



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

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

Rob Sand  
Auditor of State

**NEWS RELEASE**

Contact: Brian Brustkern  
515/281-5834

FOR RELEASE

July 19, 2024

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

**FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$15,420,594 for the year ended June 30, 2023, a 25.2% increase over the prior year. Expenses for County operations for the year ended June 30, 2023 totaled \$11,186,359, a 4.4% increase over the prior year. The significant increase in the revenues is due primarily to an increase in infrastructure assets contributed by the Iowa Department of Transportation.

**AUDIT FINDINGS:**

Sand reported ten findings related to the receipt and expenditure of taxpayer funds. They are found on pages 86 through 92 of this report. The findings addressed issues such as lack of segregation of duties and material adjustments needed to properly record payables and capital assets. Sand provided the County with recommendations to address each of the findings.

Three 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](#).

###

**AUDUBON COUNTY**

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

**JUNE 30, 2023**

**Audubon County**



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**STATE OF IOWA**

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

Rob Sand  
Auditor of State

June 27, 2024

Officials of Audubon County  
Audubon, Iowa

Dear Board Members:

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

**Officials**

**(Before January 2023)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gary VanAernam	Board of Supervisors	Jan 2023
Doug Sorensen	Board of Supervisors	Jan 2025
Rick Thompson	Board of Supervisors	Jan 2025
Lisa Frederiksen	County Auditor	Jan 2025
Debbie Campbell	County Treasurer	Jan 2023
Miranda Bills	County Recorder	Jan 2023
Todd Johnson	County Sheriff	Jan 2025
Christopher Swensen	County Attorney	Nov 2022
Debra Umland	County Assessor	(Terminated Nov 2022)
Janell Bluml (Appointed Dec 2022)	County Assessor	Jan 2028

**(After January 2023)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Doug Sorensen	Board of Supervisors	Jan 2025
Rick Thompson	Board of Supervisors	Jan 2025
Heath Hansen	Board of Supervisors	Jan 2027
Lisa Frederiksen	County Auditor	Jan 2025
Debbie Campbell	County Treasurer	Jan 2027
Miranda Bills	County Recorder	Jan 2027
Todd Johnson	County Sheriff	Jan 2025
Christopher Swensen	County Attorney	Jan 2027
Janell Bluml	County Assessor	Jan 2028



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Independent Auditor's Report

To the Officials of Audubon 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 Audubon 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 Audubon 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 Audubon County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 13 to the financial statements, Audubon County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Audubon 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 judgment 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 judgment 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 Audubon 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Audubon 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 60 through 72 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 Audubon 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 27, 2024 on our consideration of Audubon 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 Audubon County's internal control over financial reporting and compliance.



Brian R. Brustkern, CPA  
Deputy Auditor of State

June 27, 2024

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

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

### **2023 FINANCIAL HIGHLIGHTS**

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 96, Subscription-Based Information Technology Arrangements (SBITAs), during fiscal year 2023. The implementation for this standard revised certain asset and liability accounts related to SBITAs, however had no effect on the beginning net position for governmental activities.
- The Governor signed Senate File 619 on June 16, 2021 which significantly changed mental health funding. The County was required to transfer the remaining fund balance of the Special Revenue, Mental Health Fund to the Heart of Iowa Mental Health Region prior to June 30, 2022.
- Revenues of the County's governmental activities increased 25.2%, or approximately \$3,106,000, from fiscal year 2022 to fiscal year 2023. Property tax revenues increased approximately \$304,000 and capital grants, contributions and restricted interest increased approximately \$2,604,000.
- Program expenses of the County's governmental activities increased 4.4%, or approximately \$470,000, from fiscal year 2022 to fiscal year 2023. Roads and transportation, public safety and legal services and administration expenses increased approximately \$1,335,000, \$330,000 and \$128,000, respectively, while county environment and education and mental health expenses decreased approximately \$1,068,000 and \$400,000, respectively.
- The County's net position increased 18.2%, or approximately \$4,234,000, 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 Audubon 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 Audubon 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 Audubon County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

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

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

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

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

### *Government-wide Financial Statements*

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

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

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

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

- 2) A proprietary fund accounts for the County’s Internal Service, Health Reserve Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County’s various functions.

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2023	2022 (Not Restated)
Current and other assets	\$ 22,567	21,093
Capital assets	39,979	27,536
Total assets	<u>62,546</u>	<u>48,629</u>
Deferred outflows of resources	436	434
Long-term liabilities	26,755	16,706
Other liabilities	1,678	960
Total liabilities	<u>28,433</u>	<u>17,666</u>
Deferred inflows of resources	7,049	8,131
Net position:		
Net investment in capital assets	14,720	11,478
Restricted	10,737	10,259
Unrestricted	2,043	1,529
Total net position	<u>\$ 27,500</u>	<u>23,266</u>

Audubon County’s combined net position of governmental activities increased 18.2% (approximately \$27.5 million compared to approximately \$23.3 million).

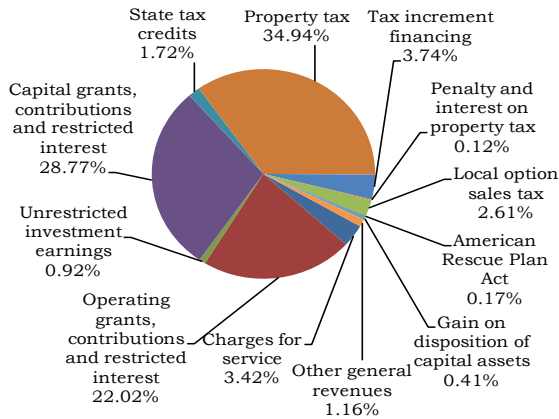
The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$3,242,000, or 28.3%, over the prior year.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$478,000, or 4.7%, over the prior year. This increase is primarily due to an increase in the balance of the Debt Service Fund and Special Revenue, Secondary Roads Fund and a decrease in the Capital Projects Fund.

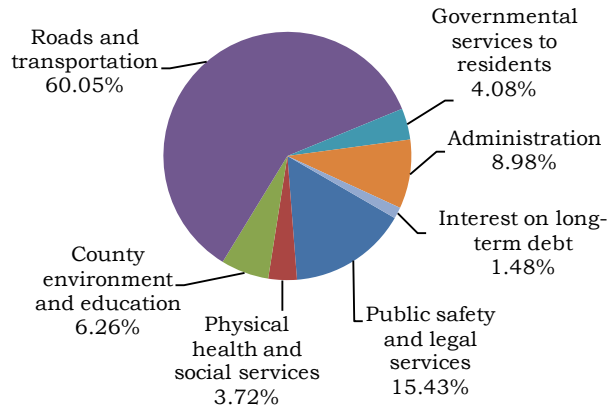
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$514,000, or 33.6%, over the prior year. The increase is mainly due to an approximately \$1,800,000 decrease in pension related deferred inflows offset by an approximately \$1,460,000 increase in the net pension liability.

Changes in Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2023	2022 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 528	572
Operating grants, contributions and restricted interest	3,395	3,383
Capital grants, contributions and restricted interest	4,437	1,833
General revenues:		
Property tax	5,387	5,083
Tax increment financing	577	478
Penalty and interest on property tax	18	17
State tax credits	265	271
Local option sales tax	403	510
American Rescue Plan Act	26	46
Unrestricted investment earnings	142	26
Gain on disposition of capital assets	63	25
Other general revenues	179	70
Total revenues	<u>15,420</u>	<u>12,314</u>
Program expenses:		
Public safety and legal services	1,726	1,396
Physical health and social services	416	405
Mental health	-	400
County environment and education	700	1,768
Roads and transportation	6,718	5,383
Governmental services to residents	456	419
Administration	1,005	877
Interest on long-term debt	165	68
Total expenses	<u>11,186</u>	<u>10,716</u>
Change in net position	4,234	1,598
Net position beginning of year	<u>23,266</u>	<u>21,668</u>
Net position end of year	<u>\$ 27,500</u>	<u>23,266</u>

**Revenues by Source**



**Expenses by Function**



Audubon County’s governmental activities net position increased approximately \$4,234,000 during the year. Revenues for governmental activities increased approximately \$3,106,000. Capital grants, contributions and restricted interest increased 142.06% due to an increase of \$4,076,000 in infrastructure assets contributed by the Iowa Department of Transportation.

The County increased property tax rates for fiscal year 2023 by 3.1%. The overall rate increase, coupled with an increase in taxable valuation of approximately \$19,383,000, increased the County’s property tax revenue approximately \$304,000 in fiscal year 2023.

