



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006  
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**NEWS RELEASE**

Contact: Pam Bormann  
515/281-5834

FOR RELEASE

December 18, 2024

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

**FINANCIAL HIGHLIGHTS:**

The County revenues totaled \$11,156,796 for the year ended June 30, 2022, a less than 1.0% increase over the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$9,272,905, a less than 1.0% decrease from the prior year.

**AUDIT FINDINGS:**

Sand reported twenty-four findings related to the receipt and expenditure of taxpayer funds. They are found on pages 84 through 104 of this report. The findings address issues such as lack of segregation of duties, material amounts of receivables, payables, revenues and capital assets not properly recorded in the County's financial statements, variances between book and bank balances in the County Treasurer's bank reconciliations, bank reconciliations not prepared by the County Conservation Department, lack of preparation of a delinquent property tax reconciliation and donations to nonprofit organizations. Sand provided the County with recommendations to address each of these findings.

Fourteen 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](#).

###

**DECATUR COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2022**

**Decatur County**



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

Rob Sand  
Auditor of State

November 19, 2024

Officials of Decatur County  
Leon, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Decatur County, Iowa for the year ended June 30, 2022. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and 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.

I appreciate the cooperation and courtesy extended by the officials and employees of Decatur 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

## Table of Contents

			<u>Page</u>
Officials			3
Independent Auditor’s Report			5-7
Management’s Discussion and Analysis			8-15
Basic Financial Statements:	<u>Exhibit</u>		
Government-wide Financial Statements:			
Statement of Net Position	A		18-19
Statement of Activities	B		21
Governmental Fund Financial Statements:			
Balance Sheet	C		22-23
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D		25
Statement of Revenues, Expenditures and Changes in Fund Balances	E		26-27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F		28
Proprietary Fund Financial Statements:			
Statement of Net Position	G		29
Statement of Revenues, Expenses and Changes in Net Position	H		30
Statement of Cash Flows	I		31
Fiduciary Fund Financial Statements:			
Statement of Fiduciary Net Position – Custodial Funds	J		32
Statement of Changes in Fiduciary Net Position – Custodial Funds	K		33
Notes to Financial Statements			34-58
Required Supplementary Information:			
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds			60-61
Budget to GAAP Reconciliation			62
Notes to Required Supplementary Information – Budgetary Reporting			63
Schedule of the County’s Proportionate Share of the Net Pension Liability (Asset)			64-65
Schedule of County Contributions			66-67
Notes to Required Supplementary Information – Pension Liability (Asset)			68
Schedule of Changes in the County’s Total OPEB Liability, Related Ratios and Notes			69
Supplementary Information:	<u>Schedule</u>		
Nonmajor Governmental Funds:			
Combining Balance Sheet	1		72-73
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2		74-75
Custodial Funds:			
Combining Schedule of Fiduciary Net Position	3		76-77
Combining Schedule of Changes in Fiduciary Net Position	4		78-79
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5		80-81
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 <u>Government Auditing Standards</u>			82-83
Schedule of Findings			84-104
Staff			105

**Decatur County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert G. Bell	Board of Supervisors	Jan 2023
Dan Christensen	Board of Supervisors	Jan 2025
Ward Graham	Board of Supervisors	Jan 2025
Stephanie Daughton	County Auditor	Resigned Feb 2022
Charlene Hoover (Elected Apr 2022)	County Auditor	Jan 2025
Janet Pierson	County Treasurer	Jan 2023
Gale Norman	County Recorder	Jan 2023
Ben Boswell	County Sheriff	Resigned May 2022
Chris Lane (Appointed Jun 2022)	County Sheriff	Nov 2022
Lisa Hynden-Jeanes	County Attorney	Jan 2023
Justin Cornett	County Assessor	Jan 2028

**Decatur County**



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Independent Auditor's Report

To the Officials of Decatur 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 Decatur County, Iowa, as of and for the year ended June 30, 2022, 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 Decatur County as of June 30, 2022 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 Decatur 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 15 to the financial statements, Decatur County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. In addition, the County is restating the beginning balance of net position to properly include the Internal Service Fund. 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 Decatur 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 Decatur 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 Decatur County's ability to continue as a going concern for a reasonable period of time.

