



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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Des Moines, Iowa 50319-0006
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NEWS RELEASE

Contact: Brian Brustkern
515/281-5834

FOR RELEASE

October 11, 2024

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$46,057,261 for the year ended June 30, 2023, a 4.5% decrease from the prior year. Expenses for County operations for the year ended June 30, 2023, totaled \$34,920,895, a 1.6% decrease from the prior year. The decrease in revenues is due primarily to a decrease in federal funding for FEMA projects. The decrease in expenses is due primarily to the mental health fund closing in fiscal year 2022 and decreased expenses related to bridge and road projects.

AUDIT FINDINGS:

Sand reported eleven findings related to the receipt and expenditure of taxpayer funds. They are found on pages 101 through 110 of this report. The findings address issues such as lack of segregation of duties, material amounts of receivables and capital assets not properly recorded in the County's financial statements, lack of bank reconciliations, lack of reconciliations of public health billings, collections and delinquent accounts, appropriations exceeding the budgeted amount and incorrect tax increment financing (TIF) certifications and reporting of TIF debt. Sand provided the County with recommendations to address each of these findings.

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

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

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WEBSTER COUNTY

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

JUNE 30, 2023

Webster 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

September 23, 2024

Officials of Webster County
Fort Dodge, Iowa

Dear Board Members:

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

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand", written in a cursive style.

Rob Sand
Auditor of State

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Webster County

Officials

(Before January 2023)

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

(After January 2023)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Campbell	Board of Supervisors	Jan 2025
Nick Carlson	Board of Supervisors	Jan 2025
Bob Thode	Board of Supervisors	Jan 2025
Niki Conrad	Board of Supervisors	Jan 2027
Austin Hayek	Board of Supervisors	Jan 2027
Doreen Pliner	County Auditor	Jan 2025
Brenda Angstrom	County Treasurer	Jan 2027
Lindsay Laufersweiler	County Recorder	Jan 2027
Luke Fleener	County Sheriff	Jan 2025
Darren Driscoll	County Attorney	Jan 2027
Angela Vinson	County Assessor	Jan 2028



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Independent Auditor's Report

To the Officials of Webster County:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Webster County, Iowa, as of and for the year ended June 30, 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 Webster 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 Webster County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 16 to the financial statements, Webster 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 Webster County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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 the Webster County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Webster County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 67 through 79 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Webster County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 6 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 23, 2024 on our consideration of Webster County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Webster County's internal control over financial reporting and compliance.



Brian R. Brustkern, CPA
Deputy Auditor of State

September 23, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Webster County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 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 Central Iowa Community Services Region prior to June 30, 2022.
- Revenues of the County's governmental activities decreased 4.5%, or approximately \$2,159,000, from fiscal year 2022 to fiscal year 2023. American Rescue Plan Act (ARPA) and operating grants, contributions and restricted interest decreased approximately \$893,000 and \$4,494,000, respectively, while capital grants, contributions and restricted interest increased approximately \$3,016,000.
- Program expenses of the County's governmental activities decreased 1.6% from fiscal year 2022 to fiscal year 2023, or approximately \$579,000. Roads and transportation and mental health expenditures decreased approximately \$1,756,000 and \$1,779,000, respectively, while public safety and legal services and county environment and education expenditures increased approximately \$1,816,000 and \$687,000, respectively.
- The County's net position increased 10.5% or approximately \$11,136,000, 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 Webster County as a whole and present an overall view of the County's finances.

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, 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, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County’s various functions.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2023	2022 (Not Restated)
Current and other assets	\$ 70,778	61,461
Capital assets	101,952	92,374
Total assets	172,730	153,835
Deferred outflows of resources	1,707	1,569
Long-term liabilities	29,464	16,627
Other liabilities	6,105	6,214
Total liabilities	35,569	22,841
Deferred inflows of resources	21,564	26,395
Net position:		
Net investment in capital assets	85,922	78,563
Restricted	25,518	21,807
Unrestricted	5,864	5,798
Total net position	\$ 117,304	106,168

Net position of Webster County’s governmental activities increased 10.5% (approximately \$106.2 million compared to approximately \$117.3 million).

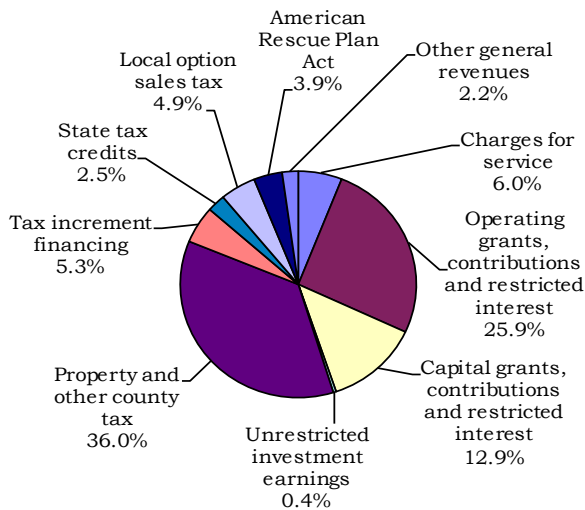
The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$7,359,000, or 9.4%, 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 \$3,711,000, or 17.0%, over the prior year. This increase is primarily due to the increase in net position for secondary roads and debt service.

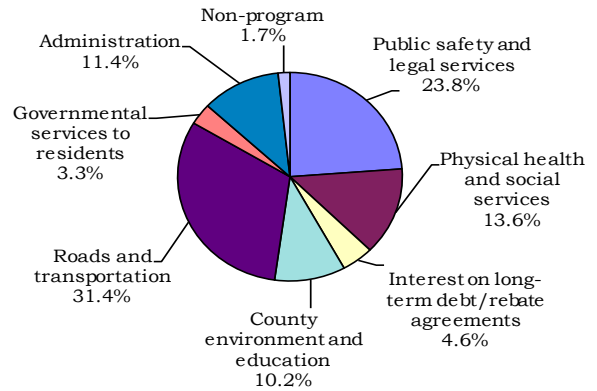
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$66,000 over the prior year, from a balance of approximately \$5,798,000 to a balance of approximately \$5,864,000. The change in the unrestricted net position is due in part to the net effect of the change in net pension liability and the change in pension related deferred inflows and outflows.

Changes in Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2023	2022
	(Not Restated)	
Revenues:		
Program revenues:		
Charges for service	\$ 2,778	3,563
Operating grants, contributions and restricted interest	11,951	16,445
Capital grants, contributions and restricted interest	5,955	2,939
General revenues:		
Property and other county tax	16,470	15,993
Tax increment financing	2,440	2,124
State tax credits	1,168	1,251
Local option sales tax	2,278	2,285
American Rescue Plan Act	1,785	2,678
Unrestricted investment earnings	204	136
Other general revenues	1,028	802
Total revenues	<u>46,057</u>	<u>48,216</u>
Program expenses:		
Public safety and legal services	8,300	6,484
Physical health and social services	4,765	4,500
Mental health	-	1,779
County environment and education	3,551	2,864
Roads and transportation	10,987	12,743
Governmental services to residents	1,137	1,062
Administration	3,969	3,875
Non-program	595	931
Interest on long-term debt/rebate agreements	1,617	1,262
Total expenses	<u>34,921</u>	<u>35,500</u>
Change in net position	11,136	12,716
Net position beginning of year	<u>106,168</u>	<u>93,452</u>
Net position end of year	<u>\$ 117,304</u>	<u>106,168</u>

Revenues by Source



Expenses by Program



Webster County’s governmental activities net position increased approximately \$11,136,000 during the year. Revenues for governmental activities decreased approximately \$2,159,000 from the prior year. The significant decrease was primarily the result of operating grants, contributions and restricted interest which decreased approximately \$4,494,000 due to receipt of less FEMA funding for roads and bridge projects, capital grants, contributions and restricted interest increased approximately \$3,016,000 due to more funding received from Iowa Department of Transportation for roads and bridge projects.

The cost of all governmental activities this year was approximately \$34.9 million compared to approximately \$35.5 million last year. However, as shown in the Statement of Activities on page 20, the amount taxpayers ultimately financed for these activities was only approximately \$14.2 million because some of the cost was paid by those who directly benefited from the programs (approximately \$2,778,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$17,906,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2023 from approximately \$22,947,000 to approximately \$20,684,000. As discussed above, the County received less contributions for road and bridge projects paid for by FEMA.

INDIVIDUAL MAJOR FUND ANALYSIS

As Webster County completed the year, its governmental funds reported a combined fund balance of approximately \$40,197,000, an increase of approximately \$11,899,000 over last year’s total of approximately \$28,298,000. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$40,000 and expenditures increased approximately \$2,468,000 compared to the prior year. Capital project expenditures increased approximately \$1,146,000, largely due to work completed on the Nature Center project for conservation and the HVAC project for the courthouse. Public safety and legal services expenditures increased approximately \$1,136,000, largely due to the implementation of communication services for the Sheriff’s department and increases in room and board payments to other counties for inmates. The ending fund balance decreased approximately \$1,563,000 from the prior year to approximately \$11,108,000.

- Special Revenue, Rural Services Fund revenues decreased approximately \$29,000 and expenditures increased approximately \$150,000 over the prior year. County environment and education expenditures increased approximately \$136,000, largely due to a corridor study for planning and zoning. Transfers to the Special Revenue, Secondary Roads Fund increased approximately \$75,000 over the prior fiscal year. The Rural Services Fund ending fund balance decreased approximately \$14,000 from the prior year to approximately \$1,546,000.
- Special Revenue, Secondary Roads Fund revenues decreased approximately \$1,495,000 and expenditures decreased approximately \$4,316,000 from the prior year. The decrease in revenues was due primarily to decreases in FEMA reimbursements received for bridge and road projects. The decrease in expenditures was due primarily to work on the FEMA bridge and road projects. The Secondary Roads Fund ending fund balance increased approximately \$3,621,000 over the prior year.
- The Debt Service Fund ended with a fund balance of approximately \$87,000 compared to approximately \$33,000 at the end of the previous year.
- The Capital Projects Fund ended with a fund balance of approximately \$8,325,000 compared to approximately \$615,000 at the end of the previous year. The increased balance this year was due to the issuance of a general obligation capital loan notes for approximately \$11,200,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Webster County amended its budget four times. The first amendment was made in August 2022. The amendment was made to increase budgeted receipts and budgeted disbursements related to conservation and opioid grants received.

The second amendment was made in January 2023. The amendment was made to increase budgeted receipts and budgeted disbursements related to bonds proceeds received for conservation nature center.

The third amendment was made in March 2023. The amendment was made to increase budgeted disbursements for public safety and legal services, administration and capital projects functions for the HVAC project, out of county inmate housing expenses and increased costs for public safety expenses.

The fourth amendment was made in May 2023. The amendment was made to increase budgeted receipts for intergovernmental and budgeted disbursements for physical health and social services, governmental services to residents and administration functions for an environment health grant received and increased costs for administration and governmental services.

The County's receipts were \$11,292,852 less than budgeted, a variance of 23.0%, mainly due to less funding received from FEMA, the DOT Badger Grant and other grants than expected.