The cost of all governmental activities this year was approximately \$11.2 million compared to approximately \$10.7 million last year. However, as shown in the Statement of Activities on page 21, the amount taxpayers ultimately financed for these activities was approximately \$2.8 million because some of the cost was paid by those directly benefited from the programs (approximately \$528,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$7,832,000). Overall, the County’s governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2023 from approximately \$5,788,000 to approximately \$8,360,000. As discussed above, the County received contributions of roads and bridges paid for by the Iowa Department of Transportation.

**INDIVIDUAL MAJOR FUND ANALYSIS**

As Audubon County completed the year, its governmental funds reported a combined fund balance of approximately \$13.2 million, an increase of approximately \$533,000 over last year’s total of approximately \$12.7 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$1,013,000 from the prior year due to the sale of Valley Business Park, a corporation organized to promote economic development between and among Audubon and Cass Counties. When Valley Business Park was sold in the prior year, the proceeds were split equally between Audubon and Cass Counties. Expenditures decreased approximately \$800,000 from the prior year due to the contribution of Valley Business Park sale proceeds to Audubon County Economic Development in the prior year. The ending balance decreased approximately \$6,000 from the prior year to approximately \$3,319,000.

- Special Revenue, Rural Services Fund revenues increased approximately \$282,000 due to increased property tax revenues. Expenditures increased \$131,000 over the prior year. The ending balance decreased approximately \$13,000 from the prior year to approximately \$1,022,000.
- Special Revenue, Secondary Roads Fund revenues decreased approximately \$316,000 from the prior year. Expenditures increased approximately \$4,078,000 over the prior year primarily due to increased roadway projects during fiscal year 2023. The Special Revenue, Secondary Roads Fund ending balance increased approximately \$249,000 to approximately \$2,520,000.
- The Capital Projects Fund revenues increased approximately \$32,000 over the prior year. Expenditures increased approximately \$2,320,000 due to the construction of an emergency communications tower during fiscal year 2023. The ending balance decreased approximately \$160,000 from the prior year to approximately \$5,764,000.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Audubon County amended its budget three times. The first amendment was made in November 2022 and resulted in an increase of \$54,988 in budgeted receipts and an increase of \$2,280,616 in budgeted disbursements. The largest increase in budgeted expenditures was in the capital projects function for county roads projects. The second amendment was made in May 2023 and resulted in an increase of \$273,902 in budgeted receipts and an increase in budgeted disbursements of \$686,963. The largest increase in disbursements was in the capital projects function for county roads projects. The third amendment was made in June 2023. This amendment was made to provide for additional receipts and disbursements in certain County departments.

The County's receipts were \$710,231 more than budgeted, a variance of 6.4%. The most significant variance resulted from the County receiving approximately \$300,000 for a shared roads project with Guthrie County in fiscal year 2023.

Total disbursements were \$1,487,276 less than the amended budget. Actual disbursements for the roads and transportation and capital projects functions were \$507,808 and \$867,561 less than budgeted, respectively. This was primarily due to roads projects and capital projects not being completed by June 30, 2023.

Even with the budget amendments, the County exceeded the budgeted amount in the administration function for the year ended June 30, 2023.



**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2023, Audubon County had approximately \$40.0 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities and roads and bridges. This is a net increase (including additions and deletions) of approximately \$12,282,000, or 44.3%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2023	2022 (As Restated) *
Land	\$ 931	931
Construction in progress	10,468	2,763
Buildings and improvements	712	749
Equipment and vehicles	2,201	2,127
Right-to-use subscription asset	120	160
Intangibles	38	41
Infrastructure, road network and other	25,509	20,926
Total	<u>\$ 39,979</u>	<u>27,697</u>
This year's major additions included (in thousands):		
Motorola tower		\$ 2,935
Conservation cabin and other projects		377
Secondary Roads Excavator		291
Equipment for Sheriff, Conservation, and Secondary Roads		225
Infrastructure assets		<u>10,298</u>
		<u>\$ 14,126</u>

\* Beginning capital assets were restated to implement GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

The County had depreciation/amortization expense of \$2,055,620 for fiscal year 2023 and total accumulated depreciation/amortization of \$21,276,369 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, Audubon County had approximately \$25,260,000 of general obligation bonds and other debt outstanding, compared to approximately \$16,218,000 at June 30, 2022, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2023 (As Restated)	2022
General obligation bonds	\$ 21,735	15,385
Equipment purchase agreement	3,402	674
Subscription liability	123	159
Total	<u>\$ 25,260</u>	<u>16,218</u>

Debt increased as a result of issuing general obligation urban renewal bonds to finance projects in the Audubon County consolidated urban renewal area involving the construction, reconstruction and improvement of county roads and bridges. The County also entered into an equipment purchase agreement for the construction of an emergency communication tower.

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. Audubon County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$55.1 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

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

Audubon County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2024 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.2%, which is the same rate as a year ago. This compares with the State's unemployment rate of 2.7% and the national rate of 3.6%.

These indicators were taken into account when adopting the budget for fiscal year 2024. Amounts available for appropriation (i.e., actual beginning balance plus next year budgeted revenues) in the operating budget are approximately \$21.2 million, a decrease of 1.8% from the final fiscal year 2023 budget. Budgeted disbursements are \$13,275,978, a decrease of \$5,688,951, or 30.0%, from the final fiscal year 2023 budget as road projects are completed. The County has added no major new programs or initiatives to the fiscal year 2024 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$116,000 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 Audubon 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 Audubon County Auditor's Office, 318 Leroy Street, #4, Audubon, Iowa 50025.

**Audubon County**

## **Basic Financial Statements**

**Exhibit A**

Audubon County  
Statement of Net Position  
June 30, 2023

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 14,858,412
Receivables:	
Property tax:	
Delinquent	902
Succeeding year	5,976,000
Succeeding year tax increment financing	704,000
Interest and penalty on property tax	2,476
Accounts	40,228
Accrued interest	2,250
Opioid settlement	73,471
Due from other governments	337,454
Lease receivable	57,657
Inventories	477,459
Prepaid expenses	36,340
Capital assets not being depreciated	11,399,074
Capital assets, net of accumulated depreciation/amortization	<u>28,580,419</u>
<b>Total assets</b>	<u>62,546,142</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	<u>435,792</u>

Audubon County  
Statement of Net Position  
June 30, 2023

	Governmental Activities
<b>Liabilities</b>	
Accounts payable	500,758
Accrued interest payable	40,431
Salaries and benefits payable	73,271
Due to other governments	67,044
Unearned revenues	996,279
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	335,000
Equipment purchase agreement	472,887
IT subscription liability	38,877
Compensated absences	143,950
Portion due or payable after one year:	
Bonds payable	21,400,000
Equipment purchase agreement	2,929,286
IT subscription liability	83,683
Compensated absences	60,031
Net pension liability	907,840
Total OPEB liability	383,684
<b>Total liabilities</b>	<b>28,433,021</b>
<b>Deferred Inflows of Resources</b>	
Lease related	57,657
Unavailable property tax revenue	5,976,000
Unavailable tax increment financing	704,000
Pension related deferred inflows	311,183
<b>Total deferred inflows of resources</b>	<b>7,048,840</b>
<b>Net Position</b>	
Net investment in capital assets	14,719,760
Restricted for:	
Supplemental levy purposes	940,666
Capital projects	5,764,337
Rural services purposes	985,397
Secondary roads purposes	2,425,864
Conservation purposes	900
Debt service	403,558
Opioid abatement	93,805
Other purposes	123,034
Unrestricted	2,042,752
<b>Total net position</b>	<b>\$ 27,500,073</b>

See notes to financial statements.

**Audubon County**

Audubon County  
Statement of Activities  
Year ended June 30, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,726,126	121,332	7,040	-	(1,597,754)
Physical health and social services	415,562	26,313	178,545	-	(210,704)
County environment and education	700,295	171,370	8,430	5,000	(515,495)
Roads and transportation	6,717,464	36,330	3,200,618	4,430,210	949,694
Governmental services to residents	456,020	135,260	-	-	(320,760)
Administration	1,005,335	37,212	630	-	(967,493)
Non-Program	486	-	-	2,023	1,537
Interest on long-term debt	165,071	-	-	-	(165,071)
<b>Total</b>	<b>\$ 11,186,359</b>	<b>527,817</b>	<b>3,395,263</b>	<b>4,437,233</b>	<b>(2,826,046)</b>
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					5,387,316
Tax increment financing					577,041
Penalty and interest on property tax					17,812
State tax credits and replacements					264,744
Local option sales tax					403,294
American Rescue Plan Act					25,531
Unrestricted investment earnings					141,751
Gain on disposition of capital assets					63,434
Miscellaneous					179,358
<b>Total general revenues</b>					<b>7,060,281</b>
Change in net position					4,234,235
Net position beginning of year					23,265,838
Net position end of year					<b>\$ 27,500,073</b>

See notes to financial statements.