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

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 60 through 69 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 Decatur 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, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2024 on our consideration of Decatur 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 Decatur County’s internal control over financial reporting and compliance.



Pam Bormann, CPA  
Director

November 19, 2024

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

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Decatur 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, 2022. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2022 FINANCIAL HIGHLIGHTS**

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, however had no effect on the beginning net position for governmental activities. The County also restated net position for governmental activities to correctly report an Internal Service Fund. In addition, the County restated net position for fiduciary activities to bring in Wayne, Ringgold, Decatur Landfill funds as the fiscal agent.
- Revenues of the County's governmental activities increased less than 1.0%, or approximately \$91,000, from fiscal year 2021 to fiscal year 2022. The County received approximately \$377,000 of federal grants for the American Rescue Plan Act (ARPA). Property tax revenues decreased approximately \$257,000.
- Program expenses of the County's governmental activities were less than 1.0%, or approximately \$71,000, less in fiscal year 2022 than in fiscal year 2021. Mental health expenses increased approximately \$156,000 while public safety and legal services decreased approximately \$207,000.
- Prior to the restatement, the County's net position increased 8.3%, or approximately \$2,260,000, over the June 30, 2021 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 Decatur 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 Decatur 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 Decatur 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.

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

### *Government-wide Financial Statements*

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

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

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

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, 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 Mental Health, Rural Services and Secondary Roads and 3) the Debt Service 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 are 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, Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

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

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

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2022	2021 (Not Restated)
Current and other assets	\$ 12,627	11,424
Capital assets	25,859	25,232
Total assets	38,486	36,656
Deferred outflows of resources	493	711
Long-term liabilities	2,675	5,223
Other liabilities	702	958
Total liabilities	3,377	6,181
Deferred inflows of resources	6,228	4,072
Net position:		
Net investment in capital assets	23,696	23,024
Restricted	4,057	4,154
Unrestricted	1,621	(64)
Total net position	\$ 29,374	27,114

Net position of Decatur County's governmental activities increased 8.3% (approximately \$29.4 million compared to approximately \$27.1 million).

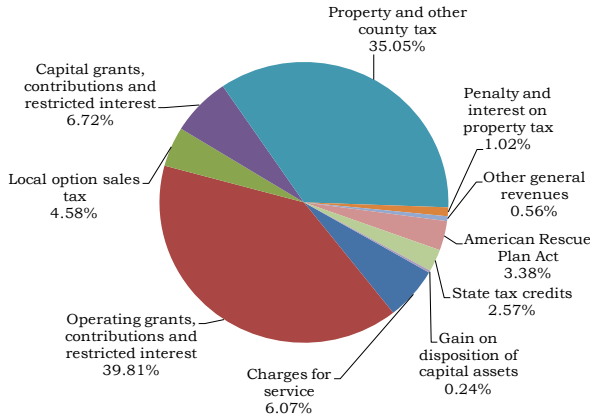
The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased 2.9%, or approximately \$672,000, 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 decreased approximately \$97,000, or 2.3%, from the prior year. This decrease is primarily due to a decrease in the amounts held at year end in the Special Revenue, Secondary Roads Fund and the Special Revenue, Mental Health Fund offset by an increase in the Special Revenue, Rural Services Fund and for opioid abatement.