Total disbursements were \$26,069,521 less than the final amended budget, a variance of 39.8%. Capital projects disbursements were \$20,631,894 less than budgeted due to timing of projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, Webster County had approximately \$101,952,000 invested (net of depreciation/amortization) in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$9,119,000, or 9.8%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2023	2022
	(As Restated) *	
Land	\$ 5,903	5,871
Construction in progress	10,612	2,401
Buildings and improvements	23,947	24,330
Machinery and equipment	5,535	5,868
Infrastructure	55,527	53,848
Right-to-use subscription asset	350	459
Right-to-use leases equipment	79	56
Total	\$ 101,952	92,833

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

The County had depreciation/amortization expense of \$5,389,060 in fiscal year 2023 and total accumulated depreciation/amortization of \$80,467,115 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, excluding unamortized premiums, Webster County had approximately \$22,600,000 of general obligation bonds and other debt outstanding, compared to approximately \$14,016,000, as restated, at June 30, 2022, as shown below:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2023	2022
	(As Restated)	
General obligation capital loan notes	\$ 12,040	2,120
General obligation local option sales and services tax bonds	3,000	3,465
General obligation emergency communications equipment bonds	1,445	1,775
General obligation courthouse restoration bonds	5,440	5,665
Lease agreements	80	57
IT Subscription liability	346	459
Drainage warrants	249	474
Total	\$ 22,600	14,015

Debt increased as a result of issuing general obligation capital loan notes for the conservation center project.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Webster County's outstanding general obligation debt of \$25,236,409, including tax increment rebate agreements of \$3,311,409, is significantly below its constitutional debt limit of approximately \$169.6 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Webster County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2024 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.7% versus 3.4% a year ago. This compares with the State's unemployment rate of 2.7% and the national rate of 3.6% at June 2023.

These indicators were taken into account when adopting the budget for fiscal year 2024. Budgeted disbursements are approximately \$60.9 million, a decrease of approximately \$4,565,000 from the final fiscal year 2023 budget. The County considered the effect inflation and consumer demands for services have on program costs. Modest wage and cost-of-living adjustments are included in the fiscal year 2024 budget. The County's budget includes a decrease in capital projects disbursements of approximately \$2.0 million from the prior year due to the completion of projects. Debt service increased by approximately \$676,000 due to the issuance of general obligation conservation center capital loan notes in fiscal year 2023.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$20,105,000 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 Webster County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Webster County Auditor's Office, 703 Central Avenue, Fort Dodge, Iowa 50501.

Webster County

Basic Financial Statements

Webster County
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 41,796,455
Receivables:	
Property tax:	
Delinquent	47,798
Succeeding year	17,610,000
Succeeding year tax increment financing	2,716,000
Interest and penalty on property tax	649,088
Accounts	50,101
Opioid Settlement	970,485
Drainage assessments:	
Current	65,595
Future	194,136
Due from other governments	3,400,546
Inventories	2,601,605
Prepaid expenditures	675,986
Capital assets, not being depreciated/amortized	16,515,205
Capital assets, net of accumulated depreciation/amortization	<u>85,437,005</u>
Total assets	<u>172,730,005</u>
Deferred Outflows of Resources	
Pension related deferred outflows	1,537,288
OPEB related deferred outflows	<u>169,936</u>
Total deferred outflows of resources	<u>1,707,224</u>

Webster County
Statement of Net Position
June 30, 2023

	Governmental Activities
Liabilities	
Accounts payable	2,546,092
Accrued interest payable	489,086
Salaries and benefits payable	282,321
Due to other governments	276,873
Unearned revenues	2,510,925
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	490,000
General obligation local option sales and services tax bonds	475,000
General obligation emergency communication equipment bonds	340,000
General obligation courthouse restoration bonds	235,000
General obligation conservation center bonds	295,000
Lease agreements	35,026
IT subscription liability	116,717
Drainage warrants	65,595
Compensated absences	1,034,983
Total OPEB liability	48,308
Portion due or payable after one year:	
General obligation capital loan notes	1,010,000
General obligation local option sales and services tax bonds	2,525,000
General obligation emergency communication equipment bonds	1,233,749
General obligation courthouse restoration bonds	6,305,448
General obligation conservation center bonds	10,908,039
Lease agreements	44,695
IT subscription liability	229,172
Drainage warrants	183,455
Net pension liability	2,935,075
Total OPEB liability	953,262
Total liabilities	35,568,821
Deferred Inflows of Resources	
Unavailable property tax revenue	17,610,000
Unavailable tax increment financing revenue	2,716,000
Pension related deferred inflows	968,660
OPEB related deferred inflows	269,253
Total deferred inflows of resources	21,563,913
Net Position	
Net investment in capital assets	85,922,332
Restricted for:	
Supplemental levy purposes	3,525,200
Rural services purposes	1,529,441
Secondary roads purposes	12,063,854
Drainage warrants	473,344
Debt service	3,235,457
Opioid abatement	1,234,141
Other purposes	3,456,624
Unrestricted	5,864,102
Total net position	\$ 117,304,495

See notes to financial statements.

Webster County

Webster 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 and Contributions		Capital Grants and Contributions
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 8,299,436	495,304	783,178	-	(7,020,954)
Physical health and social services	4,765,052	168,648	3,905,453	-	(690,951)
County environment and education	3,551,014	396,671	1,066,412	-	(2,087,931)
Roads and transportation	10,986,703	151,205	6,165,044	5,954,964	1,284,510
Governmental services to residents	1,137,381	641,461	-	-	(495,920)
Administration	3,969,021	195,470	3,999	-	(3,769,552)
Non-program	595,205	729,295	27,278	-	161,368
Interest on long-term debt/rebate agreements	1,617,083	-	-	-	(1,617,083)
Total	<u>\$ 34,920,895</u>	<u>2,778,054</u>	<u>11,951,364</u>	<u>5,954,964</u>	<u>(14,236,513)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					15,522,767
Debt service					947,552
Tax increment financing					2,440,273
Penalty and interest on property tax					171,746
State tax credits and replacements					1,168,099
Local option sales and services tax					2,277,977
American Rescue Plan Act					1,784,617
Unrestricted investment earnings					204,296
Gain on disposition of capital assets					426,160
Miscellaneous					429,392
Total general revenues					<u>25,372,879</u>
Change in net position					11,136,366
Net position beginning of year					<u>106,168,129</u>
Net position end of year					<u>\$ 117,304,495</u>

See notes to financial statements.

Webster County
Balance Sheet
Governmental Funds

June 30, 2023

	General	Special Revenue	
		Rural Services	Secondary Roads
Assets			
Cash, cash equivalents and pooled investments	\$ 14,054,762	1,547,440	7,436,445
Receivables:			
Property tax:			
Delinquent	36,968	8,043	-
Succeeding year	12,436,000	4,345,000	-
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	649,088	-	-
Accounts	30,733	2,880	16,488
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Opioid settlement	-	-	-
Due from other governments	826,068	27,430	2,418,536
Inventories	-	-	2,601,605
Prepaid expenditures	426,967	-	249,019
Total assets	\$ 28,460,586	5,930,793	12,722,093
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,242,764	25,185	299,921
Salaries and benefits payable	207,670	5,736	68,915
Due to other governments	268,961	500	7,237
Unearned revenues	2,510,925	-	-
Total liabilities	4,230,320	31,421	376,073
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	12,436,000	4,345,000	-
Succeeding year tax increment financing	-	-	-
Other	686,056	8,043	146,240
Total deferred inflows of resources	13,122,056	4,353,043	146,240
Fund balances:			
Nonspendable:			
Inventories	-	-	2,601,605
Prepaid expenditures	426,967	-	249,019
Restricted for:			
Supplemental levy purposes	3,348,466	-	-
Rural services purposes	-	1,546,329	-
Secondary roads purposes	-	-	9,349,156
Drainage warrants	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Opioid abatement	-	-	-
Other purposes	724,752	-	-
Assigned for public health	547,103	-	-
Unassigned	6,060,922	-	-
Total fund balances	11,108,210	1,546,329	12,199,780
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 28,460,586	5,930,793	12,722,093

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
87,438	9,109,453	7,045,484	39,281,022
2,787	-	-	47,798
829,000	-	-	17,610,000
-	-	2,716,000	2,716,000
-	-	-	649,088
-	-	-	50,101
-	-	65,595	65,595
-	-	194,136	194,136
-	-	970,485	970,485
-	-	128,512	3,400,546
-	-	-	2,601,605
-	-	-	675,986
<u>919,225</u>	<u>9,109,453</u>	<u>11,120,212</u>	<u>68,262,362</u>
-	784,653	193,144	2,545,667
-	-	-	282,321
-	175	-	276,873
-	-	-	2,510,925
-	<u>784,828</u>	<u>193,144</u>	<u>5,615,786</u>
829,000	-	-	17,610,000
-	-	2,716,000	2,716,000
<u>2,787</u>	-	<u>1,280,696</u>	<u>2,123,822</u>
<u>831,787</u>	-	<u>3,996,696</u>	<u>22,449,822</u>
-	-	-	2,601,605
-	-	-	675,986
-	-	-	3,348,466
-	-	-	1,546,329
-	-	-	9,349,156
-	-	475,535	475,535
87,438	-	3,605,966	3,693,404
-	8,324,625	-	8,324,625
-	-	263,656	263,656
-	-	2,585,215	3,309,967
-	-	-	547,103
-	-	-	6,060,922
<u>87,438</u>	<u>8,324,625</u>	<u>6,930,372</u>	<u>40,196,754</u>
<u>919,225</u>	<u>9,109,453</u>	<u>11,120,212</u>	<u>68,262,362</u>

Webster County

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

June 30, 2023

Total governmental fund balances (page 22) \$ 40,196,754

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$182,419,325 and the accumulated depreciation/amortization is \$80,467,115. 101,952,210

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 2,123,822

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 2,515,008

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

Deferred outflows of resources	\$ 1,707,224	
Deferred inflows of resources	<u>(1,237,913)</u>	469,311

Long-term liabilities, including bonds and notes payable, lease agreements payable, IT subscription liability, drainage warrants payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (29,952,610)

Net position of governmental activities (page 18) \$ 117,304,495

See notes to financial statements.

