479 |
| Miscellaneous | <u>1,102,955</u> |
| Total additions | <u>34,004,256</u> |
| Deductions: | |
| Agency remittances: | |
| To other funds | 657,008 |
| To other governments | 32,259,483 |
| Trusts paid out | <u>558,363</u> |
| Total deductions | <u>33,474,854</u> |
| Change in net position | 529,402 |
| Net position beginning of year | <u>2,468,484</u> |
| Net position end of year | <u>\$ 2,997,886</u> |

See notes to financial statements.

Harrison County

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

Harrison County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

The 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 Drainage Districts Fund is used to account for drainage assessments and drainage construction and maintenance.

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 90 days after year end.

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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 Enterprise Fund is charges to customers for sales and services. Operating expenses for the Enterprise Fund include depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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 on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which are due and payable but have not been collected. Special assessment receivable in the Secondary Roads Fund represent assessments established in accordance with Code of Iowa Chapter 311 for the payment of costs associated with road surface improvements. Assessments are payable by property owners in 10 annual installments at an interest rate of 2.5%.

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

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

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

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right-to-use leased equipment and infrastructure are depreciated/amortized using the straight-line method over the following estimated useful lives:

| Asset Class | Estimated Useful Lives (In Years) |
|----------------------------|--------------------------------------|
| Buildings | 25 - 50 |
| Building improvements | 25 - 50 |
| Infrastructure | 10 - 65 |
| Intangibles | 5 - 20 |
| Equipment | 3 - 20 |
| Vehicles | 5 - 15 |
| Right-to-use leased assets | 3 - 20 |

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

At the commencement of a lease, the County initially measures the lease liability at the present value of 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 Harrison County determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

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

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

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

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

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

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

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

Harrison County uses its estimated incremental borrowing rate as the discount rate for leases.

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in 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 paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on Harrison County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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 which will not be recognized until the year for which it is levied.

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements during the year ended June 30, 2023 exceeded the amounts budgeted in the county environment and education, non-program and debt service functions prior to the budget amendment and disbursements in certain departments exceeded the amounts appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

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

(3) Interfund Transfers

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

| <u>Transfer to</u> | <u>Transfer from</u> | <u>Amount</u> |
|--------------------|--|---------------------|
| Special Revenue: | | |
| Secondary Roads | General | \$ 192,000 |
| | Special Revenue: | |
| | Rural Services | <u>2,374,000</u> |
| | | <u>2,566,000</u> |
| Special Revenue: | | |
| Flood and Erosion | Rural Services | <u>10,000</u> |
| Capital Projects | General | 2,275,097 |
| | Special Revenue: | |
| | Resource Enhancement and Protection | <u>90,000</u> |
| | | <u>2,365,097</u> |
| Total | | <u>\$ 4,941,097</u> |

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

(4) Capital Assets

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

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|--|---------------------------------|------------------|--------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated/amortized: | | | | |
| Land | \$ 2,240,985 | - | - | 2,240,985 |
| Intangibles, road network | 978,728 | - | - | 978,728 |
| Construction in progress | 9,090,244 | 4,078,426 | (6,520,762) | 6,647,908 |
| Total capital assets not being depreciated/amortized | 12,309,957 | 4,078,426 | (6,520,762) | 9,867,621 |
| Capital assets being depreciated/amortized: | | | | |
| Buildings | 7,887,030 | 141,729 | - | 8,028,759 |
| Improvements other than buildings | 268,191 | 5,551,309 | - | 5,819,500 |
| Equipment and vehicles | 12,239,219 | 935,791 | (492,679) | 12,682,331 |
| Right-to-use leased building | 10,108 | - | (10,108) | - |
| Right-to-use leased equipment | 6,875 | 5,674 | - | 12,549 |
| Intangibles | 63,559 | - | - | 63,559 |
| Infrastructure, road network and other | 58,019,744 | 1,000,153 | (5,678) | 59,014,219 |
| Total capital assets being depreciated/amortized | 78,494,726 | 7,634,656 | (508,465) | 85,620,917 |
| Less accumulated depreciation/amortization for: | | | | |
| Buildings | 3,578,677 | 208,767 | - | 3,787,444 |
| Improvements other than buildings | 132,915 | 383,760 | - | 516,675 |
| Equipment and vehicles | 7,823,677 | 736,739 | (383,476) | 8,176,940 |
| Right-to-use leased building | 5,054 | 5,054 | (10,108) | - |
| Right-to-use leased equipment | 1,195 | 2,390 | - | 3,585 |
| Intangibles | 63,559 | - | - | 63,559 |
| Infrastructure, road network and other | 23,633,528 | 1,153,920 | (5,678) | 24,781,770 |
| Total accumulated depreciation/amortization | 35,238,605 | 2,490,630 | (399,262) | 37,329,973 |
| Total capital assets being depreciated/amortized, net | 43,256,121 | 5,144,026 | (109,203) | 48,290,944 |
| Governmental activities capital assets, net | \$ 55,566,078 | 9,222,452 | (6,629,965) | 58,158,565 |
| Business type activities: | | | | |
| Capital assets being depreciated: | | | | |
| Infrastructure | \$ 2,332,995 | - | - | 2,332,995 |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 435,553 | 31,106 | - | 466,659 |
| Total capital assets being depreciated, net | \$ 1,897,442 | (31,106) | - | 1,866,336 |

Depreciation/amortization expense was charged to the following functions:

| | |
|--|---------------------|
| Governmental activities: | |
| Public safety and legal services | \$ 552,652 |
| Physical health and social services | 34,021 |
| County environment and education | 105,620 |
| Roads and transportation | 1,709,979 |
| Governmental services to residents | 33,549 |
| Administration | 54,809 |
| Total depreciation/amortization expense - governmental activities | \$ 2,490,630 |
| Business type activities: | |
| Water and wastewater disposal system | \$ 31,106 |

(5) Lease Receivable

The County owns the Harrison County Farm. Effective June, 2013, the County entered into a 10½-year lease with Lynn Wohlers whereby the farm is maintained under the Conservation Reserve Program. The County is to receive \$32,282 in land rent annually with an implicit rate of 2.0%.