Audubon County  
Balance Sheet  
Governmental Funds

June 30, 2023

	General	Special Revenue	
		Rural Services	Secondary Roads
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 4,348,209	1,036,562	2,184,937
Receivables:			
Property tax:			
Delinquent	894	8	-
Succeeding year	2,913,000	2,701,000	-
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	2,476	-	-
Accounts	39,345	-	883
Accrued interest	2,250	-	-
Opioid settlement	-	-	-
Due from other governments	37,404	-	300,050
Lease receivable	57,657	-	-
Inventories	-	-	477,459
Prepaid expenditures	23,841	-	12,499
<b>Total assets</b>	<b>\$ 7,425,076</b>	<b>3,737,570</b>	<b>2,975,828</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 43,707	4,077	417,677
Salaries and benefits payable	26,307	10,817	36,147
Due to other governments	65,938	47	906
Unearned revenues	996,279	-	-
Total liabilities	<u>1,132,231</u>	<u>14,941</u>	<u>454,730</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	2,913,000	2,701,000	-
Succeeding year tax increment financing	-	-	-
Other	3,370	8	835
Lease related	57,657	-	-
Total deferred inflows of resources	<u>2,974,027</u>	<u>2,701,008</u>	<u>835</u>
Fund balances:			
Nonspendable:			
Inventories	-	-	477,459
Prepaid expenditures	23,841	-	12,499
Restricted for:			
Supplemental levy purposes	955,324	110,374	-
Rural services purposes	-	911,247	-
Secondary road purposes	-	-	2,030,305
Conservation land acquisition	900	-	-
Debt service	-	-	-
Capital projects	-	-	-
Opioid abatement	-	-	-
Other purposes	-	-	-
Assigned for:			
Sheriff	76,164	-	-
Park improvements	179,764	-	-
Economic development	30,447	-	-
Jail commissary	6,424	-	-
Unassigned	2,045,954	-	-
Total fund balances	<u>3,318,818</u>	<u>1,021,621</u>	<u>2,520,263</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,425,076</b>	<b>3,737,570</b>	<b>2,975,828</b>

See notes to financial statements.

Capital Projects	Nonmajor	Total
5,783,143	587,357	13,940,208
-	-	902
-	362,000	5,976,000
-	704,000	704,000
-	-	2,476
-	-	40,228
-	-	2,250
-	73,471	73,471
-	-	337,454
-	-	57,657
-	-	477,459
-	-	36,340
<u>5,783,143</u>	<u>1,726,828</u>	<u>21,648,445</u>
18,806	-	484,267
-	-	73,271
-	-	66,891
-	-	996,279
<u>18,806</u>	<u>-</u>	<u>1,620,708</u>
-	362,000	5,976,000
-	704,000	704,000
-	73,471	77,684
-	-	57,657
-	<u>1,139,471</u>	<u>6,815,341</u>
-	-	477,459
-	-	36,340
-	-	1,065,698
-	-	911,247
-	-	2,030,305
-	-	900
-	443,989	443,989
5,764,337	-	5,764,337
-	20,334	20,334
-	123,034	123,034
-	-	76,164
-	-	179,764
-	-	30,447
-	-	6,424
-	-	2,045,954
<u>5,764,337</u>	<u>587,357</u>	<u>13,212,396</u>
<u>5,783,143</u>	<u>1,726,828</u>	<u>21,648,445</u>

**Audubon County**

Audubon County

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

June 30, 2023

**Total governmental fund balances (page 23)** \$ 13,212,396

***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 \$61,255,862 and the accumulated depreciation/amortization is \$21,276,369. 39,979,493

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. 77,684

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 901,560

Pension 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	\$ 435,792	
Deferred inflows of resources	<u>(311,183)</u>	124,609

Long-term liabilities, including equipment purchase agreements payable, bonds payable, net pension liability, total OPEB liability, IT subscription liability, compensated absences payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (26,795,669)

**Net position of governmental activities (page 19)** \$ 27,500,073

See notes to financial statements.

Audubon County

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

Year ended June 30, 2023

	Special Revenue		
	General	Rural Services	Secondary Roads
<b>Revenues:</b>			
Property and other county tax	\$ 2,793,488	2,594,295	-
Tax increment financing	-	-	-
Local option sales tax	-	-	403,294
Interest and penalty on property tax	20,535	-	-
Intergovernmental	461,161	118,457	3,533,383
Licenses and permits	23,476	-	11,543
Charges for service	362,246	-	-
Use of money and property	142,278	-	-
Miscellaneous	88,087	350	79,912
Total revenues	<u>3,891,271</u>	<u>2,713,102</u>	<u>4,028,132</u>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	1,328,899	496,162	-
Physical health and social services	418,018	-	-
County environment and education	510,193	168,102	-
Roads and transportation	-	542,660	4,821,517
Governmental services to residents	512,346	1,340	-
Administration	1,107,427	76,706	-
Non-program	486	-	-
Debt service	-	-	-
Capital projects	44,341	10,337	6,518,995
Total expenditures	<u>3,921,710</u>	<u>1,295,307</u>	<u>11,340,512</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,439)</u>	<u>1,417,795</u>	<u>(7,312,380)</u>
<b>Other financing sources (uses):</b>			
General obligation bonds issued	-	-	-
Capital lease purchase agreements	22,312	-	-
Premium on general obligation bond	-	-	-
Transfers in	-	-	7,807,797
Transfers out	-	(1,431,000)	(300,621)
Sale of capital assets	2,300	-	54,300
Total other financing sources (uses)	<u>24,612</u>	<u>(1,431,000)</u>	<u>7,561,476</u>
Change in fund balances	(5,827)	(13,205)	249,096
Fund balances beginning of year	<u>3,324,645</u>	<u>1,034,826</u>	<u>2,271,167</u>
Fund balances end of year	<u>\$ 3,318,818</u>	<u>1,021,621</u>	<u>2,520,263</u>

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	-	5,387,783
-	577,041	577,041
-	-	403,294
-	-	20,535
-	22,384	4,135,385
-	-	35,019
-	1,340	363,586
25,361	132	167,771
18,206	20,584	207,139
<u>43,567</u>	<u>621,481</u>	<u>11,297,553</u>
-	-	1,825,061
-	-	418,018
-	-	678,295
-	-	5,364,177
-	-	513,686
-	-	1,184,133
-	-	486
-	676,068	676,068
<u>3,432,371</u>	<u>-</u>	<u>10,006,044</u>
<u>3,432,371</u>	<u>676,068</u>	<u>20,665,968</u>
<u>(3,388,804)</u>	<u>(54,587)</u>	<u>(9,368,415)</u>
6,271,442	403,558	6,675,000
2,935,483	-	2,957,795
212,481	-	212,481
300,621	114,055	8,222,473
(6,490,852)	-	(8,222,473)
-	-	56,600
<u>3,229,175</u>	<u>517,613</u>	<u>9,901,876</u>
(159,629)	463,026	533,461
<u>5,923,966</u>	<u>124,331</u>	<u>12,678,935</u>
<u>5,764,337</u>	<u>587,357</u>	<u>13,212,396</u>

Audubon 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)** \$ 533,461

**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	\$ 10,246,990	
Capital assets contributed by the Iowa Department of Transportation	4,081,610	
Capital assets contributed by other governments	3,703	
Depreciation/amortization expense	(2,055,620)	12,276,683

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 6,834

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 and other county tax	(467)	
Other	(21,536)	(22,003)

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	(9,632,795)	
Repaid	591,314	(9,041,481)

The current year County share of IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflow of resources in the Statement of Net Position. 310,331

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	56,383	
OPEB expense	2,921	
Pension expense	64,860	
Interest on long-term debt	(26,484)	97,680

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 72,730

**Change in net position of governmental activities (page 21)** \$ 4,234,235

See notes to financial statements.

Audubon County  
Statement of Net Position  
Proprietary Fund  
June 30, 2023

	<u>Internal Service - Health Reserve Account</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 918,204</u>
<b>Liabilities</b>	
Accounts payable	16,491
Due to other governments	<u>153</u>
<b>Total Liabilities</b>	<u>16,644</u>
<b>Net Position</b>	
Restricted for employee health	<u>\$ 901,560</u>

See notes to financial statements.



Audubon County

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

Year ended June 30, 2023

	<u>Internal Service - Health Reserve Account</u>
Operating revenues:	
Reimbursements from operating funds	<u>\$ 202,709</u>
Operating expenses:	
Medical claims	126,433
Administrative and other fees	<u>3,546</u>
Total operating expenses	<u>129,979</u>
Operating/net income	72,730
Net position beginning of year	<u>828,830</u>
Net position end of year	<u>\$ 901,560</u>

See notes to financial statements.