Webster County

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

Year ended June 30, 2023

	Special Revenue		
	General	Rural Services	Secondary Roads
Revenues:			
Property and other county tax	\$ 11,391,453	4,147,397	-
Tax increment financing	-	-	-
Local option sales and services tax	-	-	1,138,989
Interest and penalty on property tax	155,963	-	-
Intergovernmental	7,869,051	273,559	7,864,495
Licenses and permits	150	46,642	84,948
Charges for service	1,281,200	3,150	-
Use of money and property	344,188	432	7,371
Miscellaneous	269,009	3,482	107,005
Total revenues	21,311,014	4,474,662	9,202,808
Expenditures:			
Operating:			
Public safety and legal services	8,509,573	-	-
Physical health and social services	4,909,902	70,962	-
County environment and education	1,950,623	909,648	-
Roads and transportation	-	-	8,319,002
Governmental services to residents	1,221,964	-	-
Administration	3,586,250	41,081	-
Non-program	1,540	-	-
Debt service	-	-	-
Capital projects	2,538,882	-	862,547
Total expenditures	22,718,734	1,021,691	9,181,549
Excess (deficiency) of revenues over (under) expenditures	(1,407,720)	3,452,971	21,259
Other financing sources (uses):			
Transfers in	215,054	-	3,821,374
Transfers out	(421,825)	(3,472,427)	(519,600)
Lease agreements	51,361	5,252	-
Sale of capital assets	-	-	297,680
Bond proceeds	-	-	-
Premium on bonds	-	-	-
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(155,410)	(3,467,175)	3,599,454
Change in fund balances	(1,563,130)	(14,204)	3,620,713
Fund balances beginning of year	12,671,340	1,560,533	8,579,067
Fund balances end of year	\$ 11,108,210	1,546,329	12,199,780

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
948,896	-	-	16,487,746
-	-	2,440,273	2,440,273
-	-	1,138,988	2,277,977
-	-	-	155,963
73,685	-	703,640	16,784,430
-	-	-	131,740
-	-	5,621	1,289,971
-	-	13,800	365,791
-	-	863,680	1,243,176
1,022,581	-	5,166,002	41,177,067
-	-	-	8,509,573
-	-	4,943	4,985,807
-	-	310,281	3,170,552
-	-	-	8,319,002
-	-	-	1,221,964
-	-	-	3,627,331
-	-	114,550	116,090
2,095,070	-	1,144,011	3,239,081
-	3,493,610	810,205	7,705,244
2,095,070	3,493,610	2,383,990	40,894,644
(1,072,489)	(3,493,610)	2,782,012	282,423
1,126,928	-	300,000	5,463,356
-	-	(1,049,504)	(5,463,356)
-	-	-	56,613
-	-	-	297,680
-	10,540,000	-	10,540,000
-	663,039	-	663,039
-	-	58,679	58,679
1,126,928	11,203,039	(690,825)	11,616,011
54,439	7,709,429	2,091,187	11,898,434
32,999	615,196	4,839,185	28,298,320
87,438	8,324,625	6,930,372	40,196,754

Webster County

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

Year ended June 30, 2023

Change in fund balances - Total governmental funds (page 26) \$ 11,898,434

**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	\$ 8,083,277	
Capital assets contributed by the Iowa Department of Transportation	5,942,126	
Right-to-use leased capital assets	56,613	
Depreciation expense	<u>(5,389,060)</u>	8,692,956

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. 426,160

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:

Property tax	(17,427)	
Other	<u>(2,108,033)</u>	(2,125,460)

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	(11,318,331)	
Repaid	<u>2,172,235</u>	(9,146,096)

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 1,151,317

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	(226,569)	
OPEB expense	(59,578)	
Pension expense	262,255	
Interest on long-term debt	<u>(402,848)</u>	(426,740)

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 665,795

Change in net position of governmental activities (page 20) \$ 11,136,366

See notes to financial statements.

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

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 2,515,433
Liabilities	
Accounts payable	<u>425</u>
Net Position	
Unrestricted	<u>\$ 2,515,008</u>

See notes to financial statements.

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

Year ended June 30, 2023

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 2,626,521
Reimbursements from employees and others		472,348
COBRA reimbursements		<u>26,734</u>
Total operating revenues		3,125,603
Operating expenses:		
Insurance premiums	\$ 2,072,055	
Medical claims	382,181	
Administrative fees	<u>13,006</u>	<u>2,467,242</u>
Operating income		658,361
Non-operating revenues:		
Interest income		<u>7,434</u>
Net income		665,795
Net position beginning of year		<u>1,849,213</u>
Net position end of year		<u>\$ 2,515,008</u>

See notes to financial statements.

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

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund contributions	\$ 2,626,521
Cash received from employees and others	472,348
Cash received from COBRA reimbursements	26,734
Cash paid for insurance premiums	(2,072,055)
Cash paid for medical claims	(381,756)
Cash paid for administrative expenses	(13,006)
Net cash provided by operating activities	658,786
Cash flows from investing activities:	
Interest on investments	7,434
Net increase in cash and cash equivalents	666,220
Cash and cash equivalents beginning of year	1,849,213
Cash and cash equivalents end of year	\$ 2,515,433
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 658,361
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	425
Net cash provided by operating activities	\$ 658,786

See notes to financial statements.

Webster County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2023

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 3,812,584
Other County officials	268,439
Receivables:	
Property tax:	
Delinquent	189,453
Succeeding year	52,360,000
Accounts	44,386
Special assessments	669,403
Drainage assessments	3,837
Due from other governments	66,099
Prepaid items	<u>71,845</u>
Total assets	<u>57,486,046</u>

Liabilities

Accounts payable	38,433
Salaries and benefits payable	10,055
Due to other governments	1,643,724
Trusts payable	454,251
Stamped warrants payable	4,374
Compensated absences	<u>46,201</u>
Total liabilities	<u>2,197,038</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>52,360,000</u>
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Net Position

Restricted for individuals, organizations and other governments	<u>\$ 2,929,008</u>
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See notes to financial statements.

Webster County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2023

Additions:	
Property and other county tax	\$ 51,293,020
911 surcharge	101,949
State tax credits	4,012,542
Office fees and collections	78,267
Auto licenses, use tax and postage	14,007,643
Assessments	16,533
Trusts	1,892,829
Miscellaneous	<u>505,501</u>
Total additions	<u>71,908,284</u>
Deductions:	
Agency remittances:	
To other funds	622,916
To other governments	70,254,715
Trusts paid out	<u>1,148,775</u>
Total deductions	<u>72,026,406</u>
Change in net position	(118,122)
Net position beginning of year	<u>3,047,130</u>
Net position end of year	<u>\$ 2,929,008</u>

See notes to financial statements.

Webster County

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

Proprietary Fund – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost-reimbursement basis.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2022.

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

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

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

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

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

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

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

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

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

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

Asset Class	Estimated Useful lives (In Years)
Building improvements	25 - 50
Land improvements	10 - 50
Equipment and vehicles	3 - 20
Intangibles	5 - 20
Infrastructure	10 - 65
Right-to-use leased assets	2 - 20
Right-to-use subscription assets	2 - 20

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

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

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

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

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

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

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

Subscription-Based Information Technology Arrangements (SBITA) – Webster 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 Webster County determines the discount rate it uses to discount the expected payments to present value, term and payments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2023, disbursements did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated prior to amendment.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

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

At June 30, 2023, the Friends of the Webster County Conservation had the following investments:

<u>Investment</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Mutual funds	\$ 22,322	18,162
Corporate bonds	4,727	4,910
Total	<u>\$ 27,049</u>	<u>23,072</u>

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

The recurring fair value of the Friends of the Webster County Conservation's mutual funds and corporate bonds were determined using quoted market prices. (Level 1 inputs).

(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>
General	Special Revenue: Local Option Sales and Services Tax	<u>\$ 215,054</u>
Special Revenue: Secondary Roads	General Special Revenue: Rural Services	348,947 <u>3,472,427</u> <u>3,821,374</u>
Special Revenue: Webster County Trails	Special Revenue: Local Option Sales and Services Tax	<u>300,000</u>
Debt Service	General Special Revenue: Secondary Roads Local Option Sales and Services Tax	72,878 519,600 534,450 <u>1,126,928</u>
Total		<u>\$ 5,463,356</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
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 5,871,280	31,993	-	5,903,273
Construction in progress, road network	656,223	6,773,397	4,259,302	3,170,318
Construction in progress	1,744,827	6,125,290	428,503	7,441,614
Total capital assets not being depreciated/amortized	<u>8,272,330</u>	<u>12,930,680</u>	<u>4,687,805</u>	<u>16,515,205</u>
Capital assets being depreciated/amortized:				
Buildings	31,047,855	127,469	-	31,175,324
Improvements other than buildings	8,515,046	425,303	-	8,940,349
Equipment and vehicles	18,140,483	1,396,614	1,601,170	17,935,927
Intangibles, other	164,292	-	-	164,292
Infrastructure, road network	99,643,280	4,259,302	-	103,902,582
Infrastructure, other	3,189,130	-	-	3,189,130
Right-to-use subscription asset	459,362	-	-	459,362
Right-to-use leased equipment	80,541	56,613	-	137,154
Total capital assets being depreciated/amortized	<u>161,239,989</u>	<u>6,265,301</u>	<u>1,601,170</u>	<u>165,904,120</u>
Less accumulated depreciation/amortization for:				
Buildings	14,459,672	585,450	-	15,045,122
Improvements other than buildings	773,664	350,131	-	1,123,795
Equipment and vehicles	12,272,794	1,729,154	1,601,170	12,400,778
Intangibles, other	164,291	-	-	164,291
Infrastructure, road network	48,465,722	2,460,081	-	50,925,803
Infrastructure, other	518,596	120,363	-	638,959
Right-to-use subscription asset	-	109,722	-	109,722
Right-to-use leased equipment	24,486	34,159	-	58,645
Total accumulated depreciation/amortization	<u>76,679,225</u>	<u>5,389,060</u>	<u>1,601,170</u>	<u>80,467,115</u>
Total capital assets being depreciated/amortized, net	<u>84,560,764</u>	<u>876,241</u>	<u>-</u>	<u>85,437,005</u>
Governmental activities capital assets, net	<u>\$ 92,833,094</u>	<u>13,806,921</u>	<u>4,687,805</u>	<u>101,952,210</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 481,690
Physical health and social services	119,312
County environment and education	170,658
Roads and transportation	3,982,498
Governmental services to residents	33,075
Administration	<u>601,827</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 5,389,060</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 268,961
Special Revenue:		
Rural Services	Services	500
Secondary Roads		7,237
Capital Projects	Services	175
Total for governmental funds		<u>\$ 276,873</u>
Custodial:		
Agricultural Extension Education	Collections	\$ 2,422
Schools		218,363
Community Colleges		20,216
Corporations		204,444
Townships		4,057
Auto License and Use Tax		1,040,459
Special Districts		44,223
All other		109,540
Total for custodial funds		<u>\$ 1,643,724</u>

(6) Long-Term Liabilities

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

	General Obligation Local Option Sales and Services Tax Capital Loan Notes (3)	General Obligation Emergency Equipment Bonds (1)	General Obligation Courtthouse Restoration Bonds (2)	General Obligation Lease Agreements	IT Subscription Liability	
Balance beginning of year, as restated	\$ 2,120,000	3,465,000	1,935,937	6,834,226	57,024	459,362
Increases	11,203,039	-	-	-	56,613	-
Decreases	620,000	465,000	362,188	293,778	33,916	113,473
Balance end of year	<u>\$ 12,703,039</u>	<u>3,000,000</u>	<u>1,573,749</u>	<u>6,540,448</u>	<u>79,721</u>	<u>345,889</u>
Due within one year	<u>\$ 785,000</u>	<u>475,000</u>	<u>340,000</u>	<u>235,000</u>	<u>35,026</u>	<u>116,717</u>

	Direct Borrowing Drainage Warrants	Compensated Absences	Net Pension Liability (Asset)	Total OPEB Liability	Total
Balance beginning of year, as restated	474,251	808,414	(1,981,703)	931,728	15,104,239
Increases	58,679	866,500	4,916,778	118,150	17,219,759
Decreases	283,880	639,931	-	48,308	2,860,474
Balance end of year	<u>249,050</u>	<u>1,034,983</u>	<u>2,935,075</u>	<u>1,001,570</u>	<u>29,463,524</u>
Due within one year	<u>65,595</u>	<u>1,034,983</u>	<u>-</u>	<u>48,308</u>	<u>3,135,629</u>

(1) The unamortized premium on the bonds was \$128,749 at June 30, 2023.