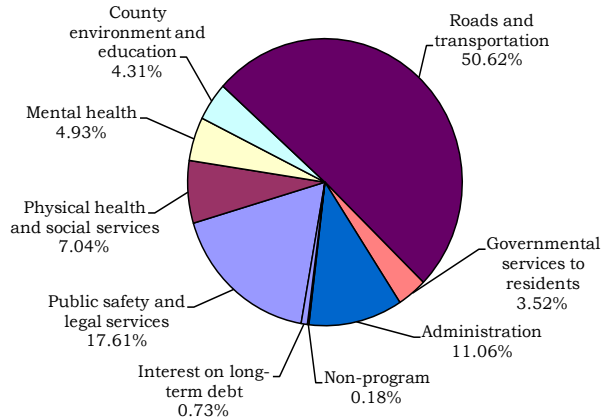
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of approximately \$64,000 at June 30, 2021 to \$1,621,000 at the end of this year, an increase of 2,632.8%. The increase is primarily due to a decrease in the net pension liability (asset).

Changes in Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2022	2021 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 677	564
Operating grants, contributions and restricted interest	4,441	4,169
Capital grants, contributions and restricted interest	750	1,314
General revenues:		
Property and other county tax	3,910	4,167
Penalty and interest on property tax	114	122
State tax credits	287	318
Local option sales tax	511	352
American Rescue Plan Act	377	-
Unrestricted investment earnings	-	19
Gain on disposition of capital assets	27	29
Other general revenues	63	11
Total revenues	11,157	11,065
Program expenses:		
Public safety and legal services	1,633	1,840
Physical health and social services	653	612
Mental health	457	301
County environment and education	400	462
Roads and transportation	4,693	4,797
Governmental services to residents	326	379
Administration	1,026	878
Non-program	17	-
Interest on long-term debt	68	75
Total expenses	9,273	9,344
Change in net position	1,884	1,721
Net position beginning of year, as restated	27,490	25,393
Net position end of year	\$ 29,374	27,114

**Revenues by Source**



**Expenses by Function**



Decatur County’s governmental activities net position increased approximately \$1,884,000 during the year. Revenues for governmental activities increased approximately \$92,000, or less than 1.0%, over the prior year.

The County decreased property tax rates for fiscal year 2022 an average of 1.3%. With the decrease in rates, the County’s property tax revenue decreased approximately \$257,000 in fiscal year 2022. Based on increases in the total assessed valuation and decreases in the property tax rates, property tax revenue is budgeted to decrease by approximately \$306,000 next year.

The cost of all governmental activities this year was approximately \$9.3 million compared to approximately \$9.3 million last year. However, as shown in the Statement of Activities on page 21, the amount taxpayers ultimately financed for these activities was approximately \$3.4 million because some of the costs were paid by those directly benefiting from the programs (approximately \$677,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5,192,000). Overall, the County’s governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2022 from approximately \$6,047,000 to approximately \$5,869,000, principally due to receiving less contributions of roads paid for by the Iowa Department of Transportation.

**INDIVIDUAL MAJOR FUND ANALYSIS**

As Decatur County completed the year, its governmental funds reported a combined fund balance of approximately \$6.2 million, an increase of approximately \$263,000 above last year’s total of approximately \$6.0 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$742,000, or 17.2%, over the prior year due to the receipt of approximately \$500,000 of grants for conservation trails projects. Expenditures increased approximately \$772,000, or 20.3%, over the prior year as the County used the American Rescue Plan Act funds for work on the Savannah Hills Learning Center, conservation repairs and additional pay to essential employees. The ending fund balance increased approximately \$619,000 over the prior year to approximately \$3,045,000.