As of June 30, 2023, only half a fiscal year payment remained to be received. Details of the County's June 30, 2023 farmland lease receivable is as follows:

| Year Ending June 30, | Amount | Interest | Total |
|----------------------------|-----------|----------|--------|
| 2024 | \$ 16,046 | 94 | 16,140 |

(6) Due to Other Governments

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

| Fund | Description | Amount |
|------------------------------|-------------|---------------------|
| General | Services | \$ 13,201 |
| Special Revenue: | | |
| Rural Services | Services | 328 |
| Secondary Roads | Services | 1,479 |
| Total for governmental funds | | <u>\$ 15,008</u> |
| Custodial: | | |
| County Offices | Collections | \$ 100,184 |
| Schools | | 116,342 |
| Corporations | | 523,270 |
| Auto License and Use Tax | | 566,216 |
| All other | | 62,514 |
| Total for custodial funds | | <u>\$ 1,368,526</u> |

(7) Long-Term Liabilities

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

| | Lease Agreements | General Obligation Notes | Drainage Warrants | Compensated Absences | Net Pension Liability | Total OPEB Liability | Total |
|----------------------------------|------------------|--------------------------|-------------------|----------------------|-----------------------|----------------------|-----------|
| Governmental activities: | | | | | | | |
| Balance beginning of year | \$ 16,505 | 5,665,000 | 371,873 | 1,022,397 | (1,136,155) | 237,038 | 6,176,658 |
| Increases | - | - | 1,269,913 | 582,580 | 2,976,833 | 22,251 | 4,851,577 |
| Decreases | 7,409 | 540,000 | 361,654 | 630,087 | - | 18,155 | 1,557,305 |
| Balance end of year | \$ 9,096 | 5,125,000 | 1,280,132 | 974,890 | 1,840,678 | 241,134 | 9,470,930 |
| Due within one year | \$ 2,359 | 555,000 | - | 247,901 | - | 18,155 | 823,415 |
| Business type activities: | | | | | | | |
| Balance beginning of year | | | | \$ 615,091 | | | |
| Increases | | | | - | | | |
| Decreases | | | | 14,440 | | | |
| Balance end of year | | | | \$ 600,651 | | | |
| Due within one year | | | | \$ 15,047 | | | |

Lease Agreements

On January 1, 2022, the County entered into a lease agreement for a copier in the Public Health Department. An initial lease liability was recorded in the amount of \$12,548. The agreement requires monthly payments of \$210 over 5 years with an implicit interest rate of 2.00% and final payment due March 1, 2027. During the year ended June 30, 2023, principal and interest paid were \$2,313 and \$207, respectively.

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

| Year Ending June 30, | Copier Machine | | |
|----------------------|----------------|----------|-------|
| | Principal | Interest | Total |
| 2024 | \$ 2,359 | 161 | 2,520 |
| 2025 | 2,407 | 113 | 2,520 |
| 2026 | 2,456 | 64 | 2,520 |
| 2027 | 1,874 | 16 | 1,890 |
| Totals | \$ 9,096 | 354 | 9,450 |

General Obligation Notes Payable

Details of the County's June 30, 2023 general obligation note indebtedness are as follows:

| Year Ending June 30, | Series 2021A Refunding and Communication Equipment | | | |
|----------------------------|---|--------------|----------|-----------|
| | Issued Mar 11, 2021 | | | |
| | Interest Rates | Principal | Interest | Total |
| 2024 | 2.00% | \$ 555,000 | 79,345 | 634,345 |
| 2025 | 2.00 | 565,000 | 68,245 | 633,245 |
| 2026 | 2.00 | 580,000 | 56,945 | 636,945 |
| 2027 | 2.00 | 585,000 | 45,345 | 630,345 |
| 2028 | 2.00 | 595,000 | 33,645 | 628,645 |
| 2028-2032 | 0.80-1.10 | 2,245,000 | 55,040 | 2,300,040 |
| Total | | \$ 5,125,000 | 338,565 | 5,463,565 |

On March 11, 2021, the County issued \$6,175,000 of taxable general obligation capital loan refunding notes, with interest rates ranging from 0.80% to 2.00% per annum. The notes were issued partially to refund the outstanding series 2016A general obligation solid waste disposal capital loan notes issued for the purpose of paying the costs of improvements and extensions for the Harrison County Landfill Commission. The remaining proceeds were for the purpose of paying the costs of acquisition, construction and installation of peace officer communication equipment and system and to pay issuance costs. During the year ended June 30, 2023, the County paid \$540,000 in principal and \$90,145 in interest on the notes.

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

The June 30, 2023 loan receivable of \$715,000 is recorded in the Debt Service Fund and the principal and interest payments from the Commission are credited to the Debt Service Fund.

USDA Sewer Revenue Notes

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

| Year Ending June 30, | Interest Rates | Principal | Interest | Total |
|----------------------------|-------------------|------------|----------|---------|
| 2024 | 4.125-4.250% | \$ 15,047 | 25,232 | 40,279 |
| 2025 | 4.125-4.250 | 15,679 | 24,600 | 40,279 |
| 2026 | 4.125-4.250 | 16,337 | 23,942 | 40,279 |
| 2027 | 4.125-4.250 | 17,024 | 23,255 | 40,279 |
| 2028 | 4.125-4.250 | 17,739 | 22,540 | 40,279 |
| 2029-2033 | 4.125-4.250 | 100,517 | 100,878 | 201,395 |
| 2034-2038 | 4.125-4.250 | 123,476 | 77,919 | 201,395 |
| 2039-2043 | 4.125-4.250 | 151,683 | 49,712 | 201,395 |
| 2044-2047 | 4.125-4.250 | 143,149 | 15,177 | 158,326 |
| Total | | \$ 600,651 | 363,255 | 963,906 |

The County has pledged future sewer customer revenues, net of specified operating expenses, to repay \$758,000 of sewer revenue notes issued in June 2008. The notes mature annually on July 1 and bear interest at 4.125% to 4.250% per annum, which is also due and payable on July 1. Proceeds from the notes provided financing for the construction of water and wastewater disposal systems in the Little Sioux and River Sioux communities. The notes are payable solely from sewer customer net revenues and are payable through 2047. Annual principal and interest payments on the notes are expected to require more than 100% of net revenues. The total principal and interest remaining to be paid on the notes is \$963,906. For the current year, principal and interest paid and total customer net revenues were \$40,279 and \$12,352, respectively.