(2) The unamortized premium on the bonds was \$1,100,448 at June 30, 2023.

(3) The unamortized premium on the series 2022 notes was \$663,039 at June 30, 2023.

General Obligation Capital Loan Notes

On July 29, 2016, the County issued \$4,675,000 of general obligation capital loan notes, Series 2016B pursuant to the provisions of Section 331.402 of the Code of Iowa for the purpose of paying costs of aiding in the planning, undertaking and carrying out of urban renewal projects under the authority of Chapter 403, including a portion of the costs of building, furnishing and equipping the Otho Shed Maintenance Complex Project. During the year ended June 30, 2023, the County paid principal of \$480,000 and interest of \$39,600 on the notes.

On December 15, 2022, the County issued \$10,540,000 of general obligation capital loan notes, Series 2022 pursuant to the provisions of Section 331.402 of the Code of Iowa for the purpose of paying the costs of a new conservation center building. During the year ended June 30, 2023, the County made no payments on the notes.

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

General Obligation Capital Loan Notes Series 2016B Issued Jul 29, 2016					General Obligation Capital Loan Notes Series 2022 Issued Dec 15, 2022			
Year Ending June 30,	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2024	2.00%	\$ 490,000	30,000	520,000	4.00%	\$ 295,000	731,286	1,026,286
2025	2.00	500,000	20,200	520,200	4.00	540,000	488,700	1,028,700
2026	2.00	510,000	10,200	520,200	4.00	560,000	467,100	1,027,100
2027		-	-	-	4.00	585,000	444,700	1,029,700
2028		-	-	-	5.00	605,000	421,300	1,026,300
2029-2033		-	-	-	4.00-5.00	3,500,000	1,640,850	5,140,850
2034-2038		-	-	-	5.00	4,455,000	690,250	5,145,250
Total		\$ 1,500,000	60,400	1,560,400	Total	10,540,000	4,884,186	15,424,186
Unamortized premium						663,039		
Notes payable						\$ 11,203,039		

Year Ending June 30,	Total		
	Principal	Interest	Total
2024	\$ 785,000	761,286	1,546,286
2025	1,040,000	508,900	1,548,900
2026	1,070,000	477,300	1,547,300
2027	585,000	444,700	1,029,700
2028	605,000	421,300	1,026,300
2029-2033	3,500,000	1,640,850	5,140,850
2034-2038	4,455,000	690,250	5,145,250
Total	\$ 12,040,000	4,944,586	16,984,586
Unamortized premium		663,039	
Notes payable	\$ 12,703,039		

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

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

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

Year Ending June 30,	General Obligation Refunding LOST Bonds, Series 2016A				
	Issued Jul 29, 2016				
	Interest Rates	Principal	Interest	Total	
2024	2.00%	\$ 475,000	60,000	535,000	
2025	2.00	485,000	50,500	535,500	
2026	2.00	495,000	40,800	535,800	
2027	2.00	505,000	30,900	535,900	
2028	2.00	515,000	20,800	535,800	
2029	2.00	525,000	10,500	535,500	
Total		\$ 3,000,000	213,500	3,213,500	

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

Annual principal and interest payments on the bonds required 46.9% of net pledged revenues. During the year ended June 30, 2023, the County paid principal of \$465,000 and interest of \$69,300 on the bonds. The total principal and interest remaining to be paid on the bonds is \$3,213,500. For the current year, principal and interest paid and 50% of the total local option sales and services tax revenue were \$534,300 and \$1,138,989, respectively.

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

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

General Obligation Emergency Communications Equipment Bonds

On October 30, 2019, the County issued \$2,350,000 of general obligation emergency communications equipment bonds, Series 2019. The bonds were issued to provide funds for the purpose of paying the costs to acquire and install emergency communications equipment and systems. During the year ended June 30, 2023, the County paid principal of \$330,000 and interest of \$67,500 on the notes.

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

Year Ending June 30,	General Obligation Emergency Communications Equipment Bonds, Series 2019 Issued Oct 30, 2019				
	Interest Rates	Principal	Interest	Total	
	2024	4.00%	\$ 340,000	57,600	397,600
2025	4.00	355,000	44,000	399,000	
2026	5.00	365,000	29,800	394,800	
2027	3.00	385,000	11,550	396,550	
Total		<u>1,445,000</u>	<u>142,950</u>	<u>1,587,950</u>	
Unamortized premium		<u>128,749</u>			
Bonds payable		<u>\$ 1,573,749</u>			

General Obligation Courthouse Restoration Bonds

On February 19, 2020, the County issued \$6,000,000 of general obligation courthouse restoration bonds, Series 2020. The bonds were issued to provide funds for the purpose of paying the costs of the restoration of the courthouse clock-tower structure. During the year ended June 30, 2023, the County paid principal of \$225,000 and interest of \$273,450 on the notes.

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

Year Ending June 30,	General Obligation Courthouse Repair Bonds, Series 2020 Issued Feb 19, 2020				
	Interest Rates	Principal	Interest	Total	
	2024	5.00%	\$ 235,000	262,200	497,200
2025	5.00	245,000	250,450	495,450	
2026	5.00	255,000	238,200	493,200	
2027	5.00	270,000	225,450	495,450	
2028	5.00	285,000	211,950	496,950	
2029-2033	4.00-5.00	1,630,000	851,100	2,481,100	
2034-2038	5.00	2,050,000	435,000	2,485,000	
2039	5.00	470,000	23,500	493,500	
Total		<u>5,440,000</u>	<u>2,497,850</u>	<u>7,937,850</u>	
Unamortized premium		<u>1,100,448</u>			
Bonds payable		<u>\$ 6,540,448</u>			

Lease Agreements

On October 1, 2018, the County entered into a lease agreement for a copier for the DHS Office. An initial lease liability was recorded in the amount of \$9,046. The agreement requires monthly payments of \$353 over 5 years with an implicit rate of 5.00% and final payment due September 30, 2023. During the year ended June 30, 2023, the County paid principal of \$4,078 and interest of \$158.

On February 1, 2019, the County entered into a lease agreement for a copier for the Sheriff's Office. An initial lease liability was recorded in the amount of \$8,791. The agreement requires monthly payments of \$297 over 5 years with an implicit rate of 5% and final payment due February 28, 2024. During the year ended June 30, 2023, the County paid principal of \$3,359 and interest of \$205.

On June 7, 2019, the County entered into a lease agreement for a copier for the Recorder's Office. An initial lease liability was recorded in the amount of \$6,106. The agreement requires monthly payments of \$179 over 5 years with an implicit rate of 1.50% and final payment due May 7, 2024. During the year ended June 30, 2023, the County paid principal of \$2,105 and interest of \$43.

On July 1, 2019, the County entered into a lease agreement for a copier for the Information Technology Department. An initial lease liability was recorded in the amount of \$6,476. The agreement requires monthly payments of \$274 over 5 years with an implicit rate of 1.5% and final payment due June 30, 2024. During the year ended June 30, 2023, the County paid principal of \$3,218 and interest of \$70.

On July 30, 2019, the County entered into a lease agreement for a copier for the Public Health Department. An initial lease liability was recorded in the amount of \$28,875. The agreement requires monthly payments of \$794 over 5 years with an implicit rate of 2.50% and final payment due August 30, 2024. During the year ended June 30, 2023, the County paid principal of \$9,128 and interest of \$400.

On July 1, 2020, the County entered into a lease agreement for a postage machine for the Auditor's Office. An initial lease liability was recorded in the amount of \$20,072. The agreement requires monthly payments of \$460 over 5 years with an implicit rate of 5.00% and final payment due June 30, 2025. During the year ended June 30, 2023, the County paid principal of \$4,867 and interest of \$653.

On June 7, 2021, the County entered into a lease agreement for a copier for the Information Technology Department. An initial lease liability was recorded in the amount of \$11,712. The agreement requires monthly payments of \$257 over 5 years with an implicit rate of 1.5% and final payment due May 7, 2026. During the year ended June 30, 2023, the County paid principal of \$2,936 and interest of \$148.

On November 20, 2021, the County entered into a lease agreement for a copier for the DHS Office. An initial lease liability was recorded in the amount of \$7,651. The agreement requires monthly payments of \$144 over 5 years with an implicit rate of 5.00% and final payment due October 20, 2026. During the year ended June 30, 2023, the County paid principal of \$1,422 and interest of \$306.

On December 1, 2022, the County entered into a lease agreement for a copier for the Auditor's Office. An initial lease liability was recorded in the amount of \$13,620. The agreement requires monthly payments of \$236 over 5 years with an implicit rate of 1.5% and final payment due November 30, 2027. During the year ended June 30, 2023, the County paid principal of \$1,552 and interest of \$100.

On December 1, 2022, the County entered into a lease agreement for a copier for the Planning and Zoning Department. An initial lease liability was recorded in the amount of \$5,252. The agreement requires monthly payments of \$91 over 5 years with an implicit rate of 1.5% and final payment due November 30, 2027. During the year ended June 30, 2023, the County paid principal of \$599 and interest of \$38.

On April 27, 2023, the County entered into a lease agreement for a copier for the Human Resource Department. An initial lease liability was recorded in the amount of \$9,139. The agreement requires monthly payments of \$158 over 5 years with an implicit rate of 1.5% and final payment due April 26, 2028. During the year ended June 30, 2023, the County paid principal of \$305 and interest of \$11.

On May 5, 2023, the County entered into a lease agreement for a copier for the Treasurer's Office. An initial lease liability was recorded in the amount of \$10,414. The agreement requires monthly payments of \$180 over 5 years with an implicit rate of 1.5% and final payment due April 5, 2028. During the year ended June 30, 2023, the County paid principal of \$347 and interest of \$13.