- Special Revenue, Mental Health Fund revenues decreased approximately \$150,000, or 46.6%, due to the County decrease in levying property taxes in fiscal year 2022. Expenditures increased approximately \$175,000, or 60.5% over the prior year, primarily due to the elimination of this fund at June 30, 2022. The County was required by Senate File 619 to transfer the remaining fund balance to the County Rural Offices of Social Services Mental Health Region prior to June 30, 2022.
- Special Revenue, Rural Services Fund expenditures increased approximately \$3,000, or 1.0%, over the prior year and revenues also increased approximately \$112,000, or 11.0%. The increase in revenues is primarily due to the increase of local option sales tax revenues. The ending fund balance increased approximately \$135,000 over the prior year to approximately \$772,000.
- Special Revenue, Secondary Roads Fund expenditures increased approximately \$321,000 over the prior year due principally to an increase in roadway maintenance. Revenues decreased approximately \$178,000. The Secondary Roads Fund balance at year end decreased approximately \$111,000, or 5.2%, to approximately \$2,028,000.
- There were no significant changes in revenues, expenditures and fund balance of the Debt Service Fund.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Decatur County amended its budget two times. The first amendment was made in December 2021 and resulted in an increase in budgeted disbursements of \$702,800. The primary reason for this amendment was to reflect the increased cost of roads and transportation and administration. The second amendment was made in May 2022 and resulted in an increase in budgeted disbursements of \$365,735. The primary reason for this amendment was to reflect increases in costs for roads and transportation and county environment.

The County's receipts were \$473,106 more than budgeted, a variance of 5.0%. The most significant variance resulted from the County receiving more property and other county tax than anticipated.

Total disbursements were \$1,524,538, or 13.4%, less than the final amended budget. County environment and education function disbursements were approximately \$690,000 less than the final budget due to Little River Lake not having as many projects completed as anticipated. Capital projects and roads and transportation functions were respectively, \$229,376 and \$262,401, less than the final budget also due to less projects than anticipated.

Even with the budget amendments, the County exceeded the budgeted amounts in the physical health and social services, mental health and debt service functions for the year ended June 30, 2022.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2022, Decatur County had approximately \$25.9 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$560,000, or 2.2%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2022	2021 (As Restated) *
Land	\$ 3,071	3,071
Construction in progress	966	162
Buildings and improvements	4,164	4,261
Equipment and vehicles	2,174	2,050
Right-to-use leased equipment	162	66
Intangibles	520	520
Infrastructure	14,803	15,169
Total	<u>\$ 25,859</u>	<u>25,299</u>

This year's major additions included (in thousands):

Capital assets contributed by the Iowa Department of Transportation	\$ 575
Secondary Roads equipment	471
County Sheriff vehicles	<u>49</u>
Total	<u>\$ 1,095</u>

\* Beginning capital assets were restated to implement GASB Statement No. 87, Leases.

The County had depreciation/amortization expense of \$1,473,291 in fiscal year 2022 and total accumulated depreciation of \$16,302,024 at June 30, 2022. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

## Long-Term Debt

At June 30, 2022, Decatur County had approximately \$2,164,000 of outstanding debt, which included approximately \$52,000 of bank loan debt, approximately \$162,000 of lease agreements, \$1,925,000 of revenue bond debt and \$24,000 of capital lease debt compared to restated total outstanding debt of approximately \$2,274,000 at June 30, 2021.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2022	2021 (As Restated)
Bank loan	\$ 52	58
Lease agreements	162	66
Revenue bonds	1,925	2,110
Equipment purchase agreement	24	40
Total	\$ 2,164	2,274

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

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

Decatur County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2023 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.4% versus 3.8% a year ago. This compares with the State's unemployment rate of 2.7% and the national rate of 3.6%.

These indicators were taken into account when adopting the budget for fiscal year 2023. Amounts available for appropriation (i.e., beginning balance plus revenues) in the operating budget are approximately \$13.2 million, a decrease of approximately 17.2% from the final fiscal year 2022 budget. This decrease is primarily due to conservation and engineer projects in fiscal year 2022. Budgeted disbursements are expected to decrease approximately \$2.4 million from the final fiscal year 2022 budget. The majority of the disbursements are for roads and transportation and capital projects expected to continue during fiscal year 2023.

If these estimates are realized, Decatur County's operating fund balances are expected to decrease from a re-estimated amount of \$3,813,172 to \$3,422,742 by the close of fiscal year 2023.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Decatur 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 Decatur County Auditor's Office, 207 N Main Street, Leon, Iowa 50144.