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

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

Drainage Warrants

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

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

(8) Loan Receivable

| Year Ending June 30, | General Obligation, Series 2016A | | | |
|----------------------------|----------------------------------|------------|----------|---------|
| | Issued Feb 1, 2016 | | | |
| | Interest Rates | Principal | Interest | Total |
| 2024 | 2.00% | \$ 100,000 | 11,990 | 111,990 |
| 2025 | 2.50 | 100,000 | 9,990 | 109,990 |
| 2026 | 2.50 | 105,000 | 7,990 | 112,990 |
| 2027 | 2.00 | 100,000 | 5,890 | 105,890 |
| 2028 | 2.00 | 100,000 | 3,890 | 103,890 |
| 2029-2030 | 0.80-1.00 | 210,000 | 2,940 | 212,940 |
| Total | | \$ 715,000 | 42,690 | 757,690 |

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

(9) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 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 were \$644,773.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the County reported a liability of \$1,840,678 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 0.048719%, which was a decrease of 0.280386% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense (reduction) of (\$106,445). 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 | \$ 219,834 | 33,741 |
| Changes of assumptions | 1,996 | 94,584 |
| Net difference between projected and actual earnings on IPERS' investments | - | 315,590 |
| Changes in proportion and differences between County contributions and the County's proportionate share of contributions | 62,790 | 106,417 |
| County contributions subsequent to the measurement date | 644,773 | - |
| Total | <u>\$ 929,393</u> | <u>550,332</u> |

\$644,773 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Amount |
|----------------------------|---------------------|
| 2024 | \$ (291,357) |
| 2025 | (230,606) |
| 2026 | (429,838) |
| 2027 | 692,032 |
| 2028 | (5,943) |
| Total | <u>\$ (265,712)</u> |

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

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 | <u>100.0%</u> | |

Discount Rate – The discount rate used to measure the total pension asset was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS’ investments was applied to all periods of projected benefit payments to determine the total pension 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) | \$ 4,551,738 | 1,840,678 | (544,901) |

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

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2023.

(10) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2023, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 4 |
| Active employees | <u>117</u> |
| Total | <u><u>121</u></u> |

Total OPEB Liability – The County's total OPEB liability of \$241,134 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2021. The total OPEB liability was rolled forward from the July 1, 2021 valuation to the June 30, 2023 measurement date.

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

| | |
|---|--|
| Rate of inflation (effective June 30, 2022) | 3.0% per annum. |
| Rates of salary increase (effective June 30, 2022) | 2.75% per annum, including inflation. |
| Discount rate (effective June 30, 2022) | 2.14% compounded annually, including inflation. |
| Healthcare cost trend rate (effective June 30, 2022) | 5.0% annually |

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

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

Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|--|---------------------------------|
| Total OPEB liability beginning of year | <u>\$ 237,038</u> |
| Changes for the year: | |
| Service cost | 17,008 |
| Interest | 5,243 |
| Benefit payments | <u>(18,155)</u> |
| Net changes | <u>4,096</u> |
| Total OPEB liability end of year | <u>\$ 241,134</u> |

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

| | <u>1% Decrease (1.14%)</u> | <u>Discount Rate (2.14%)</u> | <u>1% Increase (3.14%)</u> |
|----------------------|------------------------------------|--------------------------------------|------------------------------------|
| Total OPEB liability | \$ 253,585 | 241,134 | 228,955 |

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

| | 1% Decrease (4.00%) | Healthcare Cost Trend Rate (5.00%) | 1% Increase (6.00%) |
|----------------------|---------------------------|---|---------------------------|
| Total OPEB liability | \$ 220,650 | 241,134 | 260,322 |

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 \$4,278. 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 | \$ 53,306 | 27,492 |
| Changes in assumptions | 12,652 | 8,705 |
| Total | \$ 65,958 | 36,197 |

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 | \$ 182 |
| 2025 | 182 |
| 2026 | 182 |
| 2027 | 182 |
| 2028 | 182 |
| Thereafter | 28,851 |
| | <u>\$ 29,761</u> |

(11) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 800 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, employment practices liability, public officials liability, cyber liability and law enforcement liability. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2023 were \$366,336.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2023, no liability has been recorded in the County's financial statements. As of June 30, 2023, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and ranging from \$40,000 to \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Secondary Roads Department Insurance Benefit

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

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

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

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

For the year ended June 30, 2023, eight employees have retired and received benefits totaling \$161,378 under the program.

(13) Financial Assurance

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

The County has provided a local government guarantee for a portion of the closure and postclosure care costs of the Commission in accordance with Chapter 567-113.14(6)(h) of the Iowa Administrative Code. Total estimated costs for closure and postclosure care of the Commission as of June 30, 2023 are \$3,124,119 and the County's financial assurance obligation amount is \$1,446,512. At June 30, 2023, the County has met the guarantor conditions outlined in Chapter 567-104.26(5) of the Iowa Administrative Code.

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

(14) Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 for employees. The 457 Plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights must be held in trust of the exclusive benefit of plan participants and beneficiaries. These funds are invested and held by an outside investment company and do not constitute a liability of the County.

(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.

Tax Abatements of Other Entities

Other entities within the County 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:

| <u>Entity</u> | <u>Tax Abatement Program</u> | <u>Amount of Tax Abated</u> |
|-------------------------|---|-----------------------------|
| City of Dunlap | Urban renewal and economic development projects | \$ 38,885 |
| City of Missouri Valley | Urban renewal and economic development projects | 5,784 |
| City of Woodbine | Urban renewal and economic development projects | 10,100 |

(16) Construction Commitment

The County entered into a contract with an amount of \$3,391,365 for the construction of the Willow Lake Nature Center. As of June 30, 2023, costs of \$3,074,319 on the project have been incurred. The \$317,046 balance remaining on the project at June 30, 2023 will be paid as work on the project progresses.

The County entered into a contract for \$714,490 for the replacement of the County Courthouse windows. On March 16, 2023, a change order of \$17,440 was issued. As of June 30, 2023 no costs on the project have been incurred. The \$731,930 balance remaining on the project at June 30, 2023 will be paid as work on the project progresses.

Required Supplementary Information

Harrison County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances –
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2023

| | Actual | Less Funds not Required to be Budgeted | Net |
|---|----------------------|---|-------------------|
| Receipts: | | | |
| Property and other county tax | \$ 10,492,575 | - | 10,492,575 |
| Interest and penalty on property tax | 49,651 | - | 49,651 |
| Intergovernmental | 8,269,934 | - | 8,269,934 |
| Licenses and permits | 26,180 | - | 26,180 |
| Charges for service | 627,456 | - | 627,456 |
| Use of money and property | 219,755 | - | 219,755 |
| Miscellaneous | 1,835,280 | 419,840 | 1,415,440 |
| Total receipts | <u>21,520,831</u> | <u>419,840</u> | <u>21,100,991</u> |
| Disbursements: | | | |
| Public safety and legal services | 3,780,825 | - | 3,780,825 |
| Physical health and social services | 2,027,172 | - | 2,027,172 |
| County environment and education | 2,041,830 | - | 2,041,830 |
| Roads and transportation | 7,850,647 | - | 7,850,647 |
| Governmental services to residents | 700,674 | - | 700,674 |
| Administration | 1,739,547 | - | 1,739,547 |
| Non-program | 1,273,909 | 1,273,909 | - |
| Debt service | 1,003,038 | 372,293 | 630,745 |
| Capital projects | 4,140,134 | - | 4,140,134 |
| Total disbursements | <u>24,557,776</u> | <u>1,646,202</u> | <u>22,911,574</u> |
| Excess (deficiency) of receipts over (under) disbursements | (3,036,945) | (1,226,362) | (1,810,583) |
| Other financing sources | 1,269,913 | 1,269,913 | - |
| Change in balances | (1,767,032) | 43,551 | (1,810,583) |
| Balance beginning of year | <u>12,672,309</u> | <u>90,643</u> | <u>12,581,666</u> |
| Balance end of year | <u>\$ 10,905,277</u> | <u>134,194</u> | <u>10,771,083</u> |