Year Ending	DHS Copier			Sheriff Copier		
	Principal	Interest	Total	Principal	Interest	Total
June 30, 2024	\$ 1,051	8	1,059	\$ 2,335	41	2,376
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
	<u>\$ 1,051</u>	<u>8</u>	<u>1,059</u>	<u>\$ 2,335</u>	<u>41</u>	<u>2,376</u>

Year Ending	Recorder Copier			Information Technology Copier		
	Principal	Interest	Total	Principal	Interest	Total
June 30, 2024	\$ 1,957	12	1,969	\$ 3,258	30	3,288
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
	<u>\$ 1,957</u>	<u>12</u>	<u>1,969</u>	<u>\$ 3,258</u>	<u>30</u>	<u>3,288</u>

Year Ending	Public Health Copier			Auditor Postage Machine		
	Principal	Interest	Total	Principal	Interest	Total
June 30, 2024	\$ 9,359	169	9,528	\$ 5,116	404	5,520
2025	1,583	5	1,588	5,377	143	5,520
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
	<u>\$ 10,942</u>	<u>174</u>	<u>11,116</u>	<u>\$ 10,493</u>	<u>547</u>	<u>11,040</u>

Year Ending	Information Technology Copier			DHS Copier		
	Principal	Interest	Total	Principal	Interest	Total
June 30, 2024	\$ 2,966	118	3,084	\$ 1,495	233	1,728
2025	3,010	74	3,084	1,571	157	1,728
2026	2,800	27	2,827	1,652	76	1,728
2027	-	-	-	569	7	576
2028	-	-	-	-	-	-
	<u>\$ 8,776</u>	<u>219</u>	<u>8,995</u>	<u>\$ 5,287</u>	<u>473</u>	<u>5,760</u>

Year Ending June 30,	Auditor Copier			Planning and Zoning Copier		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 2,663	169	2,832	\$ 1,027	65	1,092
2025	2,703	129	2,832	1,042	50	1,092
2026	2,744	88	2,832	1,058	34	1,092
2027	2,785	47	2,832	1,074	18	1,092
2028	1,173	7	1,180	452	3	455
	<u>\$ 12,068</u>	<u>440</u>	<u>12,508</u>	<u>\$ 4,653</u>	<u>170</u>	<u>4,823</u>

Year Ending June 30,	Human Resources Copier			Treasurer Copier		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,776	120	1,896	\$ 2,023	137	2,160
2025	1,802	94	1,896	2,054	106	2,160
2026	1,830	66	1,896	2,085	75	2,160
2027	1,857	39	1,896	2,117	43	2,160
2028	1,569	11	1,580	1,788	12	1,800
	<u>\$ 8,834</u>	<u>330</u>	<u>9,164</u>	<u>\$ 10,067</u>	<u>373</u>	<u>10,440</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2024	\$ 35,026	1,506	36,532
2025	19,142	758	19,900
2026	12,169	366	12,535
2027	8,402	154	8,556
2028	4,982	33	5,015
	<u>\$ 79,721</u>	<u>2,817</u>	<u>82,538</u>

IT Subscription Liability

On December 1, 2020, the County entered into an IT subscription license and services information technology agreement with Tyler Technologies for financial and tax software. An initial IT subscription liability was recorded in the amount of \$192,586. The agreement requires annual payments of \$69,398 over 5 years with an initial payment made January 5, 2021 for \$69,398, with an interest rate of 4.00% and final payment due November 30, 2024. During the year ended June 30, 2023, principal and interest paid were \$61,695 and \$7,703, respectively.

On July 1, 2021, the County entered into an IT subscription license and services information technology agreement with Pictometry International Corporation for geographic information systems software. An initial IT subscription liability was recorded in the amount of \$266,776. The agreement requires annual payments of \$55,780 over 6 years with an initial payment made July 20, 2021 for \$55,780, with an interest rate of 1.50% and final payment due June 30, 2026. During the year ended June 30, 2023, principal and interest paid were \$51,778 and \$4,002, respectively.

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

Year Ending June 30,	Tyler Tech			Pictometry		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 64,162	5,236	69,398	\$ 52,555	3,225	55,780
2025	66,729	2,669	69,398	53,343	2,437	55,780
2026	-	-	-	54,144	1,636	55,780
2027	-	-	-	54,956	824	55,780
	<u>\$ 130,891</u>	<u>7,905</u>	<u>138,796</u>	<u>\$ 214,998</u>	<u>8,122</u>	<u>223,120</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2024	\$ 116,717	8,461	125,178
2025	120,072	5,106	125,178
2026	54,144	1,636	55,780
2027	54,956	824	55,780
	<u>\$ 345,889</u>	<u>16,027</u>	<u>361,916</u>

Drainage Warrants – Direct Borrowing

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

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

(7) Land Contract

On November 19, 2019, Webster County entered into two land contracts with Cargill Incorporated for the sale of real properties, one for the Stotts Property and the other for the Rial Property. The Stotts Property had a purchase price of \$1,113,750, while the Rial Property had a purchase price of \$949,400, both of which are payable in full on April 30, 2024. For each land contract, Cargill Inc. has the option to either pay the full balance on April 30, 2024 or pay \$3,500 each month for 60 months, with the remaining balance payable on April 30, 2024. The County will give Cargill Inc. full and complete possession of the properties upon payment in full of the balance. As of June 30, 2023, no payments have been made.

On May 4, 2022, Webster County entered into an additional land contract with Cargill Incorporated for the sale of real property referred to as the Kelso Property. The purchase price for the property was \$2,022,500, which is payable in full on May 1, 2027. Cargill Inc. has the option to either pay the full balance on May 1, 2027 or pay \$36,341.68 each month for 60 months. The County will give Cargill Inc. full and complete possession of the property upon payment in full of the balance. As of June 30, 2023, no payments have been made.

(8) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

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

The County’s contributions to IPERS for the year ended June 30, 2023 totaled \$1,151,317.

Net Pension Liability, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023 the County reported an a liability of \$2,935,075 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the County’s proportion was 0.077686%, which was a decrease of 0.496343% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense (reduction) of \$(262,255). 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	\$ 360,900	54,763
Changes of assumptions	3,223	159,954
Net difference between projected and actual earnings on IPERS' investments	-	512,080
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	21,848	241,863
County contributions subsequent to the measurement date	1,151,317	-
Total	<u>\$ 1,537,288</u>	<u>968,660</u>

\$1,151,317 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	\$ (565,498)
2025	(437,141)
2026	(721,964)
2027	1,143,958
2028	(2,044)
Total	<u>\$ (582,689)</u>

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 7,372,215	2,935,075	(969,101)

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

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

(9) Other Postemployment Benefits (OPEB)

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	199
Total	<u>200</u>

Total OPEB Liability – The County's total OPEB liability of \$1,001,570 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2021, rolled forward to the June 30, 2023 measurement date.

Actuarial Assumptions – The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2021)	3.00% per annum.
Rates of salary increase (effective June 30, 2021)	2.50% per annum, including inflation.
Discount rate (effective June 30, 2021)	2.14% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2021)	6.50% initial rate decreasing .5% annually to an ultimate rate of 5.00%.

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

Mortality rates are from the RP2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 931,728
Changes for the year:	
Service cost	96,659
Interest	21,491
Benefit payments	<u>(48,308)</u>
Net changes	<u>69,842</u>
Total OPEB liability end of year	<u>\$ 1,001,570</u>

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

	1% Decrease (1.14%)	Discount Rate (2.14%)	1% Increase (3.14%)
Total OPEB liability	\$ 1,085,722	1,001,570	923,477

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 (5.5%) or 1% higher (7.5%) than the current healthcare cost trend rates.

	1% Decrease (5.50%)	Healthcare Cost Trend Rate (6.50%)	1% Increase (7.50%)
Total OPEB liability	\$ 881,253	1,001,570	1,146,747

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the County recognized OPEB expense of \$107,886. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,882	226,136
Changes in assumptions	130,054	43,117
Total	\$ 169,936	269,253

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

Year Ending June 30,	Amount
2024	\$ (10,264)
2025	(10,264)
2026	(10,264)
2027	(10,264)
2028	(10,264)
Thereafter	(47,997)
	\$ (99,317)

(10) Risk Management

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

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

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for 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 \$476,372.

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

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

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

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

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

(11) Employee Health Insurance Plan

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

The payments of plan contributions to the Internal Service, Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are made to Auxiant into a Safe-T fund. Claims are processed from the Safe-T fund to ensure timely payment. The County's contribution to the fund for the year ended June 30, 2023 was \$2,626,521.

Amounts payable from the Internal Service, Employee Group Health Fund at June 30, 2023 for incurred but not reported (IBNR) and reported but not paid claims has been estimated but has not been actuarially determined since the County is exempt from obtaining an actuarial opinion under Chapter 509A.15(4) of the Code of Iowa. The combined County liability for unpaid claims is as follows:

Unpaid claims beginning of year	\$ -
Incurred claims (including claims incurred but not reported at June 30, 2023)	382,181
Payments on claims during the year	<u>381,756</u>
Unpaid claims end of year	<u>\$ 425</u>

(12) Development Agreements

In September 2012, the County entered into a development agreement with CJ Bio America, Inc. (the Developer). The Developer agreed to construct a facility within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$4,444,000 for reimbursement of costs to construct a rail spur to the facility and site preparation of the facility plus interest at 3.23% per annum. During the year ended June 30, 2023, the County made principal and interest payments of \$432,786 and \$78,228, respectively, to the Developer. At June 30, 2023 the balance owed on the agreement is \$1,144,275.

In March 2019, the County entered into a development agreement with Cargill Incorporated (the Developer). The Developer constructed a bio-refinery campus located in the Iowa Crossroads of Global Innovation ag-industrial center (ICGI). As part of the construction the Developer is paying certain costs related to the sanitary sewer system and waterworks system infrastructure which will serve the Developer and other property situated within the ICGI. The County agreed to make five annual tax increment financing rebate payments to the Developer of \$271,534 each, not to exceed a cumulative total of \$1,357,670. During the year ended June 30, 2023, the County paid \$271,534, paying the obligation in full.

In March 2019, the County entered into a development agreement with Crimmins Investments LLC (the Developer). The Developer agreed to construct a warehouse facility within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$200,000 for reimbursement of costs to construct a warehouse facility for use in its business operations. During the year ended June 30, 2023, the County paid \$19,775. At June 30, 2023 the balance owed on the agreement is \$140,675.

In November 2020, the County entered into a development agreement with Crimmins Investments LLC (the Developer). The Developer agreed to construct an addition on to an existing warehouse facility within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$152,790 for reimbursement of costs to construct an addition on to an existing warehouse facility for use in its business operations. During the year ended June 30, 2023, the County paid \$15,279. At June 30, 2023 the balance owed on the agreement is \$122,232.

In August 2022, the County entered into a development agreement with Crimmins Investments LLC (the Developer). The Developer agreed to construct an addition to an existing warehouse facility within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$263,679 for reimbursement of costs to construct the addition for use in its business operations. The reimbursement of costs will start in fiscal year 2024.

In August 2022, the County entered into a development agreement with New Cooperative Incorporated (the Developer). The Developer agreed to construct improvements on the development property within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$81,640 for reimbursement of costs to construct the improvements for use in its business operations. The reimbursement of costs will start in fiscal year 2025.

In August 2022, the County entered into a development agreement with Marker 126 LLC (the Developer). The Developer agreed to construct improvements on the development property within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$211,649 for reimbursement of costs to construct the improvements for use in its business operations. The reimbursement of costs will start in fiscal year 2025.

In August 2022, the County entered into a development agreement with Calcium Products Inc. (the Developer). The Developer agreed to construct a replacement to an existing facility within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$735,000 for reimbursement of costs to construct the replacement facility for use in its business operations. The reimbursements of costs will start in fiscal year 2025.

In August 2022, the County entered into a development agreement with Cargill Incorporated (the Developer). The Developer agreed to construct improvements on the development property within the Webster County Regional Urban Renewal Area. The County agreed to provide an economic development grant to the Developer up to \$1,127,000 for reimbursement of costs to construct the improvements for use in its business operations. The reimbursements of costs will start in fiscal year 2027.