**Decatur County**

## **Basic Financial Statements**

**Exhibit A**

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Decatur County  
Statement of Net Position  
June 30, 2022

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 6,460,004
Receivables:	
Property tax:	
Delinquent	131,134
Succeeding year	3,704,000
Interest and penalty on property tax	488,014
Accounts	63,426
Opioid settlement	196,569
Accrued interest	761
Due from other governments	351,180
Inventories	396,611
Capital assets not being depreciated	4,556,317
Capital assets, net of accumulated depreciation/amortization	21,303,133
Net pension asset	<u>835,236</u>
<b>Total assets</b>	<u>38,486,385</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	<u>493,060</u>

Decatur County  
Statement of Net Position  
June 30, 2022

<b>Liabilities</b>	
Accounts payable	186,599
Accrued interest payable	4,881
Salaries and benefits payable	66,677
Due to other governments	57,238
Unearned revenue	386,980
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreements	41,138
Bank loan	5,185
Jail Authority revenue bonds	190,000
Equipment purchase agreement	16,025
Compensated absences	172,815
Total OPEB liability	12,090
Portion due or payable after one year:	
Lease agreements	121,344
Bank loan	47,255
Jail Authority revenue bonds	1,735,000
Equipment purchase agreement	7,793
Compensated absences	75,847
Total OPEB liability	250,468
	<b>3,377,335</b>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	3,704,000
Pension related deferred inflows	2,523,810
	<b>6,227,810</b>
<b>Net Position</b>	
Net investment in capital assets	23,695,710
Restricted for:	
Supplemental levy purposes	752,711
Rural services purposes	786,916
Secondary roads purposes	1,910,830
Debt service	29,874
Conservation purposes	344,407
Opioid Abatement	196,569
Other purposes	36,403
Unrestricted	1,620,880
	<b>\$ 29,374,300</b>

See notes to financial statements.

**Decatur County**

Decatur County

Statement of Activities

Year ended June 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,632,996	143,568	14,861	-	(1,474,567)
Physical health and social services	652,551	22,586	467,513	-	(162,452)
Mental health	457,518	9,610	663	-	(447,245)
County environment and education	400,019	117,531	506,718	175,000	399,230
Roads and transportation	4,693,066	79,987	3,450,533	575,252	(587,294)
Governmental services to residents	326,298	186,903	244	-	(139,151)
Administration	1,025,636	76,513	263	-	(948,860)
Non-program	16,901	39,915	-	-	23,014
Interest on long-term debt	67,920	-	-	-	(67,920)
Total	<u>\$ 9,272,905</u>	<u>676,613</u>	<u>4,440,795</u>	<u>750,252</u>	<u>(3,405,245)</u>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					3,675,107
Debt service					235,361
Penalty and interest on property tax					113,840
State tax credits					286,515
Local option sales tax					511,117
American Rescue Plan Act					377,348
Gain on disposal of capital assets					26,674
Miscellaneous					63,174
Total general revenues					<u>5,289,136</u>
Change in net position					1,883,891
Net position beginning of year, as restated					<u>27,490,409</u>
Net position end of year					<u>\$ 29,374,300</u>

See notes to financial statements.