See accompanying independent auditor's report.

| <u>Budgeted Amounts</u> | | Final to |
|-------------------------|-------------------|------------------|
| Original | Final | Net Variance |
| 10,459,432 | 10,458,082 | 34,493 |
| 50,750 | 52,100 | (2,449) |
| 7,103,103 | 7,181,503 | 1,088,431 |
| 36,000 | 36,000 | (9,820) |
| 870,351 | 896,851 | (269,395) |
| 179,079 | 179,079 | 40,676 |
| 2,087,965 | 2,115,165 | (699,725) |
| <u>20,786,680</u> | <u>20,918,780</u> | <u>182,211</u> |
| 3,734,871 | 3,829,971 | 49,146 |
| 1,947,738 | 2,091,738 | 64,566 |
| 1,384,004 | 2,050,904 | 9,074 |
| 7,580,000 | 8,280,000 | 429,353 |
| 716,074 | 720,074 | 19,400 |
| 1,764,682 | 1,869,682 | 130,135 |
| - | - | - |
| 630,895 | 631,195 | 450 |
| 4,364,645 | 5,054,645 | 914,511 |
| <u>22,122,909</u> | <u>24,528,209</u> | <u>1,616,635</u> |
| (1,336,229) | (3,609,429) | 1,798,846 |
| - | - | - |
| (1,336,229) | (3,609,429) | 1,798,846 |
| 11,925,203 | 12,542,881 | 38,785 |
| <u>10,588,974</u> | <u>8,933,452</u> | <u>1,837,631</u> |

Harrison County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2023

| | <u>Governmental Funds</u> | | |
|------------------------------|---------------------------|--------------------|-------------------|
| | <u>Cash</u> | <u>Accrual</u> | <u>Modified</u> |
| | <u>Basis</u> | <u>Adjustments</u> | <u>Accrual</u> |
| | | | <u>Basis</u> |
| Revenues | \$ 21,520,831 | (153,226) | 21,367,605 |
| Expenditures | 24,557,776 | (475,749) | 24,082,027 |
| Net | (3,036,945) | 322,523 | (2,714,422) |
| Other financing sources, net | 1,269,913 | - | 1,269,913 |
| Beginning fund balances | 12,672,309 | 2,018,249 | 14,690,558 |
| Ending fund balances | <u>\$ 10,905,277</u> | <u>2,340,772</u> | <u>13,246,049</u> |

See accompanying independent auditor's report.

Harrison County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2023

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Enterprise Fund and 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 and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$2,405,300. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2023, disbursements exceeded the amount budgeted in the county environment and education, non-program and debt service functions prior to the budget amendment and disbursements in certain departments exceeded the amounts appropriated prior to the appropriation amendment and at year end.

Harrison 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) | 0.048719% | 0.329105% ** | 0.061915% | 0.060293% |
| County's proportionate share of net pension liability (asset) | \$ 1,841 | (1,136) | 4,349 | 3,491 |
| County's covered payroll | \$ 6,387 | 6,147 | 5,932 | 5,838 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 28.82% | -18.48% | 73.31% | 59.80% |
| 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 year.

** Overall plan net pension asset.

See accompanying independent auditor's report.

| 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------|-----------|-----------|-----------|-----------|
| 0.058613% | 0.060358% | 0.061196% | 0.058401% | 0.056918% |
| 3,709 | 4,021 | 3,851 | 2,885 | 2,257 |
| 5,456 | 5,305 | 5,165 | 4,934 | 4,860 |
| 67.98% | 75.80% | 74.56% | 58.47% | 46.44% |
| 83.62% | 82.21% | 81.82% | 85.19% | 87.61% |

Harrison County

Schedule of County Contributions

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

Required Supplementary Information

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|--------------|--------------|--------------|--------------|
| Statutorily required contribution | \$ 645 | 599 | 580 | 563 |
| Contributions in relation to the statutorily required contribution | <u>(645)</u> | <u>(599)</u> | <u>(580)</u> | <u>(563)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| County's covered payroll | \$ 6,900 | 6,387 | 6,147 | 5,932 |
| Contributions as a percentage of covered payroll | 9.35% | 9.38% | 9.44% | 9.49% |

See accompanying independent auditor's report.

| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------|-------|-------|-------|-------|-------|
| 557 | 494 | 483 | 470 | 449 | 444 |
| (557) | (494) | (483) | (470) | (449) | (444) |
| - | - | - | - | - | - |
| 5,838 | 5,456 | 5,305 | 5,165 | 4,934 | 4,860 |
| 9.54% | 9.05% | 9.10% | 9.10% | 9.10% | 9.14% |

Harrison County

Harrison 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.

Harrison 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 | \$ 17,008 | 16,552 | 11,441 | 11,135 |
| Interest cost | 5,243 | 5,179 | 6,413 | 6,218 |
| Changes of benefit terms | - | - | - | (18,485) |
| Difference between expected and actual experiences | - | 36,622 | - | 33,676 |
| Changes in assumptions | - | 14,582 | - | 550 |
| Benefit payments | (18,155) | (20,336) | (10,426) | (13,706) |
| Net change in total OPEB liability | 4,096 | 52,599 | 7,428 | 19,388 |
| Total OPEB liability beginning of year | 237,038 | 184,439 | 177,011 | 157,623 |
| Total OPEB liability end of year | \$ 241,134 | 237,038 | 184,439 | 177,011 |
| Covered-employee payroll | \$ 6,332,127 | 6,162,654 | 5,638,418 | 5,487,511 |
| Total OPEB liability as a percentage of covered-employee payroll | 3.8% | 3.8% | 3.3% | 3.2% |

See accompanying independent auditor's report.