The County’s obligation is limited to the amount of tax increment financing receipts. These agreements are not general obligations of the County. However, the agreements are subject to the constitutional debt limitation of the County, except for \$514,741 which has not been appropriated by the Board of Supervisors at June 30, 2023.

(13) Tax Abatements

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

County Tax Abatements

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

For the year ended June 30, 2023, \$401,143 of property tax was diverted from the County under the urban renewal and economic development projects.

Tax Abatements of Other Entities

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Fort Dodge	Urban renewal and economic development projects	\$ 161,917
City of Gowrie	Urban renewal and economic development projects	7,604
City of Duncombe	Urban renewal and economic development projects	4,405

(14) Construction Commitments

The County has entered into a contract totaling \$3,987,000 for a courthouse HVAC project. As of June 30, 2023, costs of \$927,180 on the project has been incurred. The \$3,059,820 balance remaining on the project at June 30, 2023 will be paid as work on the project progresses.

The County has entered into a contract totaling \$6,700,000 for a nature center project. As of June 30, 2023, costs of \$2,712,215 on the project has been incurred. The \$3,987,785 balance remaining on the project at June 30, 2023 will be paid as work on the project progresses.

(15) Subsequent Event

On September 12, 2023, the County purchased 265 acres of land for \$8,002,037 for continued economic development of the Webster County Ag Park West. Ag Park West provides opportunities for farmers to market grains and international business relationships along with numerous jobs and dollars for Webster County.

(16) 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	\$ 92,373,732	-
Change to implement GASBS No. 96	459,362	459,362
Balances July 1, 2022, as restated	<u>\$ 92,833,094</u>	<u>459,362</u>

Required Supplementary Information

Webster County

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

Required Supplementary Information

Year ended June 30, 2023

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 21,362,967	-	21,362,967
Interest and penalty on property tax	17,790	-	17,790
Intergovernmental	13,429,043	12,328	13,416,715
Licenses and permits	129,765	-	129,765
Charges for service	1,327,575	-	1,327,575
Use of money and property	482,657	(23,365)	506,022
Miscellaneous	1,750,504	663,272	1,087,232
Total receipts	<u>38,500,301</u>	<u>652,235</u>	<u>37,848,066</u>
Disbursements:			
Public safety and legal services	8,477,687	-	8,477,687
Physical health and social services	5,069,008	-	5,069,008
Mental health	-	-	-
County environment and education	3,074,667	304,585	2,770,082
Roads and transportation	9,022,057	-	9,022,057
Governmental services to residents	1,092,984	-	1,092,984
Administration	3,716,865	-	3,716,865
Non-program	111,780	110,240	1,540
Debt service	3,239,081	326,409	2,912,672
Capital projects	6,301,535	-	6,301,535
Total disbursements	<u>40,105,664</u>	<u>741,234</u>	<u>39,364,430</u>
Deficiency of receipts over under disbursements	(1,605,363)	(88,999)	(1,516,364)
Other financing sources, net	11,293,448	58,679	11,234,769
Change in balances	9,688,085	(30,320)	9,718,405
Balance beginning of year	29,592,937	564,370	29,028,567
Balance end of year	<u>\$ 39,281,022</u>	<u>534,050</u>	<u>38,746,972</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
20,663,534	20,663,534	699,433
13,336	13,336	4,454
18,993,933	24,646,368	(11,229,653)
91,140	91,140	38,625
1,736,490	1,736,490	(408,915)
305,314	307,314	198,708
864,005	1,682,736	(595,504)
<u>42,667,752</u>	<u>49,140,918</u>	<u>(11,292,852)</u>
9,267,925	11,143,968	2,666,281
5,633,844	5,813,427	744,419
-	4,853	4,853
2,942,007	2,958,657	188,575
10,065,938	10,065,938	1,043,881
1,166,199	1,179,281	86,297
3,831,111	4,245,028	528,163
-	19,000	17,460
3,070,370	3,070,370	157,698
8,243,155	26,933,429	20,631,894
<u>44,220,549</u>	<u>65,433,951</u>	<u>26,069,521</u>
(1,552,797)	(16,293,033)	14,776,669
150,000	11,150,000	84,769
<u>(1,402,797)</u>	<u>(5,143,033)</u>	<u>14,861,438</u>
<u>25,229,932</u>	<u>25,229,932</u>	<u>3,798,635</u>
<u>23,827,135</u>	<u>20,086,899</u>	<u>18,660,073</u>

Webster County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2023

	Governmental Funds		
	Cash	Accrual	Modified
	Basis	Adjustments	Accrual
			Basis
Revenues	\$ 38,500,301	2,676,766	41,177,067
Expenditures	40,105,664	788,980	40,894,644
Net	(1,605,363)	1,887,786	282,423
Other financing sources, net	11,293,448	322,563	11,616,011
Beginning fund balances	29,592,937	(1,294,617)	28,298,320
Ending fund balances	\$ 39,281,022	915,732	40,196,754

See accompanying independent auditor's report.

Webster County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2023

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund and Custodial Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, four budget amendments increased budgeted disbursements by \$21,213,402. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2023, disbursements did not exceed the amounts budgeted by function. However, disbursements in the certain departments exceeded the amounts appropriated prior to amendment.

Webster 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)	0.077686%	0.574029% **	0.100853%	0.099702%
County's proportionate share of the net pension liability (asset)	\$ 2,935	(1,982)	7,085	5,773
County's covered payroll	\$ 10,416	9,928	9,826	9,841
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	28.18%	-19.96%	72.10%	58.66%
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.

2019	2018	2017	2016	2015
0.103020%	0.105401%	0.106089%	0.102962%	0.098849%
6,519	7,021	6,677	5,087	3,920
9,712	9,328	9,033	8,896	8,651
67.12%	75.27%	73.92%	57.18%	45.31%
83.62%	82.21%	81.82%	85.19%	87.61%

Webster County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 1,151	976	937	933
Contributions in relation to the statutorily required contribution	<u>(1,151)</u>	<u>(976)</u>	<u>(937)</u>	<u>(933)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 12,311	10,416	9,928	9,826
Contributions as a percentage of covered payroll	9.35%	9.37%	9.44%	9.50%

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
940	881	849	824	814	792
(940)	(881)	(849)	(824)	(814)	(792)
-	-	-	-	-	-
9,841	9,712	9,328	9,033	8,896	8,651
9.55%	9.07%	9.10%	9.12%	9.15%	9.16%

Webster County

Webster 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.

Webster 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	\$ 96,659	94,302	87,529	85,394
Interest cost	21,491	19,900	34,430	31,823
Difference between expected and actual experiences	-	(235,097)	-	57,038
Changes in assumptions	-	93,806	-	72,476
Benefit payments	(48,308)	(36,197)	(46,274)	(43,415)
Net change in total OPEB liability	69,842	(63,286)	75,685	203,316
Total OPEB liability beginning of year	931,728	995,014	919,329	716,013
Total OPEB liability end of year	\$ 1,001,570	931,728	995,014	919,329
Covered-employee payroll	\$ 9,968,179	9,725,053	9,910,580	9,668,859
Total OPEB liability as a percentage of covered-employee payroll	10.05%	9.58%	10.04%	9.51%

See accompanying independent auditor's report.

2019	2018
53,450	52,147
25,466	24,222
-	(48,411)
-	(76,717)
(41,557)	(44,337)
37,359	(93,096)
678,654	771,750
716,013	678,654
9,138,309	8,915,423
7.84%	7.61%

Webster County

Notes to Required Supplementary Information – OPEB Liability

Year ended June 30, 2023

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2023	2.14%
Year ended June 30, 2022	2.14%
Year ended June 30, 2021	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.25%

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

Supplementary Information

Webster County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

	Special		
	County Recorder's Records Management	Resource Enhancement and Protection	Urban Renewal Tax Increment Financing
Assets			
Cash, cash equivalents and pooled investments	\$ 56,194	84,184	3,605,966
Receivables:			
Succeeding year tax increment financing	-	-	2,716,000
Opioid settlement	-	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	-	-	-
Total assets	56,194	84,184	6,321,966
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	-	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year tax increment financing	-	-	2,716,000
Other	-	-	-
Total deferred inflows of resources	-	-	2,716,000
Fund balances:			
Restricted for:			
Debt service	-	-	3,605,966
Drainage warrants	-	-	-
Opioid abatement	-	-	-
Other purposes	56,194	84,184	-
Total fund balances	56,194	84,184	3,605,966
Total liabilities, deferred inflows of resources and fund balances	\$ 56,194	84,184	6,321,966

See accompanying independent auditor's report.

Revenue						
Local Option Sales and Services Tax	Drainage Districts	Friends of Webster County Conservation	Webster County Trails	Opioid Settlement		Total
2,048,689	479,845	54,205	452,745	263,656		7,045,484
-	-	-	-	-		2,716,000
-	-	-	-	970,485		970,485
-	65,595	-	-	-		65,595
-	194,136	-	-	-		194,136
78,032	15,480	-	35,000	-		128,512
2,126,721	755,056	54,205	487,745	1,234,141		11,120,212
-	4,310	-	188,834	-		193,144
-	-	-	-	-		2,716,000
-	275,211	-	35,000	970,485		1,280,696
-	275,211	-	35,000	970,485		3,996,696
-	-	-	-	-		3,605,966
-	475,535	-	-	-		475,535
-	-	-	-	263,656		263,656
2,126,721	-	54,205	263,911	-		2,585,215
2,126,721	475,535	54,205	263,911	263,656		6,930,372
2,126,721	755,056	54,205	487,745	1,234,141		11,120,212

Webster County

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

Year ended June 30, 2023

	County Recorder's Records Management	Resource Enhancement and Protection	Special Urban Renewal Tax Increment Financing
Revenues:			
Tax increment financing	\$ -	-	2,440,273
Local option sales and services tax	-	-	-
Intergovernmental	-	23,400	11,194
Charges for service	5,621	-	-
Use of money and property	185	272	11,208
Miscellaneous	-	-	-
Total revenues	5,806	23,672	2,462,675
Expenditures:			
Operating:			
Physical health and social services	-	-	-
County environment and education	-	5,696	-
Non-program	-	-	-
Debt service	-	-	817,602
Capital projects	-	-	-
Total expenditures	-	5,696	817,602
Excess (deficiency) of revenues over (under) expenditures	5,806	17,976	1,645,073
Other financing sources (uses):			
Transfer in	-	-	-
Transfers out	-	-	-
Drainage warrants issued	-	-	-
Total other financing sources (uses)	-	-	-
Change in fund balances	5,806	17,976	1,645,073
Fund balances beginning of year	50,388	66,208	1,960,893
Fund balances end of year	\$ 56,194	84,184	3,605,966

See accompanying independent auditor's report.