Decatur County  
Balance Sheet  
Governmental Funds

June 30, 2022

	Special Revenue		
	General	Rural Services	Secondary Roads
<b>Assets</b>			
Cash and pooled investments	\$ 3,451,030	743,697	1,540,901
Receivables:			
Property tax:			
Delinquent	103,587	19,685	-
Succeeding year	2,901,000	566,000	-
Interest and penalty on property tax	488,014	-	-
Accounts	53,780	250	7,921
Opioid settlement	-	-	-
Accrued interest	761	-	-
Due from other funds	-	-	882
Due from other governments	38,690	35,405	277,085
Inventories	-	-	396,611
<b>Total assets</b>	<b>\$ 7,036,862</b>	<b>1,365,037</b>	<b>2,223,400</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 18,223	5,258	163,118
Salaries and benefits payable	34,711	1,025	30,941
Due to other governments	55,624	-	1,614
Due to other funds	78	804	-
Unearned revenues	386,980	-	-
Total liabilities	495,616	7,087	195,673
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	2,901,000	566,000	-
Other	595,349	19,685	-
Total deferred inflows of resources	3,496,349	585,685	-
Fund balances:			
Nonspendable:			
Inventories	-	-	396,611
Restricted for:			
Supplemental levy purposes	740,587	-	-
Rural services purposes	-	772,265	-
Secondary roads purposes	-	-	1,631,116
Debt service	-	-	-
Conservation purposes	-	-	-
Other purposes	-	-	-
Assigned for conservation purposes	341,058	-	-
Unassigned	1,963,252	-	-
Total fund balances	3,044,897	772,265	2,027,727
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,036,862</b>	<b>1,365,037</b>	<b>2,223,400</b>

See notes to financial statements.

<hr/>		
Debt		
Service	Nonmajor	Total
22,012	379,335	6,136,975
7,862	-	131,134
237,000	-	3,704,000
-	-	488,014
-	1,475	63,426
-	196,569	196,569
-	-	761
-	-	882
-	-	351,180
-	-	396,611
<hr/>	<hr/>	<hr/>
266,874	577,379	11,469,552
-	-	186,599
-	-	66,677
-	-	57,238
-	-	882
-	-	386,980
<hr/>	<hr/>	<hr/>
-	-	698,376
237,000	-	3,704,000
7,862	196,569	819,465
<hr/>	<hr/>	<hr/>
244,862	196,569	4,523,465
-	-	396,611
-	-	740,587
-	-	772,265
-	-	1,631,116
22,012	-	22,012
-	344,407	344,407
-	36,403	36,403
-	-	341,058
-	-	1,963,252
<hr/>	<hr/>	<hr/>
22,012	380,810	6,247,711
<hr/>	<hr/>	<hr/>
266,874	577,379	11,469,552

**Decatur County**

Decatur County

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

June 30, 2022

**Total governmental fund balances (page 23)** \$ 6,247,711

**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 \$42,161,474 and the accumulated depreciation is \$16,302,024. 25,859,450

Other long-term assets are not available to pay current year expenditures, as follows:

Deferred inflows of resources	\$ 819,465	
Net pension asset	<u>835,236</u>	1,654,701

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

Deferred outflows of resources	493,060	
Deferred inflows of resources	<u>(2,523,810)</u>	(2,030,750)

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 323,029

Long-term liabilities, including bank loan payable, lease agreements payable, revenue bonds payable, equipment purchase agreements payable, compensated absences payable, 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. (2,679,841)

**Net position of governmental activities (page 19)** \$ 29,374,300

See notes to financial statements.