Audubon County

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2023

	<u>Internal Service - Health Reserve Account</u>
Cash flows from operating activities:	
Cash received from operating fund contributions	\$ 202,709
Cash paid to suppliers for services	<u>(113,335)</u>
Net cash provided by operating activities	89,374
Cash and cash equivalents beginning of year	<u>828,830</u>
Cash and cash equivalents end of year	<u>\$ 918,204</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 72,730
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in liabilities:	
Accounts payable	16,491
Due to other governments	<u>153</u>
Net cash provided by operating activities	<u>\$ 89,374</u>

See notes to financial statements.

Audubon County  
Statement of Fiduciary Net Position  
Custodial Funds

June 30, 2023

**Assets**

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,105,377
Other County officials	8,522
Receivables:	
Property tax:	
Delinquent	5,542
Succeeding year	10,264,000
Accounts	6,275
Special assessments	13,146
Due from other governments	42,223
Prepaid expenses	3,125
	<u>11,448,210</u>

**Total assets**

**Liabilities**

Accounts payable	4,834
Due to other governments	311,989
Trusts payable	79,310
Compensated absences	12,669
	<u>408,802</u>

**Total liabilities**

**Deferred Inflows of Resources**

Unavailable property tax revenue	<u>10,264,000</u>
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**Net position**

Restricted for individuals, organizations and other governments	<u>\$ 775,408</u>
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See notes to financial statements.

Audubon County

Statement of Changes in Fiduciary Net Position  
Custodial Funds

June 30, 2023

Additions:	
Property and other county tax	\$ 9,922,072
911 surcharge	48,957
State tax credits	621,265
Office fees and collections	251,962
Auto licenses, use tax and postage	3,116,525
Assessments	22,508
Trusts	98,877
Miscellaneous	<u>232,332</u>
Total additions	<u>14,314,498</u>
Deductions:	
Agency remittances:	
To other funds	168,785
To other governments	13,993,553
Trusts paid out	<u>182,877</u>
Total deductions	<u>14,345,215</u>
Change in net position	(30,717)
Net position beginning of year	<u>806,125</u>
Net position end of year	<u>\$ 775,408</u>

See notes to financial statements.

Audubon County

Notes to Financial Statements

June 30, 2023

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

Audubon 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, Audubon 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. The County has no component units which meet the Governmental Accounting Standards Board criteria.

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, County Public Safety Commission, County Joint 911 Service Board, County Solid Waste Commission and the Audubon County Airport Authority. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Custodial Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. For the most part, the effect of inter-fund 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 road 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 – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost-reimbursement basis.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These special assessments are payable by individuals in no more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

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

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

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

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings	20 - 50
Building improvements	20 - 25
Infrastructure	30 - 65
Intangibles	5 - 20
Right-to-use leased assets	2 - 20
Right-to-use subscription assets	2 - 20
Equipment	3 - 20
Vehicles	3 - 5

**Leases – County as Lessor** – Audubon 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 Audubon County determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

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

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

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

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

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

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

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

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

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension 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 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 and OPEB expense, information has been determined based on Audubon 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 the future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Health Reserve Account is designed for anticipated future catastrophic losses to the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2023, disbursements exceeded the amount budgeted in the administration function.

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

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

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$94,311. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County’s investment in IPAIT is unrated.

**(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	Special Revenue: Rural Services Basic	\$ 1,431,000
	Capital Projects	<u>6,376,797</u>
		7,807,797
Capital Projects	Special Revenue: Secondary Roads	300,621
Debt Service	Capital Projects	<u>114,055</u>
Total		<u>\$ 8,222,473</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:

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 930,886	-	-	930,886
Construction in progress	2,763,298	13,701,251	5,996,361	10,468,188
Total capital assets not being depreciated/amortized	3,694,184	13,701,251	5,996,361	11,399,074
Capital assets being depreciated/amortized:				
Buildings	1,565,081	-	-	1,565,081
Building improvements	241,900	-	-	241,900
Equipment and vehicles	7,742,076	704,952	982,206	7,464,822
Right-to-use subscription asset	159,586	-	-	159,586
Intangibles	43,950	-	-	43,950
Infrastructure, roads	33,070,099	5,996,361	-	39,066,460
Infrastructure, other	1,314,989	-	-	1,314,989
Total capital assets being depreciated/amortized	44,137,681	6,701,313	982,206	49,856,788
Less accumulated depreciation/amortization for:				
Buildings	851,330	34,280	-	885,610
Building improvements	206,878	1,843	-	208,721
Equipment and vehicles	5,615,339	563,489	915,140	5,263,688
Right-to-use subscription asset	-	39,897	-	39,897
Intangibles	2,930	2,930	-	5,860
Infrastructure, roads	12,449,815	1,348,682	-	13,798,497
Infrastructure, other	1,009,597	64,499	-	1,074,096
Total accumulated depreciation/amortization	20,135,889	2,055,620	915,140	21,276,369
Total capital assets being depreciated/amortized, net	24,001,792	4,645,693	67,066	28,580,419
Governmental activities capital assets, net	\$ 27,695,976	18,346,944	6,063,427	39,979,493

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 51,480
County environment and education	83,223
Roads and transportation	1,857,348
Governmental services to residents	4,817
Administration	58,752
Total depreciation/amortization expense - governmental activities	<u>\$ 2,055,620</u>

**(5) County Lease Receivable**

The County owns farmland. Effective March 1, 2023, the County entered into a three-year lease with a local farmer whereby the farmer operates 57.5 acres of the farmland. The County is to receive \$12,500 in land rent semi-annually with an implicit rate of 5.50%.

Year Ending June 30,	Farm Land			
	Interest Rates	Principal	Interest	Total
2024	5.50%	\$ 22,129	2,871	25,000
2025	5.50	23,363	1,637	25,000
2026	5.50	12,165	335	12,500
		<u>\$ 57,657</u>	<u>4,843</u>	<u>62,500</u>

**(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	\$ 65,938
Special Revenue:		
Rural Services	Services	47
Secondary Roads	Services	906
Total for governmental funds		<u>\$ 66,891</u>
Custodial:		
County Offices	Collections	\$ 7,462
Agricultural Extension Education		1,127
County Hospital		10,122
Schools		48,539
Community Colleges		3,197
Corporations		18,285
Townships		1,930
Auto License and Use Tax		219,220
All other		2,107
Total for custodial funds		<u>\$ 311,989</u>



## (7) Long-Term Liabilities

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

	General Obligation Urban Renewal Bonds	Equipment Purchase Agreement	Subscription Liability	Compensated Absences	Net Pension Liability (Asset)	Total OPEB Liability	Total
Balance beginning of year, restated	\$ 15,385,000	673,666	159,586	260,364	(555,229)	386,605	16,309,992
Increases	6,675,000	2,957,795	-	165,484	1,463,069	-	11,261,348
Decreases	325,000	229,288	37,026	221,867	-	2,921	816,102
Balance end of year	\$ 21,735,000	3,402,173	122,560	203,981	907,840	383,684	26,755,238
Due within one year	\$ 335,000	472,887	38,877	143,950	-	-	990,714

### General Obligation Bonds

On February 20, 2018, the County issued \$6,265,000 of general obligation urban renewal bonds with interest rates ranging from 3.00 to 3.125% per annum. The bonds were issued to pay costs of carrying out projects in the Audubon County consolidated urban renewal area consisting of construction, reconstruction and improvement of county roads and making an economic development grant to Audubon County Economic Development. During the year ended June 30, 2023, the County paid principal of \$325,000 and interest of \$162,037 on the bonds.

On October 15, 2020, the County issued \$5,000,000 of general obligation urban renewal bonds with interest rates ranging from 0.55 to 2.00% per annum. The bonds were issued to finance projects in the Audubon County consolidated urban renewal area involving the construction, reconstruction and improvement of county roads and bridges. During the year ended June 30, 2023, the County made no principal payments and paid interest of \$74,975 on the bonds.

On December 22, 2021, the County issued \$5,000,000 of general obligation urban renewal bonds with interest rates ranging from 1.30 to 4.00% per annum. The bonds were issued to finance projects in the Audubon County consolidated urban renewal area involving the construction, reconstruction and improvement of county roads and bridges and making economic development grants for projects in the urban renewal area. During the year ended June 30, 2023, the County made no principal payments and paid interest of \$114,055 on the bonds.

On April 26, 2023, the County issued \$6,675,000 of general obligation urban renewal bonds with interest rates ranging from 3.00 to 5.00% per annum. The bonds were issued to finance projects in the Littlefield Recreation Area and the Audubon County consolidated urban renewal area involving the construction, reconstruction and improvement of county roads, bridges and culvert. During the year ended June 30, 2023, the County made no principal payments and paid no interest on the bonds.