| <u>2019</u> | <u>2018</u> |
|----------------|-----------------|
| 11,113 | 10,816 |
| 5,578 | 5,216 |
| - | - |
| - | (58,038) |
| - | (18,371) |
| <u>(7,541)</u> | <u>(4,896)</u> |
| <u>9,150</u> | <u>(65,273)</u> |
| <u>148,473</u> | <u>213,746</u> |
| <u>157,623</u> | <u>148,473</u> |
| 5,239,411 | 5,099,183 |
| 3.0% | 2.9% |

Harrison 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:

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

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

Supplementary Information

Harrison County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

| | County Recorder's Records Management | Urban Renewal Revenue | Resource Enhancement and Protection | Special Flood and Erosion |
|---|---|-----------------------------|--|------------------------------------|
| Assets | | | | |
| Cash, cash equivalents and pooled investments | \$ 23,494 | 113,504 | 11,870 | 222,019 |
| Receivables: | | | | |
| Property tax: | | | | |
| Delinquent | - | - | - | - |
| Succeeding year | - | - | - | - |
| Loan | - | - | - | - |
| Opioid Settlement Receivable | - | - | - | - |
| Total assets | \$ 23,494 | 113,504 | 11,870 | 222,019 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| None | \$ - | - | - | - |
| Deferred inflows of resources: | | | | |
| Unavailable revenues: | | | | |
| Succeeding year property tax | - | - | - | - |
| Other | - | - | - | - |
| Total Deferred inflows of resources | - | - | - | - |
| Fund balances: | | | | |
| Nonspendable for loans | - | - | - | - |
| Restricted for debt service | - | - | - | - |
| Restricted for other purposes | 23,494 | 113,504 | 11,870 | 222,019 |
| Total Fund Balance | 23,494 | 113,504 | 11,870 | 222,019 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 23,494 | 113,504 | 11,870 | 222,019 |

See accompanying independent auditor's report.

| Revenue | | | | | |
|----------|--------------------------|------------------|-----------------------------------|--------------|-----------|
| Seizures | Drug Search and Seizures | Pass Thru Grants | Local Government Opioid Abatement | Debt Service | Total |
| 1,600 | 7,414 | 385 | 103,967 | 11,626 | 495,879 |
| - | - | - | - | 691 | 691 |
| - | - | - | - | 504,000 | 504,000 |
| - | - | - | - | 715,000 | 715,000 |
| - | - | - | 372,251 | - | 372,251 |
| 1,600 | 7,414 | 385 | 476,218 | 1,231,317 | 2,087,821 |
| - | - | - | - | - | - |
| - | - | - | - | 504,000 | 504,000 |
| - | - | - | 372,251 | 691 | 372,942 |
| - | - | - | 372,251 | 504,691 | 876,942 |
| - | - | - | - | 715,000 | 715,000 |
| - | - | - | - | 11,626 | 11,626 |
| 1,600 | 7,414 | 385 | 103,967 | - | 484,253 |
| 1,600 | 7,414 | 385 | 103,967 | 726,626 | 1,210,879 |
| 1,600 | 7,414 | 385 | 476,218 | 1,231,317 | 2,087,821 |

Harrison County

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

Year ended June 30, 2023

| | Special | | | |
|--|---|-----------------------------|--|-------------------------|
| | County Recorder's Records Management | Urban Renewal Revenue | Resource Enhancement and Protection | Flood and Erosion |
| Revenues: | | | | |
| Property and other county tax | \$ - | - | - | - |
| Intergovernmental | - | - | 10,413 | - |
| Charges for service | 2,684 | - | - | - |
| Use of money and property | 727 | - | 411 | - |
| Miscellaneous | - | - | - | - |
| Total revenues | 3,411 | - | 10,824 | - |
| Expenditures: | | | | |
| Operating: | | | | |
| Public safety and legal services | - | - | - | - |
| Physical health and social services | - | 1,700 | - | - |
| Debt service | - | - | - | - |
| Capital projects | - | - | 6,225 | - |
| Total expenditures | - | 1,700 | 6,225 | - |
| Excess (deficiency) of revenues over (under) expenditures | 3,411 | (1,700) | 4,599 | - |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | 10,000 |
| Transfers out | - | - | (90,000) | - |
| Total other financing sources (uses) | - | - | (90,000) | 10,000 |
| Change in fund balances | 3,411 | (1,700) | (85,401) | 10,000 |
| Fund balances beginning of year | 20,083 | 115,204 | 97,271 | 212,019 |
| Fund balances end of year | \$ 23,494 | 113,504 | 11,870 | 222,019 |

See accompanying independent auditor's report.

| Revenue | | | | | |
|----------|--------------------------|------------------|-----------------------------------|--------------|-----------|
| Seizures | Drug Search and Seizures | Pass Thru Grants | Local Government Opioid Abatement | Debt Service | Total |
| - | - | - | - | 496,866 | 496,866 |
| - | - | - | - | 27,445 | 37,858 |
| - | 50 | - | - | - | 2,734 |
| - | - | - | - | 13,885 | 15,023 |
| - | 2,101 | - | 103,967 | 300 | 106,368 |
| - | 2,151 | - | 103,967 | 538,496 | 658,849 |
| - | 200 | - | - | - | 200 |
| - | - | - | - | - | 1,700 |
| - | - | - | - | 630,745 | 630,745 |
| - | - | - | - | - | 6,225 |
| - | 200 | - | - | 630,745 | 638,870 |
| - | 1,951 | - | 103,967 | (92,249) | 19,979 |
| - | - | - | - | - | 10,000 |
| - | - | - | - | - | (90,000) |
| - | - | - | - | - | (80,000) |
| - | 1,951 | - | 103,967 | (92,249) | (60,021) |
| 1,600 | 5,463 | 385 | - | 818,875 | 1,270,900 |
| 1,600 | 7,414 | 385 | 103,967 | 726,626 | 1,210,879 |