Revenue						
Local Option Sales and Services Tax	Drainage Districts	Friends of Webster County Conservation	Webster County Trails	Opioid Settlement	Total	
-	-	-	-	-	2,440,273	
1,138,988	-	-	-	-	1,138,988	
-	12,328	-	656,718	-	703,640	
-	-	-	-	-	5,621	
-	-	2,135	-	-	13,800	
-	359,788	277,984	-	225,908	863,680	
1,138,988	372,116	280,119	656,718	225,908	5,166,002	
-	-	-	-	4,943	4,943	
-	-	304,585	-	-	310,281	
-	114,550	-	-	-	114,550	
-	326,409	-	-	-	1,144,011	
-	-	-	810,205	-	810,205	
-	440,959	304,585	810,205	4,943	2,383,990	
1,138,988	(68,843)	(24,466)	(153,487)	220,965	2,782,012	
-	-	-	300,000	-	300,000	
(1,049,504)	-	-	-	-	(1,049,504)	
-	58,679	-	-	-	58,679	
(1,049,504)	58,679	-	300,000	-	(690,825)	
89,484	(10,164)	(24,466)	146,513	220,965	2,091,187	
2,037,237	485,699	78,671	117,398	42,691	4,839,185	
2,126,721	475,535	54,205	263,911	263,656	6,930,372	

Webster County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2023

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,422	1,114,047	218,363
Other County officials	268,439	-	-	-
Receivables:				
Property tax:				
Delinquent	-	990	1,956	90,460
Succeeding year	-	316,000	551,000	26,993,000
Accounts	37,979	-	-	-
Special assessments	-	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
Total assets	306,418	319,412	1,667,003	27,301,823
Liabilities				
Accounts payable	-	-	29,453	-
Salaries and benefits payable	-	-	8,441	-
Due to other governments	84,102	2,422	-	218,363
Trusts payable	222,316	-	-	-
Stamped warrants payable	-	-	-	-
Compensated absences	-	-	38,493	-
Total liabilities	306,418	2,422	76,387	218,363
Deferred Inflows of Resources				
Unavailable revenues	-	316,000	551,000	26,993,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	990	1,039,616	90,460

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Special Districts	Other	Total
20,216	204,444	4,057	1,040,459	44,223	1,164,353	3,812,584
-	-	-	-	-	-	268,439
8,154	86,026	823	-	1,028	16	189,453
2,838,000	20,962,000	629,000	-	67,000	4,000	52,360,000
-	-	-	-	-	6,407	44,386
-	-	-	-	669,403	-	669,403
-	-	-	-	-	3,837	3,837
-	-	-	-	-	66,099	66,099
-	-	-	-	-	71,845	71,845
<u>2,866,370</u>	<u>21,252,470</u>	<u>633,880</u>	<u>1,040,459</u>	<u>781,654</u>	<u>1,316,557</u>	<u>57,486,046</u>
-	-	-	-	-	8,980	38,433
-	-	-	-	-	1,614	10,055
20,216	204,444	4,057	1,040,459	44,223	25,438	1,643,724
-	-	-	-	-	231,935	454,251
-	-	-	-	-	4,374	4,374
-	-	-	-	-	7,708	46,201
<u>20,216</u>	<u>204,444</u>	<u>4,057</u>	<u>1,040,459</u>	<u>44,223</u>	<u>280,049</u>	<u>2,197,038</u>
<u>2,838,000</u>	<u>20,962,000</u>	<u>629,000</u>	<u>-</u>	<u>67,000</u>	<u>4,000</u>	<u>52,360,000</u>
<u>8,154</u>	<u>86,026</u>	<u>823</u>	<u>-</u>	<u>670,431</u>	<u>1,032,508</u>	<u>2,929,008</u>

Webster County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2023

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Additions:					
Property and other county tax	\$ -	304,357	601,496	27,144,925	2,572,081
911 surcharge	-	-	-	-	-
State tax credits	-	22,533	44,440	1,560,756	136,363
Office fees and collections	78,267	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	1,398,952	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	1,477,219	326,890	645,936	28,705,681	2,708,444
Deductions:					
Agency remittances:					
To other funds	244,440	-	-	-	-
To other governments	577,881	327,309	549,707	28,753,442	2,710,469
Trusts paid out	654,898	-	-	-	-
Total deductions	1,477,219	327,309	549,707	28,753,442	2,710,469
Changes in net position	-	(419)	96,229	(47,761)	(2,025)
Net position beginning of year	-	1,409	943,387	138,221	10,179
Net position end of year	\$ -	990	1,039,616	90,460	8,154

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Special Districts	Other	Total
19,920,776	627,450	-	117,098	4,837	51,293,020
-	-	-	-	101,949	101,949
2,215,402	29,141	-	3,541	366	4,012,542
-	-	-	-	-	78,267
-	-	14,007,643	-	-	14,007,643
-	-	-	15,023	1,510	16,533
-	-	-	-	493,877	1,892,829
-	-	-	-	505,501	505,501
<u>22,136,178</u>	<u>656,591</u>	<u>14,007,643</u>	<u>135,662</u>	<u>1,108,040</u>	<u>71,908,284</u>
-	-	378,476	-	-	622,916
22,190,379	656,714	13,629,167	120,496	739,151	70,254,715
-	-	-	-	493,877	1,148,775
<u>22,190,379</u>	<u>656,714</u>	<u>14,007,643</u>	<u>120,496</u>	<u>1,233,028</u>	<u>72,026,406</u>
(54,201)	(123)	-	15,166	(124,988)	(118,122)
140,227	946	-	655,265	1,157,496	3,047,130
<u>86,026</u>	<u>823</u>	<u>-</u>	<u>670,431</u>	<u>1,032,508</u>	<u>2,929,008</u>

Webster County

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

For the Last Ten Years

	2023	2022	2021	2020
Revenues:				
Property and other county tax	\$ 16,487,746	15,971,754	15,545,366	14,033,971
Tax increment financing	2,440,273	2,124,450	1,776,368	1,369,676
Local option sales and services tax	2,277,977	2,284,865	1,949,215	2,113,742
Interest and penalty on property tax	155,963	114,950	173,772	53,361
Intergovernmental	16,784,430	19,657,941	13,943,344	12,960,204
Licenses and permits	131,740	72,665	78,903	63,216
Charges for service	1,289,971	1,641,471	1,656,849	1,074,005
Use of money and property	365,791	301,652	610,612	473,315
Miscellaneous	1,243,176	1,069,650	693,473	1,502,166
Total	<u>\$ 41,177,067</u>	<u>43,239,398</u>	<u>36,427,902</u>	<u>33,643,656</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 8,509,573	7,373,842	6,292,367	5,582,239
Physical health and social services	4,985,807	4,989,111	4,313,492	4,060,593
Mental health	-	1,778,846	1,088,310	1,476,052
County environment and education	3,170,552	2,567,117	2,056,725	1,976,590
Roads and transportation	8,319,002	10,411,770	7,681,168	8,947,306
Governmental services to residents	1,221,964	1,137,726	1,037,706	844,880
Administration	3,627,331	3,702,213	3,520,816	2,853,469
Non-program	116,090	339,470	658,267	410,054
Debt service	3,239,081	3,312,262	3,125,107	2,940,378
Capital projects	7,705,244	5,587,380	6,954,208	5,736,762
Total	<u>\$ 40,894,644</u>	<u>41,199,737</u>	<u>36,728,166</u>	<u>34,828,323</u>

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
13,135,752	12,255,571	11,651,553	12,223,187	12,009,411	12,342,342
1,384,122	1,370,552	1,390,596	1,353,646	375,985	381,131
1,494,866	1,749,933	1,918,718	1,573,301	1,880,690	1,893,684
119,760	110,590	114,251	123,915	107,475	108,693
12,550,541	12,290,062	12,102,947	12,158,839	10,258,645	9,588,387
85,740	77,036	87,438	81,105	69,125	151,144
1,092,290	1,122,508	1,142,131	1,211,296	950,787	1,053,980
537,066	405,766	300,931	337,041	331,122	311,746
849,279	1,296,784	1,841,685	1,452,109	3,295,467	1,919,319
<u>31,249,416</u>	<u>30,678,802</u>	<u>30,550,250</u>	<u>30,514,439</u>	<u>29,278,707</u>	<u>27,750,426</u>
5,430,317	5,152,249	5,099,100	5,051,463	4,881,381	5,021,524
4,276,750	4,430,820	3,730,307	3,263,395	3,783,515	3,172,397
1,989,906	2,204,611	2,277,648	2,107,003	2,560,537	2,632,711
1,876,277	1,834,569	1,902,326	1,598,699	1,617,169	1,431,400
8,200,607	8,107,736	8,047,880	8,474,864	7,934,669	6,908,561
950,137	975,435	918,915	1,253,737	872,026	852,146
3,051,288	3,008,404	2,800,582	2,754,503	2,682,624	2,833,233
535,690	686,322	1,311,801	477,174	1,034,739	1,929,837
2,498,665	2,664,960	2,157,024	2,631,987	3,743,804	2,122,573
3,673,402	5,931,899	5,746,569	1,448,661	1,807,581	1,473,512
<u>32,483,039</u>	<u>34,997,005</u>	<u>33,992,152</u>	<u>29,061,486</u>	<u>30,918,045</u>	<u>28,377,894</u>

Webster County

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

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
U. S. Department of Agriculture:			
Passed through Iowa Department of Public Health:			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5881AO50E	\$ 119,991
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5881AO84E	6,027
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5883AO50	<u>400,933</u>
			<u>526,951</u>
Passed through Iowa Department of Human Services:			
Human Services Administrative Reimbursements: SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	00002128948	24,908
Passed through Iowa Department of Public Health: SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5881NU10-E	6,501
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5883NU10	<u>19,509</u>
			<u>50,918</u>
Passed through Iowa Department of Agriculture and Land Stewardship:			
WIC Farmers' Market Nutrition Program (FMNP)	10.572		<u>731</u>
Total U.S Department of Agriculture			<u>578,600</u>
U. S. Department of Justice:			
Passed through Iowa Department of Justice:			
Crime Victim Assistance	16.575	VWC-2023-Webster County-00112	<u>31,500</u>
Bulletproof Vest Partnership Program	16.607		<u>2,457</u>
Total U.S Department of Justice			<u>33,957</u>
U.S. Department of Transportation:			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction	20.205	TAP-R-C017(107)-8T-17	466,718
Highway Planning and Construction	20.205	BROSCHBP-C094(124)	2,731
Highway Planning and Construction	20.205	BROSCHBP-C094(125)	<u>3,550</u>
			<u>472,999</u>
Passed through Iowa Department of Public Safety			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	PAP 22-402-M0PT, Task 00-31-00	4,753
State and Community Highway Safety	20.600	PAP 22-402-M0PT, Task 90-60-00	5,678
State and Community Highway Safety	20.600	PAP 23-402-M0PT, Task 85-00-00	<u>7,564</u>
			<u>17,995</u>
National Priority Safety Programs	20.616	PAP 23-405d-M6OT, Task 00-85-00	<u>1,090</u>
Total U.S Department of Transportation			<u>492,084</u>
U. S. Department of the Treasury:			
COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>1,784,617</u>
Total U.S. Department of Treasury			<u>1,784,617</u>