Details of the general obligation bonds outstanding at June 30, 2023 are as follows:

Year Ending June 30,	General Obligation Urban Renewal Bonds, Series 2018A Issued Feb 20, 2018				General Obligation Urban Renewal Bonds, Series 2020A Issued Oct 15, 2020			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2024	3.00%	\$ 335,000	152,288	487,288	1.55-2.00%	-	74,975	74,975
2025	3.00	345,000	142,237	487,237	2.00	150,000	74,975	224,975
2026	3.00	355,000	131,888	486,888	0.55	150,000	71,975	221,975
2027	3.00	365,000	121,237	486,237	2.00	255,000	71,150	326,150
2028	3.00	380,000	110,288	490,288	2.00	310,000	66,050	376,050
2029-2033	3.00	2,065,000	374,287	2,439,287	1.00-1.40	1,615,000	264,185	1,879,185
2034-2038	3.00-3.125	1,215,000	72,563	1,287,563	1.45-1.65	1,760,000	150,270	1,910,270
2039-2042		-	-	-	1.70-1.75	760,000	19,850	779,850
		\$ 5,060,000	1,104,788	6,164,788		\$ 5,000,000	793,430	5,793,430

Year Ending June 30,	General Obligation Urban Renewal Bonds, Series 2021A Issued Dec 22, 2021				General Obligation Urban Renewal Bonds, Series 2023A Issued Apr 26, 2023			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2024	4.00%	\$ -	114,055	114,055	5.00%	-	277,227	277,227
2025	4.00	100,000	114,055	214,055	5.00	-	252,663	252,663
2026	4.00	150,000	110,055	260,055	5.00	-	252,662	252,662
2027	4.00	200,000	104,055	304,055	5.00	-	252,663	252,663
2028	4.00	250,000	96,055	346,055	5.00	310,000	252,662	562,662
2029-2033	1.30-4.00	1,335,000	363,135	1,698,135	4.00-5.00	1,795,000	1,018,813	2,813,813
2034-2038	2.00	1,520,000	237,500	1,757,500	3.00-3.375	2,290,000	642,575	2,932,575
2039-2042	2.00	1,445,000	66,200	1,511,200	3.50-3.75	2,280,000	213,906	2,493,906
		\$ 5,000,000	1,205,110	6,205,110		\$ 6,675,000	3,163,171	9,838,171

Year Ending June 30,	Total		
	Principal	Interest	Total
2024	\$ 335,000	618,545	953,545
2025	595,000	583,930	1,178,930
2026	655,000	566,580	1,221,580
2027	820,000	549,105	1,369,105
2028	1,250,000	525,055	1,775,055
2029-2033	6,810,000	2,020,420	8,830,420
2034-2038	6,785,000	1,102,908	7,887,908
2039-2042	4,485,000	299,956	4,784,956
	\$ 21,735,000	6,266,499	28,001,499

#### Equipment Purchase Agreement – Direct Borrowing

On April 23, 2020, the County entered into an equipment purchase agreement for 4 motor graders with interest at 3.35% per annum. The agreement is payable over 5 years with annual installments of \$240,562, with a final payment due April 23, 2025. During the year ended June 30, 2023, principal and interest paid were \$217,480 and \$23,082, respectively.

On December 2, 2022, the County entered into an equipment purchase agreement for an emergency communication tower with interest at 4.614% per annum. The agreement is payable over 10 years with annual installments of \$373,074, with a final payment due December 1, 2032. During the year ended June 30, 2023, no principal or interest was paid.

On February 18, 2023, the County entered into an equipment purchase agreement for a storage array with interest at 5.84% per annum. The agreement is payable over 2 years with annual installments of \$11,808, with a final payment due February 18, 2024. During the year ended June 30, 2023, principal of \$11,808 was paid and no interest was paid.

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

Year Ending June 30,	Motor Graders				Emergency Communication Tower			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2024	3.35%	\$ 224,766	15,796	240,562	4.614%	\$ 237,617	135,457	373,074
2025	3.35	231,420	8,751	240,171	4.614	248,582	124,492	373,074
2026		-	-	-	4.614	260,052	113,022	373,074
2027		-	-	-	4.614	272,052	101,022	373,074
2028		-	-	-	4.614	284,606	88,468	373,074
2029-2033		-	-	-	4.614	1,632,574	232,796	1,865,370
		<u>\$ 456,186</u>	<u>24,547</u>	<u>480,733</u>		<u>\$ 2,935,483</u>	<u>795,257</u>	<u>3,730,740</u>

Year Ending June 30,	Storage Array				Total		
	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2024	5.84%	\$ 10,504	1,304	11,808	\$ 472,887	152,557	625,444
2025		-	-	-	480,002	133,243	613,245
2026		-	-	-	260,052	113,022	373,074
2027		-	-	-	272,052	101,022	373,074
2028		-	-	-	284,606	88,468	373,074
2029-2033		-	-	-	1,632,574	232,796	1,865,370
		<u>\$ 10,504</u>	<u>1,304</u>	<u>11,808</u>	<u>\$ 3,402,173</u>	<u>821,108</u>	<u>4,223,281</u>

#### IT Subscription Liability

On November 27, 2019, the County entered into an IT subscription license and services information technology agreement with Tyler Technologies, Inc for financial and tax software. An initial IT subscription liability was recorded in the amount of \$159,586. The agreement requires annual payment of \$45,005 over 5 years with an initial payment made July 31, 2021 for \$45,005, with an implicit interest rate of 5.00% and final payment due July 31, 2025. The agreement will be paid 90% by the County and 10% by the County Assessor. During the year ended June 30, 2023, principal and interest paid were \$37,026 and \$7,979, respectively. Future principal and interest lease payments as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 38,877	6,128	45,005
2025	40,821	4,184	45,005
2026	42,862	2,143	45,005
	<u>\$ 122,560</u>	<u>12,455</u>	<u>135,015</u>

## **(8) Pension Plan**

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

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

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

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

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned 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 received 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 contributions rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 8.76% of covered payroll, for a total rate of 17.52%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County’s contributions to IPERS for the year ended June 30, 2023 totaled \$310,331.

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 \$907,840 for its proportionate share of the net pension liability. The net pension liability was measured as of June 20, 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 0.024029%, which was a decrease of 0.136801% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense of \$64,860. 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	\$ 98,538	16,241
Changes of assumptions	960	41,222
Net difference between projected and actual earnings on IPERS' investments	-	147,151
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	25,963	106,569
County contributions subsequent to the measurement date	310,331	-
Total	\$ 435,792	311,183

\$310,331 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$ (154,207)
2025	(123,983)
2026	(218,437)
2027	315,581
2028	(4,676)
Total	<u>\$ (185,722)</u>

There were no non-employer contributing entities to IPERS.

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

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

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 2,184,277	907,840	(215,446)

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

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

**(9) Other Postemployment Benefits (OPEB)**

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

OPEB Benefits – Individuals who are employed by Audubon 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	-
Active employees	<u>63</u>
Total	<u>63</u>

Total OPEB Liability – The County’s total OPEB liability of \$383,684 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

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

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

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

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



Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 386,605</u>
Changes for the year:	
Service cost	39,682
Interest	17,435
Differences between expected and actual experiences	(59,214)
Changes in assumptions	<u>(824)</u>
Net changes	<u>(2,921)</u>
Total OPEB liability end of year	<u>\$ 383,684</u>

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

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

	<u>1% Decrease (3.13%)</u>	<u>Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
Total OPEB liability	\$ 405,044	383,684	363,856

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

	<u>1% Decrease (6.00%)</u>	<u>Healthcare Cost Trend Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Total OPEB liability	\$ 354,728	383,684	417,337

OPEB Expense – For the year ended June 30, 2023, the County recognized OPEB expense of \$2,921. Under the alternative measurement method, all deferred outflows/inflows of resources related to OPEB are fully recognized immediately.

**(10) Voluntary Termination Benefit Program**

A voluntary termination benefit program has been established for County employees who were employed with the County as a full-time employee prior to July 1, 2019 or are covered by the County Sheriff Union contract. The program allows employees who are eligible, upon a bona fide retirement, to use the value of their unused sick leave to pay towards the purchase of health insurance after their retirement.

Upon retirement, employees with at least 15 years of service may convert 25% of their accumulated, unused sick leave at their current regular hourly rate of pay up to \$2,280 for employees covered by the County Sheriff Union contract and up to \$4,500 for all other eligible employees.

The final calculated dollar value will be credited to the employee's Sick Leave Upon Retirement account. Each month, the County will pay 100% of the employee's monthly health insurance premium from the retiree's Sick Leave Upon Retirement account.

The employer will continue to pay the employee's monthly health insurance premium each month until the converted value of the retiree's Sick Leave Upon Retirement balance is exhausted or the employee reaches the age of 65.