Decatur County

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

Year ended June 30, 2022

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 2,932,824	155,775	582,061	-
Local option sales tax	-	-	511,117	-
Interest and penalty on property tax	48,079	-	-	-
Intergovernmental	1,371,439	12,541	38,815	3,451,968
Licenses and permits	25	-	-	325
Charges for service	416,326	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	284,336	4,301	930	78,227
<b>Total revenues</b>	<b>5,053,029</b>	<b>172,617</b>	<b>1,132,923</b>	<b>3,530,520</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	1,497,870	-	240,743	-
Physical health and social services	715,902	-	-	-
Mental health	-	462,902	-	-
County environment and education	823,824	-	84,038	-
Roads and transportation	-	-	-	4,168,060
Governmental services to residents	364,954	-	4,145	-
Administration	1,157,585	-	-	-
Debt service	8,731	-	-	-
Capital projects	-	-	-	141,916
<b>Total expenditures</b>	<b>4,568,866</b>	<b>462,902</b>	<b>328,926</b>	<b>4,309,976</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>484,163</b>	<b>(290,285)</b>	<b>803,997</b>	<b>(779,456)</b>
<b>Other financing sources (uses):</b>				
Sale of capital assets	15,722	-	-	-
Transfers in	-	-	-	668,692
Transfers out	-	-	(668,692)	-
Lease agreements	119,494	-	-	-
<b>Total other financing sources (uses)</b>	<b>135,216</b>	<b>-</b>	<b>(668,692)</b>	<b>668,692</b>
<b>Change in fund balances</b>	<b>619,379</b>	<b>(290,285)</b>	<b>135,305</b>	<b>(110,764)</b>
<b>Fund balances beginning of year</b>	<b>2,425,518</b>	<b>290,285</b>	<b>636,960</b>	<b>2,138,491</b>
<b>Fund balances end of year</b>	<b>\$ 3,044,897</b>	<b>-</b>	<b>772,265</b>	<b>2,027,727</b>

See notes to financial statements.

Debt		
Service	Nonmajor	Total
235,180	-	3,905,840
-	-	511,117
-	-	48,079
17,942	69,435	4,962,140
-	-	350
-	13,653	429,979
263	1,493	1,756
-	18,918	386,712
<u>253,385</u>	<u>103,499</u>	<u>10,245,973</u>
-	6,008	1,744,621
-	-	715,902
-	-	462,902
-	190,642	1,098,504
-	-	4,168,060
-	-	369,099
-	-	1,157,585
250,628	-	259,359
-	-	141,916
<u>250,628</u>	<u>196,650</u>	<u>10,117,948</u>
<u>2,757</u>	<u>(93,151)</u>	<u>128,025</u>
-	-	15,722
-	-	668,692
-	-	(668,692)
-	-	119,494
-	-	135,216
<u>2,757</u>	<u>(93,151)</u>	<u>263,241</u>
<u>19,255</u>	<u>473,961</u>	<u>5,984,470</u>
<u>22,012</u>	<u>380,810</u>	<u>6,247,711</u>

Decatur County

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

Year ended June 30, 2022

**Change in fund balances - Total governmental funds (page 27)** \$ 263,241

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

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

Expenditures for capital assets	\$ 1,328,168	
Capital assets contributed by the Iowa Department of Transportation	575,252	
Right-to-use leased capital assets	119,494	
Depreciation expense	<u>(1,473,291)</u>	549,623

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. 10,952

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	4,628	
Other	<u>254,753</u>	259,381

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

Issued	(119,494)	
Repaid	<u>230,299</u>	110,805

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 348,953

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	9,776	
Interest on long-term debt	580	
OPEB expense	59,364	
Pension expense	<u>324,710</u>	394,430

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. (53,494)

**Change in net position of governmental activities (page 21)** \$ 1,883,891

See notes to financial statements.

Decatur County  
Statement of Net Position  
Proprietary Fund  
June 30, 2022

	<u>Internal Service - Employee Group Health</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 323,029</u>
<b>Net Position</b>	
Restricted for employee health	<u>\$ 323,029</u>
See notes to financial statements.	



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

Year ended June 30, 2022

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 656,395
Reimbursements from employees and others	<u>24,817</u>
Total operating revenues	681,212
Operating expenses:	
Medical claims and administrative fees	<u>734,807</u>
Operating loss	(53,595)
Non-operating revenues:	
Interest income	<u>101</u>
Net loss	(53,494)
Net position beginning of year, restated	<u>376,523</u>
Net position end of year	<u>\$ 323,029</u>

See notes to financial statements.

Decatur County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2022

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 656,395
Cash received from employees and others	24,817
Cash paid to suppliers for services	(734,807)
Net cash provided by operating activities	(53,595)
Cash flows from investing activities:	
Interest on investments	101
Net decrease in cash and cash equivalents	(53,494)
Cash and cash equivalents beginning of year, restated	376,523
Cash and cash equivalents end of year	\$ 323,029
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>	
Operating loss and net cash provided by operating activities	\$ (53,595)

See notes to financial statements.