Harrison County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2023

| | County Offices | Agricultural Extension Education | County Assessor | Schools |
|---|-------------------|--|--------------------|-------------------|
| Assets | | | | |
| Cash, cash equivalents and pooled investments: | | | | |
| County Treasurer | \$ - | 6,180 | 365,278 | 116,342 |
| Other County officials | 111,447 | - | - | - |
| Receivables: | | | | |
| Property tax: | | | | |
| Delinquent | - | 364 | 566 | 16,378 |
| Succeeding year | - | 265,000 | 341,000 | 14,165,000 |
| Accounts | 1,426 | - | - | - |
| Drainage assessments | - | - | - | - |
| Special assessments | - | - | - | - |
| Accrued interest | - | - | - | - |
| Due from other government | - | - | 16,446 | - |
| Prepaid items | - | - | 4,800 | - |
| Total assets | \$ 112,873 | 271,544 | 728,090 | 14,297,720 |
| Liabilities | | | | |
| Accounts payable | - | - | 5,162 | - |
| Accrued interest payable | - | - | - | - |
| Stamped drainage warrants payable | - | - | - | - |
| Salaries and benefits payable | - | - | - | - |
| Due to other governments | 100,184 | 6,180 | - | 116,342 |
| Trusts payable | 12,689 | - | - | - |
| Compensated absences | - | - | 16,650 | - |
| Total liabilities | \$ 112,873 | 6,180 | 21,812 | 116,342 |
| Deferred Inflows of Resources | | | | |
| Unavailable revenues | - | 265,000 | 341,000 | 14,165,000 |
| Net Position | | | | |
| Restricted for individuals, organizations and other governments | \$ - | 364 | 365,278 | 16,378 |

See accompanying independent auditor's report.

| Community Colleges | Corporations | Townships | Auto License and Use Tax | Drainage Districts | 911 Service Commission | Other | Total |
|--------------------|------------------|----------------|--------------------------|--------------------|------------------------|----------------|-------------------|
| 13,011 | 523,270 | 3,896 | 566,216 | 467,376 | 652,375 | 686,681 | 3,400,625 |
| - | - | - | - | - | - | - | 111,447 |
| 2,100 | 14,835 | 503 | - | - | - | 4 | 34,750 |
| 1,548,000 | 4,682,000 | 537,000 | - | - | - | 2,000 | 21,540,000 |
| - | - | - | - | - | 2,700 | - | 4,126 |
| - | - | - | - | 1,066,830 | - | - | 1,066,830 |
| - | 183,915 | - | - | - | - | - | 183,915 |
| - | - | - | - | - | 12,643 | - | 12,643 |
| - | - | - | - | - | - | 25,344 | 41,790 |
| - | - | - | - | - | - | - | 4,800 |
| 1,563,111 | 5,404,020 | 541,399 | 566,216 | 1,534,206 | 667,718 | 714,029 | 26,400,926 |
| - | - | - | - | - | 43,790 | 608 | 49,560 |
| - | - | - | - | 2,868 | - | - | 2,868 |
| - | - | - | - | 355,138 | - | - | 355,138 |
| - | - | - | - | - | - | 3,303 | 3,303 |
| 13,011 | 523,270 | 3,896 | 566,216 | - | 242 | 39,185 | 1,368,526 |
| - | - | - | - | - | - | - | 12,689 |
| - | - | - | - | - | - | 54,306 | 70,956 |
| 13,011 | 523,270 | 3,896 | 566,216 | 358,006 | 44,032 | 97,402 | 1,863,040 |
| 1,548,000 | 4,682,000 | 537,000 | - | - | - | 2,000 | 21,540,000 |
| 2,100 | 198,750 | 503 | - | 1,176,200 | 623,686 | 614,627 | 2,997,886 |

Harrison County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2023

| | County Offices | Agricultural Extension Education | County Assessor | Schools |
|---|-------------------|--|--------------------|-------------------|
| Additions: | | | | |
| Property and other county tax | \$ - | 259,946 | 404,147 | 13,783,711 |
| 911 surcharge | - | - | - | - |
| State tax credits | - | 14,732 | 22,775 | 705,165 |
| Office fees and collections | 717,202 | - | - | - |
| Drivers license fees, auto licenses, use tax and postage | - | - | - | - |
| Assessments | - | - | - | - |
| Trusts | 408,865 | - | - | - |
| Miscellaneous | - | - | 3,698 | - |
| Total additions | 1,126,067 | 274,678 | 430,620 | 14,488,876 |
| Deductions: | | | | |
| To other funds | 443,720 | - | - | - |
| To other governments | 353,145 | 280,622 | 333,426 | 14,596,773 |
| Trusts paid out | 329,202 | - | - | - |
| Total deductions | 1,126,067 | 280,622 | 333,426 | 14,596,773 |
| Changes in net position | - | (5,944) | 97,194 | (107,897) |
| Net position beginning of year | - | 6,308 | 268,084 | 124,275 |
| Net position end of year | \$ - | 364 | 365,278 | 16,378 |

See accompanying independent auditor's report.

| Community Colleges | Corporations | Townships | Auto License and Use Tax | Drainage Districts | 911 Service Commission | Other | Total |
|-----------------------|--------------|-----------|-----------------------------------|-----------------------|------------------------------|-----------|------------|
| 1,504,044 | 4,415,375 | 528,124 | - | - | - | 2,607 | 20,897,954 |
| - | - | - | - | - | 284,802 | - | 284,802 |
| 76,114 | 484,891 | 23,668 | - | - | - | 152 | 1,327,497 |
| - | - | - | - | - | - | 2,757 | 719,959 |
| - | - | - | 6,966,307 | - | - | - | 6,966,307 |
| - | 588,886 | - | - | 1,494,417 | - | - | 2,083,303 |
| - | - | - | - | - | - | 212,614 | 621,479 |
| - | - | - | - | 37,301 | 22,990 | 1,038,966 | 1,102,955 |
| 1,580,158 | 5,489,152 | 551,792 | 6,966,307 | 1,531,718 | 307,792 | 1,257,096 | 34,004,256 |
| - | - | - | 213,288 | - | - | - | 657,008 |
| 1,593,207 | 5,446,384 | 555,789 | 6,753,019 | 1,043,917 | 377,300 | 925,901 | 32,259,483 |
| - | - | - | - | - | - | 229,161 | 558,363 |
| 1,593,207 | 5,446,384 | 555,789 | 6,966,307 | 1,043,917 | 377,300 | 1,155,062 | 33,474,854 |
| (13,049) | 42,768 | (3,997) | - | 487,801 | (69,508) | 102,034 | 529,402 |
| 15,149 | 155,982 | 4,500 | - | 688,399 | 693,194 | 512,593 | 2,468,484 |
| 2,100 | 198,750 | 503 | - | 1,176,200 | 623,686 | 614,627 | 2,997,886 |