All program benefits are financed on a pay-as-you-go basis by the County. A liability of \$15,973 has been included in compensated absences on the Statement of Net Position.

During the year ended June 30, 2023, two employees received benefits totaling \$1,029 under the Sick Leave Upon Retirement program.

**(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 expense for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2023 were \$137,677.

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 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 \$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) Employee Health Insurance Plan**

The Internal Service, Health Reserve Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Midwest Group Benefits. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$4,350 for single contracts and \$8,700 for family contracts. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Health Reserve Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Midwest Group Benefits from the Health Reserve Fund. The County's contributions for the year ended June 30, 2023 was \$202,709.

Amounts payable from the Health Reserve Fund at June 30, 2023 total \$16,491, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$901,560 at June 30, 2023 and is reported as a designation of the Internal Service, Health Reserve Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$	-
Incurred claims (including claims incurred but not reported at June 30, 2023)		126,433
Payment on claims during the year		<u>109,942</u>
Unpaid claims end of year	<u>\$</u>	<u>16,491</u>

**(13) Accounting Change**

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

	Capital Assets	Long-term Liabilities IT Subscription Liability
Balances June 30, 2022, as previously reported	\$ 27,536,390	-
Change to implement GASBS No. 96	159,586	<u>159,586</u>
Balances July 1, 2022, as restated	<u>\$ 27,695,976</u>	<u>159,586</u>

**(14) Subsequent Event**

On November 21, 2023, the County entered into a contract for \$2,830,000 for an HVAC project at the Courthouse. On February 13, 2024, the County approved a loan agreement for the issuance of a \$2,000,000 General Fund Note, Series 2024 for paying the cost of undertaking improvements, repairs and renovations at the County Courthouse.

**Audubon County**

**Required Supplementary Information**

Audubon 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	Budgeted Amounts		Final to
		Original	Final	Actual Variance
<b>Receipts:</b>				
Property and other county tax	\$ 6,437,784	6,470,886	6,635,886	(198,102)
Interest and penalty on property tax	20,535	-	-	20,535
Intergovernmental	4,643,184	3,967,579	4,025,732	617,452
Licenses and permits	41,599	14,500	26,500	15,099
Charges for service	361,958	289,210	289,210	72,748
Use of money and property	164,846	23,161	23,161	141,685
Miscellaneous	193,101	33,550	152,287	40,814
<b>Total receipts</b>	<b>11,863,007</b>	<b>10,798,886</b>	<b>11,152,776</b>	<b>710,231</b>
<b>Disbursements:</b>				
Public safety and legal services	1,864,061	1,914,446	1,994,732	130,671
Physical health and social services	453,423	477,418	490,418	36,995
County environment and education	675,388	649,975	696,610	21,222
Roads and transportation	5,143,972	5,303,047	5,651,780	507,808
Governmental services to residents	514,837	618,285	618,285	103,448
Administration	1,169,246	2,163,179	971,180	(198,066)
Nonprogram	486	100	13,536	13,050
Debt service	676,068	680,655	680,655	4,587
Capital projects	6,980,172	4,075,959	7,847,733	867,561
<b>Total disbursements</b>	<b>17,477,653</b>	<b>15,883,064</b>	<b>18,964,929</b>	<b>1,487,276</b>
Excess (deficiency) of receipts over (under) disbursements	(5,614,646)	(5,084,178)	(7,812,153)	2,197,507
Other financing sources, net	6,821,227	420,000	6,821,228	(1)
Change in balances	1,206,581	(4,664,178)	(990,925)	2,197,506
Balance beginning of year	12,733,627	10,375,660	12,733,003	624
Balance end of year	<b>\$ 13,940,208</b>	<b>5,711,482</b>	<b>11,742,078</b>	<b>2,198,130</b>

See accompanying independent auditor's report.

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Audubon County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
Required Supplementary Information

Year ended June 30, 2023

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	Basis	Adjustments	Accrual
			Basis
Revenues	\$ 11,863,007	(565,454)	11,297,553
Expenditures	17,477,653	3,188,315	20,665,968
Net	(5,614,646)	(3,753,769)	(9,368,415)
Other financing sources, net	6,821,227	3,080,649	9,901,876
Beginning fund balances	12,733,627	(54,692)	12,678,935
Ending fund balances	<u>\$ 13,940,208</u>	<u>(727,812)</u>	<u>13,212,396</u>

See accompanying independent auditor's report.



**Audubon County**

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

Formal and legal budgetary control is based upon 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, three budget amendments increased budgeted disbursements by \$3,081,865. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2023, disbursements exceeded the amount budgeted in the administration function.

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Audubon 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)	0.024029%	0.160830% **	0.031612%	0.030619%
County's proportionate share of the net pension liability (asset)	\$ 908	(555)	2,221	1,773
County's covered payroll	\$ 3,000	3,004	2,958	2,895
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	30.27%	-18.48%	75.08%	61.24%
IPERS' net position as a percentage of the total pension liability (asset)	91.40%	100.81%	82.90%	85.45%

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

\*\* Overall plan net pension asset.

See accompanying independent auditor's report.

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2019	2018	2017	2016	2015
0.029908%	0.031062%	0.030089%	0.028348%	0.026995%
1,893	2,069	1,894	1,400	1,071
2,745	2,650	2,492	2,384	2,295
68.96%	78.08%	76.00%	58.72%	46.67%
83.62%	82.21%	81.82%	85.19%	87.61%

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Audubon County

Schedule of County Contributions

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

Required Supplementary Information

	2023	2022	2021	2020
Statutorily required contribution	\$ 310	282	284	280
Contributions in relation to the statutorily required contribution	(310)	(282)	(284)	(280)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 3,321	3,000	3,004	2,958
Contributions as a percentage of covered payroll	9.33%	9.40%	9.45%	9.47%

See accompanying independent auditor's report.

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2019	2018	2017	2016	2015	2014
276	248	242	227	220	210
(276)	(248)	(242)	(227)	(220)	(210)
-	-	-	-	-	-
2,895	2,745	2,650	2,492	2,384	2,295
9.53%	9.03%	9.13%	9.11%	9.23%	9.15%

**Audubon County**

Audubon County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.



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Audubon 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	\$ 39,682	57,629	54,871	52,207
Interest cost	17,435	13,136	14,604	19,239
Difference between expected and actual experiences	(59,214)	(192,086)	(24,001)	(58,620)
Changes in assumptions	(824)	(34,249)	14,686	7,509
Benefit payments	-	-	(24,128)	(20,054)
Net change in total OPEB liability	(2,921)	(155,570)	36,032	281
Total OPEB liability beginning of year	386,605	542,175	506,143	505,862
Total OPEB liability end of year	\$ 383,684	386,605	542,175	506,143
Covered-employee payroll	\$ 3,374,970	2,629,669	2,932,954	2,753,630
Total OPEB liability as a percentage of covered-employee payroll	11.4%	14.7%	18.5%	18.4%

See accompanying independent auditor's report.

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2019	2018
45,878	32,042
17,815	13,989
24,618	9,088
10,822	13,387
(15,322)	(10,223)
83,811	58,283
422,051	363,768
505,862	422,051
2,653,580	2,606,392
19.1%	16.2%

Audubon 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	4.13%
Year ended June 30, 2022	4.09%
Year ended June 30, 2021	2.19%
Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

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

## **Supplementary Information**

Audubon County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2023

	Resource Enhancement and Protection	County Recorder's Records Management	Forfeiture	Special AAE Task Force
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 27,474	9,192	33,316	4,547
Receivables:				
Property tax:				
Succeeding year	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Opioid settlement	-	-	-	-
<b>Total assets</b>	<b>\$ 27,474</b>	<b>9,192</b>	<b>33,316</b>	<b>4,547</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
None	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
Opioid abatement	-	-	-	-
Other purposes	27,474	9,192	33,316	4,547
Total fund balances	27,474	9,192	33,316	4,547
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 27,474</b>	<b>9,192</b>	<b>33,316</b>	<b>4,547</b>

See accompanying independent auditor's report.