Schedule 6

Webster County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
U. S. Department of Health and Human Services:			
Passed through Elderbridge Agency on Aging, Inc.:			
Aging Cluster:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		<u>3,731</u>
Passed through Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT11-E2	<u>196,770</u>
Grants to States to Support Oral Health Workforce Activities Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.236	5883DH34	<u>43,207</u>
Immunization Cooperative Agreements	93.243	5885BT494	<u>14,270</u>
Immunization Cooperative Agreements	93.268	5881I490	<u>11,039</u>
Immunization Cooperative Agreements	93.268	5885BT494	<u>14,638</u>
			<u>25,677</u>
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	5885BT494	<u>105,392</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	5885BT494	<u>993,080</u>
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366	5881MH24E	1,623
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366	5883CAH04	<u>2,047</u>
			<u>3,670</u>
Passed through Iowa Department of Human Services:			
Temporary Assistance for Needy Families	93.558	ACFS 23-022	<u>55,000</u>
Child Support Services	93.563	BOC-19-007	<u>298,228</u>
Passed through Iowa Department of Public Health:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	5881MH24E	1,678
Child Care and Development Block Grant	93.575	5883CAH04	<u>1,855</u>
			<u>3,533</u> ***
Children's Health Insurance Program	93.767	5881MH24E	3,551
Children's Health Insurance Program	93.767	5883CAH04	<u>1,906</u>
			<u>5,457</u> *
Medicaid Cluster:			
Medical Assistance Program	93.778	5881MHI18E	46,453
Medical Assistance Program	93.778	5881MH24E	65,244
Medical Assistance Program	93.778	5883CAH04	41,693
Medical Assistance Program	93.778	5883MH04	<u>14,081</u>
			<u>167,471</u> **
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	5883CH21	<u>151,794</u>
National Bioterrorism Hospital Preparedness Program	93.889	5881BHP18-E2	<u>116,109</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	5883NB32	<u>7,800</u>
Maternal and Child Health Services Block Grant to the States	93.994	5881MH24E	70,146
Maternal and Child Health Services Block Grant to the States	93.994	5883CAH04	36,539
Maternal and Child Health Services Block Grant to the States	93.994	5883MH04	<u>30,984</u>
			<u>137,669</u>

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

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
Passed through Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Guardianship Assistance	93.090	00002128948	<u>6</u>
Title IV-E Prevention Program	93.472	00002128948	<u>732</u>
Refugee and Entant Assistance State/Replacement Designee Administered Programs	93.566	00002128948	<u>69</u>
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	00002128948	<u>5,831</u> ***
Foster Care Title IV-E	93.658	00002128948	<u>5,275</u>
Adoption Assistance	93.659	00002128948	<u>2,876</u>
Social Services Block Grant	93.667	00002128948	<u>6,482</u>
Children's Health Insurance Program Medicaid Cluster:	93.767	00002128948	<u>424</u> *
Medical Assistance Program	93.778	00002128948	<u>27,937</u> **
Total U.S Department of Health and Human Services			<u>2,378,490</u>
U.S. Department of Homeland Security:			
Passed through Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4421 DR IA	9,668
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4642 DR IA	<u>34,671</u>
Total U.S Department of Homeland Security			<u>44,339</u>
Total			<u>\$ 5,312,087</u>
* Total Children's Health Insurance Program \$5,881			
** Total Medicaid Cluster \$195,408			
*** Total CCDF Cluster \$9,364			

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

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

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

See accompanying independent auditor's report.



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

Rob Sand
Auditor of State

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

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

To the Officials of Webster County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Webster County, Iowa, as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Webster County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Webster County's internal control. Accordingly, we do not express an opinion on the effectiveness of Webster County's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-003 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 Part II of the accompanying Schedule of Findings and Questioned Costs as items 2023-004 through 2023-006 to be significant deficiencies.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 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.

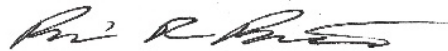
Webster County's Responses to Findings

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

Purpose of this Report

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

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



Brian R. Brustkern, CPA
Deputy Auditor of State

September 23, 2024

Webster County



**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

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

To the Officials of Webster County:

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-007 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on Webster County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Webster County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Brian R. Brustkern, CPA
Deputy Auditor of State

September 23, 2024

Webster County
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

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

- a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed an audit finding which is required to be reported in accordance with Uniform Guidance, Section 200.516.
- g) The major programs were as follows:
 - Assistance Listing Number 21.027 – COVID-19, Coronavirus State and Local Fiscal Recovery Funds
 - Assistance Listing Number 93.354 – Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i) Webster County did not qualify as a low-risk auditee.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

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

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

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

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

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

Responses –

County Treasurer – With the size of staff we try but segregation of duties is limited.

County Recorder – With the size of the office team, we continue to implement internal controls and be aware of segregation of duties.

County Sheriff – Employee staffing issues do not allow us to follow these recommendations.

Public Health – Public Health staffing limits the ability to distribute duties further. Checks and balances are in place to ensure oversight. These include cash intake logs, miscellaneous accounts receivables logs that document deposit at the courthouse, claim sign-off by the Director, segregation of duties where able (taking cash/providing receipts for patients, mail intake processes).

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

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

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

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

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

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

Responses –

County Auditor – With the help of the State Auditor we are learning the process for entering these correctly. We will continue to seek continuing education to improve this.

County Treasurer – We continue to improve as recommendations are received.

Conclusion – Responses accepted.

2023-003 County Treasurer – Bank Reconciliations

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

Condition – Bank reconciliations are performed semi-annually instead of monthly.

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

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

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

Response – We balance to the bank on a daily basis, by using our County ledger and the pooled cash report. We will have a leader sign and date the report as requested. There is a double check when completed.

Conclusion – Response acknowledged. Monthly bank reconciliations, including all bank account balances, should be performed and reconciled to the book balance in a timely manner, at least monthly.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-004 County Sheriff – Bank Reconciliations

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

Condition – Bank reconciliations were not prepared for the Commissary Account and Inmate Trust Account.

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

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

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

Response – Our new Jail Administrator is in the process of creating a reconciliation process for the commissary and inmate account balances.

Conclusion – Responses accepted.

2023-005 Reconciliation of Public Health Billings, Collections, Delinquent Accounts

Criteria – An effective internal control system provides for internal controls related to reconciling billings, collections, receivables and maintaining delinquent account listings to ensure the accuracy of collections, receivables and delinquent accounts.

Condition – Monthly reconciliations of billings, collections, receivables and delinquent account listings were not prepared.

Cause – Policies have not been established and procedures have not been implemented to reconcile billings, collections and receivables and maintain delinquent account listings. Public Health nurses are not familiar with this reconciling process.

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

Recommendation – The Public Health Department should develop procedures to reconcile billings, collections and receivables. A listing of delinquent accounts should be prepared on a monthly basis. The Department should designate an independent person to review the reconciliations and monitor delinquents. The review of the reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Response – Cash intake and miscellaneous accounts receivables logs document staff that invoiced items or received cash payment. Nurses providing services verify patient has a receipt, showing that cash was received. Logs document courthouse receipt numbers to show that cash received by the department is deposited at the County level. Executive Director monitors these logs to verify any items outstanding. County Finance Director also has access to these logs to provide oversight and identify potential process improvements.

Conclusion – Response acknowledged. The Department should develop procedures to reconcile, billings, collections and receivables. A listing of delinquent accounts should be prepared on a monthly basis. The Department should designate an independent person to review the reconciliations and monitor delinquents. The review of the reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

2023-006 Journal Entries

Criteria – An independent review of journal entries helps prevent losses from employee error or dishonesty and maximizes the accuracy of the financial statements.

Condition – Approval and review for journal entries is not documented.

Cause – Procedures have not been designed to require employees to document the review and approval of journal entries.

Effect – Lack of independent approval of transactions could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriations on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – Journal entries should be supported, and the support should be provided to an independent person for review and approval.

Responses –

County Auditor – We have taken measures to improve the journal entries going forward, after the transactions are entered the Auditor and Department Head will sign off on the changes.

County Treasurer – With the size of staff we try but segregation of duties is limited.

Conclusions –

County Auditor – Response accepted.

County Treasurer – Response acknowledged. Journal entries should be supported, and the support should be provided to an independent person for review and approval.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

**Assistance Listing Number 93.354: Public Health Emergency Response: Cooperative
Agreement for Emergency Response: Public Health Crisis Response
Pass-through Entity Identifying Number: 5885BT494
Federal Award Year: 2023
Prior Year Finding Number: N/A
U.S. Department of Treasury
Passed through the Iowa Department of Public Health**

2023-007 Segregation of Duties over Federal Revenues – The County Public Health Department did not properly segregate custody, record-keeping and reconciling functions for revenues, including those related to federal programs. See item 2023-001.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part IV: Other Findings Related to Required Statutory Reporting:

2023-A Certified Budget – Disbursements during the year ended June 30, 2023, did not exceed the amounts budgeted by function. However, disbursements in multiple departments exceeded the amount appropriated prior to amendment.

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

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

Response – Since we lost our Finance Director this has been neglected, with our new hire coming on we will make sure that this is addressed.

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:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Nick Dunbar, Deputy Sheriff, owner of Dunbar Emergency Vehicle Services LLC	Services on Sheriff vehicles	\$ 17,000
Nick Lentsch, Secondary Roads employee, owner of Lentsch Tile and Repair	Tiling	1,078
Krystal Lloyd, Auditor's Office Drainage Clerk, daughter of Dan Rasmussen, owner of Rasmussen Tiling	Tiling	155

The transactions with Dunbar Emergency Vehicle Services LLC may represent a conflict of interest as defined in Chapter 331.342(2)(j) of the Code of Iowa since the total transactions exceeded \$6,000 and were not competitively bid.

The transactions with Lentsch Tile and Repair and Rasmussen Tiling do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since the total transactions by vendor did not exceed \$6,000 during the fiscal year.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

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

Response – We will consult our Attorney about this.

Conclusion – Response accepted.

- 2023-E Restricted Donor Activity – No transactions were noted between the County, County officials, or County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2023-F Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- 2023-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2023-H Deposits and Investments – No instances of 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 Tax Increment Financing (TIF) – Chapter 403.19 of the Code of Iowa allows the County to certify indebtedness and then provide for the division of property tax to repay the certified indebtedness in subsequent fiscal years. The County entered into two development agreements in March 2019 and one in November 2020, for a total of \$1,710,460, which were not certified by the County on the County's TIF debt certification form.

In addition, at June 30, 2023, the Special Revenue, Urban Renewal Tax Increment Financing Fund has a fund balance of \$3,605,966. TIF collections are in excess of the TIF debt certified and the balance is considered excessive. If an excess balance in the TIF fund exists, Chapter 24.21 of the Code of Iowa requires the excess balance be remitted to the County Treasurer and allocated to the respective taxing districts.

Recommendation – The County should review its procedures to ensure TIF debt is properly certified. The County should consult legal counsel to determine the disposition of the excess monies in the Special Revenue, Urban Renewal Tax Increment Financing Fund.

Response – We will review our procedures to ensure TIF debt is properly certified and certify the TIF debt of \$1,710,460. The majority of TIF funds were disbursed in July of 2023.

Conclusion – Response accepted.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-K Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1. The County overstated the amount reported as TIF debt outstanding by \$276,011.

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

Response – We will continue to work on getting this rectified with the assistance of our Finance Director.

Conclusion – Response accepted.

Webster County

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Deputy
Tammy A. Hollingsworth, CIA, Manager
Prem Gobin, Senior Auditor II
Therese A. Berning, Staff Auditor
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