Harrison County

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

For the Last Ten Years

| | 2023 | 2022 | 2021 | 2020 |
|--------------------------------------|----------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | |
| Property and other county tax | \$ 9,722,736 | 8,859,477 | 8,296,435 | 7,826,323 |
| Local option sales tax | 777,921 | 839,288 | 861,439 | 628,102 |
| Interest and penalty on property tax | 49,568 | 55,558 | 88,744 | 21,717 |
| Intergovernmental | 8,100,518 | 7,966,170 | 7,047,207 | 6,403,935 |
| Licenses and permits | 25,380 | 33,942 | 28,872 | 36,301 |
| Charges for service | 858,294 | 914,573 | 830,636 | 619,120 |
| Use of money and property | 405,612 | 201,168 | 221,522 | 316,363 |
| Fines, forfeitures and defaults | - | 75,298 | 64,671 | 53,943 |
| Miscellaneous | 1,427,576 | 919,048 | 2,186,538 | 898,814 |
| Total | \$ 21,367,605 | 19,864,522 | 19,626,064 | 16,804,618 |
| Expenditures: | | | | |
| Operating: | | | | |
| Public safety and legal services | \$ 3,759,274 | 3,441,813 | 3,295,537 | 2,938,183 |
| Physical health and social services | 1,983,545 | 1,899,165 | 2,060,035 | 1,698,774 |
| Mental health | - | 309,811 | 353,350 | 352,602 |
| County environment and education | 1,685,364 | 2,123,691 | 1,253,228 | 1,184,183 |
| Roads and transportation | 7,894,417 | 7,259,736 | 6,758,642 | 6,712,031 |
| Governmental services to residents | 696,216 | 661,399 | 672,771 | 606,556 |
| Administration | 1,713,887 | 1,549,190 | 1,495,792 | 1,462,592 |
| Non-program | 1,273,909 | 1,145,192 | 1,218,724 | 261,294 |
| Debt service | 1,003,038 | 1,452,111 | 1,367,046 | 303,127 |
| Capital projects | 4,072,377 | 4,334,760 | 4,533,262 | 1,447,077 |
| Total | \$ 24,082,027 | 24,176,868 | 23,008,387 | 16,966,419 |

See accompanying independent auditor's report.

| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|------------|------------|------------|------------|------------|------------|
| 7,765,897 | 7,842,767 | 7,865,485 | 7,904,596 | 7,804,740 | 7,629,735 |
| 588,657 | 550,639 | 608,649 | 515,517 | 534,654 | 513,285 |
| 49,470 | 55,284 | 51,499 | 45,715 | 75,214 | 51,754 |
| 5,756,256 | 5,603,663 | 6,008,828 | 5,618,199 | 4,913,274 | 4,978,749 |
| 22,538 | 34,690 | 28,523 | 34,181 | 19,616 | 25,459 |
| 634,951 | 675,444 | 630,401 | 618,496 | 575,062 | 609,465 |
| 273,311 | 208,692 | 170,258 | 113,673 | 79,597 | 85,567 |
| 54,209 | 46,744 | 37,275 | 41,392 | 44,122 | 45,733 |
| 509,416 | 693,664 | 771,633 | 754,775 | 498,263 | 704,306 |
| 15,654,705 | 15,711,587 | 16,172,551 | 15,646,544 | 14,544,542 | 14,644,053 |
| 2,818,485 | 2,570,566 | 2,564,821 | 2,562,760 | 2,415,880 | 2,356,457 |
| 1,728,641 | 1,687,646 | 1,617,301 | 1,565,540 | 1,511,756 | 1,431,137 |
| 322,129 | 328,095 | 399,452 | 463,101 | 1,948,667 | 422,482 |
| 1,196,038 | 1,159,670 | 1,105,633 | 1,083,407 | 1,022,512 | 958,910 |
| 7,725,212 | 7,383,564 | 6,253,505 | 7,576,699 | 5,828,631 | 5,436,955 |
| 596,846 | 584,130 | 561,024 | 567,511 | 642,452 | 623,390 |
| 1,534,036 | 1,450,052 | 1,295,947 | 1,397,074 | 1,181,959 | 1,263,263 |
| 93,264 | 139,788 | 266,092 | 271,984 | 195,713 | 289,000 |
| 235,581 | 356,441 | 411,269 | 466,502 | 254,272 | 544,716 |
| 572,535 | 567,897 | 663,429 | 280,437 | 406,146 | 329,727 |
| 16,822,767 | 16,227,849 | 15,138,473 | 16,235,015 | 15,407,988 | 13,656,037 |



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

To the Officials of Harrison County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Harrison 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 Harrison County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harrison County's internal control. Accordingly, we do not express an opinion on the effectiveness of Harrison County's internal control.

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2023-003 through 2023-010 to be significant deficiencies.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of Harrison County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Harrison County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Harrison County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Harrison County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Harrison County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Brian R. Brustkern., CPA
Deputy Auditor of State

June 11, 2024

Harrison County

Schedule of Findings

Year ended June 30, 2023

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2023-001 Segregation of Duties

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

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

| | <u>Applicable Offices</u> |
|---|--|
| (1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. | Sheriff’s Civil Division and Jail, and Conservation/ Welcome Center |
| (2) Bank accounts are not reconciled at the end of each month by an individual who does not sign checks, handle or record cash. An independent person does not periodically review the bank reconciliation for propriety. | Recorder and Sheriff’s Civil Division and Jail |
| (3) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash receipts. | Recorder and Sheriff’s Civil Division and Jail |
| (4) Generally, one individual may have control over collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist. | Recorder, Sheriff’s Civil Division and Jail, Conservation/ Welcome Center |

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

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

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

Harrison County

Schedule of Findings

Year ended June 30, 2023

Responses –

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

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

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

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

2023-002 Financial Reporting

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

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

Also, several balances reported on the cash annual financial report (AFR) did not agree with the County's records.

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

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

Recommendation – The County should implement procedures to ensure all receivables and payables are identified and properly included in the County's financial statements. The County should also establish procedures to ensure the cash AFR agrees with the County's records.

Harrison County

Schedule of Findings

Year ended June 30, 2023

Response – As the fiscal year end nears, the Auditor’s office emails each department with a reminder to indicate on submitted claims if the expenditure was incurred in June or July (or thereafter) so that the expenditure can be accurately noted on the financial statements. The Auditor’s office also includes a reminder to the departments to submit an earned date on all revenue submitted to the county treasurer. County will also amend the Cash AFR to ensure the records will match the beginning balances of the next fiscal year’s reporting.

Conclusion – Response accepted.

2023-003 Payroll

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

Condition – The County pays salaried employees on a bi-weekly basis. Most of the County’s salaried employees are paid one week in advance of the wages being earned. For example, the paycheck received on June 8, 2023 is for the week beginning June 2, 2023 through the week ending June 15, 2023. Accordingly, when the employee leaves County employment, their final pay warrant must be adjusted by the number of days they were paid in advance.

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

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

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

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

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

2023-004 Sam’s Club Membership

Criteria – An effective internal control system provides for policies addressing personal benefit from conducting County business.