Revenue					
Equitable Sharing - Sheriff	Equitable Sharing - Attorney	Tax Increment Financing	Local Government Opioid Abatement	Debt Service	Total
40,277	8,228	40,431	20,334	403,558	587,357
-	-	-	-	362,000	362,000
-	-	704,000	-	-	704,000
-	-	-	73,471	-	73,471
40,277	8,228	744,431	93,805	765,558	1,726,828
-	-	-	-	-	-
-	-	-	-	362,000	362,000
-	-	704,000	-	-	704,000
-	-	-	73,471	-	73,471
-	-	704,000	73,471	362,000	1,139,471
-	-	40,431	-	403,558	443,989
-	-	-	20,334	-	20,334
40,277	8,228	-	-	-	123,034
40,277	8,228	40,431	20,334	403,558	587,357
40,277	8,228	744,431	93,805	765,558	1,726,828

Audubon County

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

Year ended June 30, 2023

	Resource Enhancement and Protection	County Recorder's Records Management	Forfeiture	Special AAE Task Force
Revenues:				
Tax increment financing	\$ -	-	-	-
Intergovernmental	8,430	-	-	-
Charges for service	-	1,340	-	-
Use of money and property	26	4	-	-
Miscellaneous	-	-	-	250
Total revenues	<u>8,456</u>	<u>1,344</u>	<u>-</u>	<u>250</u>
Expenditures:				
Operating:				
Debt service	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	8,456	1,344	-	250
Other financing sources:				
Transfers in	-	-	-	-
Proceeds from long term debt	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	8,456	1,344	-	250
Fund balances beginning of year	<u>19,018</u>	<u>7,848</u>	<u>33,316</u>	<u>4,297</u>
Fund balances end of year	<u>\$ 27,474</u>	<u>9,192</u>	<u>33,316</u>	<u>4,547</u>

See accompanying independent auditor's report.

Revenue						
Equitable Sharing - Sheriff	Equitable Sharing - Attorney	Tax Increment Financing	Local Government Opioid Abatement	Debt Service	Total	
-	-	577,041	-	-	577,041	
-	-	13,954	-	-	22,384	
-	-	-	-	-	1,340	
93	9	-	-	-	132	
-	-	-	20,334	-	20,584	
93	9	590,995	20,334	-	621,481	
-	-	562,013	-	114,055	676,068	
93	9	28,982	20,334	(114,055)	(54,587)	
-	-	-	-	114,055	114,055	
-	-	-	-	403,558	403,558	
-	-	-	-	517,613	517,613	
93	9	28,982	20,334	403,558	463,026	
40,184	8,219	11,449	-	-	124,331	
40,277	8,228	40,431	20,334	403,558	587,357	



Audubon County  
Combining Schedule of Fiduciary Net Position  
Custodial Funds

June 30, 2023

	County Offices	Agricultural Extension Education	County Assessor	County Hospital
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,127	135,892	10,122
Other County officials	8,522	-	-	-
Receivables:				
Property tax:				
Delinquent	-	45	99	400
Succeeding year	-	145,000	376,000	1,319,000
Accounts	-	-	2,100	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid expenses	-	-	3,125	-
<b>Total assets</b>	<b>8,522</b>	<b>146,172</b>	<b>517,216</b>	<b>1,329,522</b>
<b>Liabilities</b>				
Accounts payable	-	-	1,935	-
Due to other governments	7,462	1,127	-	10,122
Trusts payable	1,060	-	-	-
Compensated absences	-	-	12,669	-
<b>Total liabilities</b>	<b>8,522</b>	<b>1,127</b>	<b>14,604</b>	<b>10,122</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	145,000	376,000	1,319,000
<b>Net Position</b>				
Restricted for individuals, organizations and other governments	\$ -	45	126,612	400

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
48,539	3,197	18,285	1,930	219,220	667,065	1,105,377
-	-	-	-	-	-	8,522
1,963	111	2,923	1	-	-	5,542
6,156,000	408,000	1,592,000	267,000	-	1,000	10,264,000
-	-	-	-	-	4,175	6,275
-	-	-	-	-	13,146	13,146
-	-	-	-	-	42,223	42,223
-	-	-	-	-	-	3,125
6,206,502	411,308	1,613,208	268,931	219,220	727,609	11,448,210
-	-	-	-	-	2,899	4,834
48,539	3,197	18,285	1,930	219,220	2,107	311,989
-	-	-	-	-	78,250	79,310
-	-	-	-	-	-	12,669
48,539	3,197	18,285	1,930	219,220	83,256	408,802
6,156,000	408,000	1,592,000	267,000	-	1,000	10,264,000
1,963	111	2,923	1	-	643,353	775,408

Audubon County  
Combining Schedule of Changes in Fiduciary Net Position  
Custodial Funds

Year ended June 30, 2023

	County Offices	Agricultural Extension Education	County Assessor	County Hospital
<b>Additions:</b>				
Property and other county tax	\$ -	139,054	308,000	1,249,514
911 surcharge	-	-	-	-
State tax credits	-	7,681	16,314	67,771
Office fees and collections	178,878	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	98,877	-	-	-
Miscellaneous	-	-	2,110	-
Total additions	<u>277,755</u>	<u>146,735</u>	<u>326,424</u>	<u>1,317,285</u>
<b>Deductions:</b>				
Agency remittances:				
To other funds	71,668	-	-	-
To other governments	107,210	146,763	350,742	1,317,476
Trusts paid out	98,877	-	-	-
	<u>277,755</u>	<u>146,763</u>	<u>350,742</u>	<u>1,317,476</u>
Changes in net position	-	(28)	(24,318)	(191)
Net position beginning of year	-	73	150,930	591
Net position end of year	<u>\$ -</u>	<u>45</u>	<u>126,612</u>	<u>400</u>

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
6,027,917	375,283	1,538,412	257,063	-	26,829	9,922,072
-	-	-	-	-	48,957	48,957
269,661	16,816	232,912	10,043	-	67	621,265
-	-	-	-	-	73,084	251,962
-	-	-	-	3,116,525	-	3,116,525
-	-	-	-	-	22,508	22,508
-	-	-	-	-	-	98,877
-	-	-	-	-	230,222	232,332
6,297,578	392,099	1,771,324	267,106	3,116,525	401,667	14,314,498
-	-	-	-	97,117	-	168,785
6,298,430	392,148	1,773,337	267,107	3,019,408	320,932	13,993,553
-	-	-	-	-	84,000	182,877
6,298,430	392,148	1,773,337	267,107	3,116,525	404,932	14,345,215
(852)	(49)	(2,013)	(1)	-	(3,265)	(30,717)
2,815	160	4,936	2	-	646,618	806,125
1,963	111	2,923	1	-	643,353	775,408

Audubon County

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

For the Last Ten Years

	2023	2022	2021	2020
<b>Revenues:</b>				
Property and other county tax	\$ 5,387,783	5,084,556	5,213,777	4,261,938
Tax increment financing	577,041	477,498	402,654	385,272
Local option sales tax	403,294	509,702	319,454	380,496
Interest and penalty on property tax	20,535	24,428	32,844	9,906
Intergovernmental	4,135,385	4,279,648	3,944,452	3,810,050
Licenses and permits	35,019	55,562	33,762	18,758
Charges for service	363,586	349,442	333,288	358,945
Use of money and property	167,771	47,754	58,749	84,712
Miscellaneous	207,139	1,369,700	88,485	488,124
<b>Total</b>	<b>\$ 11,297,553</b>	<b>12,198,290</b>	<b>10,427,465</b>	<b>9,798,201</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 1,825,061	1,644,255	1,650,551	1,510,520
Physical health and social services	418,018	418,484	410,600	617,093
Mental health	-	400,733	151,706	178,065
County environment and education	678,295	1,750,144	570,534	588,606
Roads and transportation	5,364,177	4,407,093	4,900,141	5,985,828
Governmental services to residents	513,686	482,472	447,847	406,057
Administration	1,184,133	999,062	793,176	858,095
Non-program	486	-	-	-
Debt service	676,068	612,434	530,436	355,138
Capital projects	10,006,044	4,559,706	582,215	97,724
<b>Total</b>	<b>\$ 20,665,968</b>	<b>15,274,383</b>	<b>10,037,206</b>	<b>10,597,126</b>

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
4,245,176	3,876,798	3,730,942	3,527,666	3,485,797	3,558,722
274,941	201,664	145,762	62,342	29,838	51,049
265,405	247,841	279,922	271,219	257,299	264,025
20,762	18,977	22,188	2,471	25,509	23,612
3,526,381	3,414,156	3,670,689	4,153,940	3,392,261	3,095,806
34,168	20,728	18,149	18,059	20,981	12,950
318,462	284,569	257,485	275,371	243,060	219,127
88,925	69,625	42,379	39,961	40,578	26,474
190,985	252,301	53,374	161,662	89,954	45,791
8,965,205	8,386,659	8,220,890	8,512,691	7,585,277	7,297,556
1,478,344	1,315,278	1,211,549	1,224,285	1,247,374	1,118,953
675,267	714,437	575,084	585,452	557,236	514,634
240,102	173,116	190,073	121,160	123,209	67,910
636,162	913,290	564,937	803,029	418,009	456,250
4,699,232	4,277,948	5,302,504	4,859,086	3,695,082	3,352,445
369,895	364,252	337,918	314,193	282,009	271,696
761,970	800,890	758,697	669,661	649,867	623,242
-	-	-	-	-	-
511,094	3,518,280	220,295	58,714	66,203	108,757
1,384,155	1,637,430	965,179	2,268,816	410,345	26,701
10,756,221	13,714,921	10,126,236	10,904,396	7,449,334	6,540,588



**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 Audubon 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 Audubon 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 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Audubon 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 Audubon County's internal control. Accordingly, we do not express an opinion on the effectiveness of Audubon 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 2023-005 to be significant deficiencies.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Audubon 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 noncompliance 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 the 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.

### Audubon County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Audubon County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Audubon 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 Audubon 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 27, 2024



Audubon 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.	County Recorder, County Engineer and County Treasurer
(2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash.	County Recorder, County Engineer, County Treasurer and County Conservation
(3) The person who signs checks is not independent of the person preparing the checks, approving disbursements, recording cash disbursements and handling cash.	County Recorder
(4) Responsibility for the change fund is not assigned to only one person.	County Recorder
(5) Investments – investing, custody and accounting.	County Treasurer

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

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

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Audubon County

Schedule of Findings

Year ended June 30, 2023

Responses –

County Treasurer – The Treasurer opens the mail, and the other employees perform the transactions. With a small staff, it is difficult to not do both. We have different people that balance and do deposits. We have the Recorder reconciling the end of month after the Treasurer, or other staff in the office, reconciles.

County Engineer – We have limited staff. The small quantities don't warrant hiring an additional employee, but we are working on including additional staff members in the process.

County Recorder – With two employees in the office, including the Recorder, it remains unfeasible to maintain total segregation of duties. Staff not only from other County offices, but also from other outside entities, are utilized during daily and monthly financial tasks. Technology was upgraded in 2018 which allows for better security and tracking of transactions and further provides a means for establishing a digital trail for auditing purposes.

Conservation – The Audubon County Conservation Board met on June 10, 2024. The Board is in the process of hiring a trail manager. We will add this duty to reconcile and deposit camp revenues. This position will not be involved with registering campers.

Conclusions – Responses acknowledged. Each official should continue to review the control activities of their office to obtain the maximum internal control possible under the circumstances.

2023-002 Financial Reporting

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

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

Cause – County policies do not require, and procedures have not been established to require independent review of year end cut-off transactions and capital asset additions and deletions 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.

Audubon County

Schedule of Findings

Year ended June 30, 2023

Recommendation – The County should establish procedures to ensure all accounts payable and capital asset additions and deletions are identified and properly reported in the County’s financial statements.

Response – The County will work to establish procedures to ensure all payables and capital asset additions and deletions are identified and properly reported. A new Asset module was added to our software. We have received additional information and training to ensure correct addition and deletion of assets.

Conclusion – Response accepted.

2023-003 Timely Deposits

Criteria – An effective internal control system provides for internal controls related to ensuring the timely deposit of all incoming cash and checks.

Condition – Nineteen receipts totaling \$36,218 for the Board of Health and County Recorder were not remitted to the County Treasurer’s office timely. The receipts were deposited between 34 and 113 days from the State of Iowa warrant date.

Cause – Policies and procedures have not been designed and implemented to ensure all incoming cash and checks are deposited timely.

Effect – This condition could result in undeposited, unrecorded or misstated revenues and receivables.

Recommendation – Procedures should be established to ensure all receipts are deposited timely.

Response – The Board of Supervisors has asked Public Health to investigate why receipts have been delayed and to implement changes to ensure that this does not happen in the future. The BOS will follow up with the Public Health Director to ensure that this problem has been resolved.

Conclusion – Response accepted.

2023-004 Employment Agreement

Criteria – If an employee is required to live on employer property as a condition of employment, a written agreement between the employer and employee should exist. The agreement should include details such as length of the agreement, responsibilities for maintenance of the property and procedures for employee long-term illness, death or termination of employment.

Condition – The County Conservation Board owns a property in Exira, Iowa that is used as housing for the Conservation Director. The property is provided as the Director is required to live at Littlefield Recreation Area to be on call at all times. There is no written employment agreement between the Conservation Director and the Conservation Board.

Audubon County

Schedule of Findings

Year ended June 30, 2023

Cause – Although discussions have been held establishing a written employment agreement with the Conservation Director, no formal action has been taken.

Effect – The lack of a written agreement with the Conservation Director for the terms of employment could result in unclear employment expectations and potential misuse of County property.

Recommendation – Legal counsel should be consulted to prepare a written employment agreement between the Conservation Director and the Conservation Board.

Response – The Audubon County Conservation Board will use a housing policy from Adams County to create their own. We will work with the County Attorney on this.

Conclusion – Response accepted.

2023-005 Void Receipts

Criteria – An effective internal control system provides for internal controls related to ensuring all receipts are properly accounted for, including the propriety of void receipts.

Condition – A listing of voided receipts is not maintained and reviewed on a routine basis.

Cause – Policies have not been established and procedures have not been implemented to require preparation of a voided receipt listing for independent review.

Effect – Inadequate void receipt records can result in unrecorded cash receipts, undetected errors and opportunity for misappropriations.

Recommendation – The County should prepare a listing of voided receipts. An independent person should review this listing to ensure voided receipts are appropriate.

Response – When voids are done, we keep a copy of the void with the daily receipts. We will start reviewing them and initial and date, with every end of day report.

Conclusion – Response accepted.

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

Audubon County  
 Schedule of Findings  
 Year ended June 30, 2023

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

2023-A Certified Budget – Disbursements during the year ended June 30, 2023 exceeded the amount budgeted in the administration function at year end and disbursements exceeded the amount budgeted in the capital projects function prior to the budget being amended.

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

Response – The County will monitor the budget more closely in the future.

Conclusion – Response accepted.

2023-B Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

2023-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2023-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Description	Amount
Larry Sorensen, Roadside Secondary Roads foreman, brother-in-law owns Options Ink	Sign decals	\$ 222

The transactions with Options Ink do not appear to represent a conflict of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since the total transactions were less than \$6,000 during the year.

2023-E Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2023-F Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

Audubon County

Schedule of Findings

Year ended June 30, 2023

2023-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. However, the Board went into closed session on June 20, 2023 to discuss matters relating to the County. The minutes record did not include the reason for the closed session by reference to a specific exemption under Chapter 21.5 of the Code of Iowa.

Recommendation – The Board of Supervisors should ensure all closed meetings comply with Chapter 21 of the Code of Iowa.

Response – The Board of Supervisors, with the advisement of the County Attorney, routinely cites the Iowa Code section under which a closed meeting is warranted. Failure to document the Code in the minutes is most likely an isolated oversight, but the BOS will check minutes of meetings to ensure the Code has been stated and documented.

Conclusion – Response accepted.

2023-H Deposits and Investments – No instances of noncompliance 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 certified to the Iowa Department of Management on or before December 1; however, the report was not approved by an affirmative vote of a majority of the Board as required by Chapter 331.403(3)(a) of the Code of Iowa.

Recommendation – The Annual Urban Renewal Report should be approved by an affirmative vote of a majority of the Board as required by Chapter 331.403(3)(a) of the Code of Iowa.

Response – The County will ensure that when the Annual Urban Renewal Report is listed as an agenda item, it is approved by an affirmative vote of a majority of the Board.

Conclusion – Response accepted.

2023-K Tax Increment Financing – Payments from the Special Revenue, Tax Increment Financing (TIF) Fund properly included only payments for TIF loans and rebates. Also, the County properly completed the Tax Increment Debt Forms 1, 2 or 3, as appropriate, to certify TIF obligations (debt), to decertify TIF debt or to request a reduced distribution of TIF.

Audubon County

Schedule of Findings

Year ended June 30, 2023

2023-L County Ordinances – The County Board of Supervisors has not compiled a Code of Ordinances containing all of the County’s ordinances in effect in the last five years, as required by Chapter 331.302(10) of the Code of Iowa.

Recommendation – County Ordinances should be compiled and published as required by Chapter 331.302(10) of the Code of Iowa.

Response – The Board of Supervisors and County Attorney will keep working to complete their re-codification duties.

Conclusion – Response accepted.

2023-M Transfers – A transfer from the Special Revenue, Secondary Roads Fund to the Capital Projects Fund was not approved by Board resolution as required by Chapter 331.432 of the Code of Iowa.

Recommendation – All interfund transfers should be approved by the Board of Supervisors by resolution in accordance with Chapter 331.432 of the Code of Iowa.

Response – We have talked to the Engineer. In the future, we will not transfer monies to cover the TIF portion of projects that are to be reimbursed by other entities and transfers will be approved by resolution.

Conclusion – Response accepted.

Audubon County

Staff

This audit was performed by:

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