Condition – The County’s Sam’s Club Plus membership offers a free complimentary membership to a person living in the same household of the primary member. Per review of membership renewal invoices, the primary card holder was County Engineer Steven Struble and the free complimentary membership was awarded to his wife.

Harrison County

Schedule of Findings

Year ended June 30, 2023

Sam’s Club Plus Members may earn 2% in Sam’s Cash which is used for purchases at Sam’s stores. Two membership invoices reported earned Sam’s Club cash of \$40 on invoice dated August 2019 and \$49 on invoice August 2020. No membership invoices were available for August 2021 or August 2022 to report Sam’s Club cash earned. To earn \$40 and \$49 in Sam’s Club cash, the membership would have had to purchase \$2,000 and \$2,450 in Sam’s Club merchandise. No purchases of personal items were noted in the County’s claims paid. The Sam’s Club purchases at the County Engineer’s office appeared appropriate.

A summary of County purchases and memberships costs are below:

| Period of Membership Oct 1 to Sept 30 | Membership Renewal | County Shop Supplies |
|---|-----------------------|----------------------------|
| 2018-2019 | \$ 100 | 126 |
| 2019-2020 | 100 | 60 |
| 2020-2021 | 140 | 271 |
| 2021-2022 | 100 | 145 |
| 2022-2023 | 110 | - |
| | \$ 550 | 602 |

Cause – Policies and procedures have not been established to prevent personal benefit from County purchases. County memberships should be in the name of County employees only. Invoices for membership renewal should be provided to support these disbursements.

Effect – The lack of policies and procedures to prevent the personal benefit from County purchases could result in excessive purchases and/or unnecessary items purchased and misuse of County resources.

Recommendation – The County should develop a written policy addressing rewards programs in order to establish appropriate guidelines.

Response – County has amended the credit card policy to include prohibiting employees from receiving rewards or cash back for personal use on county business purposes.

Conclusion – Response accepted.

2023-005 Computer System

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

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

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

Harrison County

Schedule of Findings

Year ended June 30, 2023

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

Recommendation – A written disaster recovery plan should be developed.

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

Conclusion – Response accepted.

2023-006 Conservation Welcome Center

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

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

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

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

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

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

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

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

Conclusion – Response accepted.

Harrison County

Schedule of Findings

Year ended June 30, 2023

2023-007 Conservation Welcome Center Reporting

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

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

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

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions.

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

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

Conclusion – Response accepted.

2023-008 K-9 Account Bank Reconciliation

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

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

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

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

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

Harrison County

Schedule of Findings

Year ended June 30, 2023

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

Conclusion – Response acknowledged.

2023-009 Jail Bond Account Bank Reconciliation

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

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

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

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

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

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

Conclusion – Response acknowledged.

2023-010 Unsupported Expenditures

Criteria – Internal controls over safeguarding assets constitutes a process, effected by an entity’s Board and other individuals 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 – One credit card purchase for fuel observed was not properly supported by invoices or other supporting documentation.

Cause – Policies and procedures have not been established to ensure vendor receipts are retained for all purchases.

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

Harrison County

Schedule of Findings

Year ended June 30, 2023

Recommendation – The County Sheriff should maintain support for all expenditures to support the total amount paid to the vendor in the future.

Response – Receipts and daily logs are kept for expenditures to support total amount paid to vendors. Each employee is requested to provide a receipt for any purchases made to vendors and employee daily logs are also submitted to Sheriff monthly with specific amount of gallons and cost for fuel purchases.

Conclusion – Response acknowledged. County officials should ensure receipts are obtained. If employees continue to not submit valid receipts, County officials should consider other options such as removing the employees from access to County credit cards.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Harrison County

Schedule of Findings

Year ended June 30, 2023

Other Findings Related to Required Statutory Reporting:

2023-A Certified Budget – During the year ended June 30, 2023, disbursements exceeded the amount budgeted in the county environment and education, debt service and capital project function prior to the budget amendment and disbursements in certain departments exceeded the amounts appropriated prior to the appropriation amendment and at year end.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the service area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – We will watch this more closely.

Conclusion – Response accepted.

2023-B Questionable Expenditures – We noted no expenditures that we believe may not meet the requirements of public purpose as defined by the Attorney General’s opinion dated April 25, 1979.

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 |
|---|--|----------|
| Elizabeth Lenz, Drainage Clerk, sister of Doug Harris, Owner of C & H Hauling | Trash pickup services for the County | \$ 6,275 |
| Bryon Vennink, Conservation Park Ranger, Owner of Home Town Hardware, Inc. | Purchase of electrical supplies and parts for the County Conservation Department | 5,149 |
| Kathy Lundergard, Office Manager, sister of Mike Maguire, Owner of Boyer View Trucking, LLC | Trucking/hauling services, per bid | 244,948 |
| Kathy Lundergard, Office Manager, sister of Mike Maguire, Owner of Boyer View Supply | County Engineer aggregate, sand and supplies | 12,770 |
| Dannielle Stirtz, Recorder Clerk, owner of Dannielle Stirtz Photography | Sheriff staff photos | 350 |
| Madlyn Brunow, Lactation Specialist, mother of owner of Brunow Computing LLC | Computer updates and repairs | 240 |
| Kris Pauley, Deputy Auditor, wife of Bruce Pauley | General election worker and mileage | 66 |

Harrison County

Schedule of Findings

Year ended June 30, 2023

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Home Town Hardware, Inc., Dannielle Stirtz Photography, Brunow Computing, LLC and Bruce Pauley do not appear to represent conflicts of interest since total transactions with each individual or business were less than \$6,000 during the fiscal year.

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

The transactions with C & H Hauling and Boyer View Supply may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa since the total cumulative transactions were greater than \$6,000 during the fiscal year ended June 30, 2023, and the transactions were not competitively bid.

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

Response – The County will consider bidding out these services in the future.

Conclusion – Response accepted.

- 2023-E Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2023-F Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- 2023-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2023-H Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- 2023-I Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- 2023-J Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

Harrison County

Schedule of Findings

Year ended June 30, 2023

2023-K Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each entity to report and remit obligations, including checks, outstanding for more than two years to the Office of Treasurer of State annually. The County Sheriff did not remit commissary obligations as required.

Recommendation – Checks outstanding for more than one year should be canceled and remitted to the Office of Treasurer of State annually, as required.

Response – Sheriff or designee will review all outstanding checks and remit any checks that are over two years old to the Office of Treasurer.

Conclusion – Response accepted.

2023-L Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The image of the back of each cancelled check was not obtained by the County Sheriff.

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

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

Conclusion – Response accepted.

Harrison County

Staff

This audit was performed by:

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Enoch Duval, Staff Auditor
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