Decatur County  
Statement of Fiduciary Net Position  
Custodial Funds

June 30, 2022

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 5,490,472
Other County officials	22,710
Receivables:	
Property tax:	
Delinquent	236,716
Succeeding year	7,634,000
Accounts	4,058
Accrued interest	557
Special assessments	82,706
Due from other governments	51,821
	<hr/>
<b>Total assets</b>	<b>13,523,040</b>

**Liabilities**

Accounts payable	175
Salaries and benefits payable	4,093
Due to other governments	343,658
Trusts payable	24,911
Compensated absences	1,315
	<hr/>
<b>Total liabilities</b>	<b>374,152</b>

**Deferred Inflows of Resources**

Unavailable property tax revenue	<hr/>
	7,634,000

**Net position**

Restricted for individuals, organizations and other governments	<hr/>
	\$ 5,514,888

See notes to financial statements.

Decatur County  
Statement of Changes in Fiduciary Net Position  
Custodial Funds

June 30, 2022

Additions:	
Property and other county tax	\$ 7,416,177
911 surcharge	187,490
State tax credits	630,923
Drivers license fees	22,015
Office fees and collections	300,629
Auto licenses, use tax and postage	2,644,205
Trusts	849,314
Miscellaneous	<u>4,444,117</u>
Total additions	<u>16,494,870</u>
Deductions:	
Agency remittances:	
To other funds	333,223
To other governments	11,683,037
Trusts paid out	<u>862,871</u>
Total deductions	<u>12,879,131</u>
Change in net position	3,615,739
Net position beginning of year	<u>1,899,149</u>
Net position end of year	<u>\$ 5,514,888</u>

See notes to financial statements.

Decatur County

Notes to Financial Statements

June 30, 2022

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

Decatur 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, Decatur 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 Decatur County (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County.

Blended Component Unit – The following component unit is legally separate from the County but is so intertwined with the County it is in substance, the same as the County. It is reported as part of the County and blended into the appropriate fund.

The Decatur County Jail Authority was established to acquire, destruct, demolish, improve, enlarge, equip, furnish, repair, maintain and operate one or more public buildings and to acquire and prepare any necessary site, including demolition of any structures, for the joint use of the incorporating units. Although the Authority is legally separate from the County, it is controlled, managed and supervised by a jointly appointed Board approved by the County and the City of Leon. As discussed in Note 7 to the financial statements, the County's lease payment to pay the Jail Authority Revenue Bonds is reported in the Debt Service Fund. Financial information of the Authority can be obtained from the Decatur County Auditor's Office.

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component unit. 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 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 Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

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 the property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

Proprietary Funds – An Internal Service Fund is utilized to account for the financing of goods and 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.

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



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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2021.

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.

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

Due From and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 65,000
Intangibles	25,000
Land, buildings and improvements	5,000
Right-to-use leased assets	5,000
Equipment and vehicles	5,000

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

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Buildings and improvements	25 - 50
Land improvements	10 - 50
Equipment	3 - 20
Right-to-use leased assets	2 - 20
Vehicles	5 - 15
Infrastructure	10 - 65
Intangibles	5 - 20

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

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

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

Decatur 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 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.

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2022. 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 financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the Decatur 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 that applies to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

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

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, 2022, disbursements in the physical health and social services, mental health and debt service functions and disbursements in certain departments exceeded the amounts appropriated.

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

The County's deposits in banks at June 30, 2022 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.

During the year ending June 30, 1998, the County Conservation Department set up an agreement with a local nonprofit Foundation to receive gifts to the Conservation Department. At June 30, 2022, the balances of the Endowment and Learning Center Funds held at the Foundation were \$71,048 and \$194,569 respectively.

The Foundation invests in variety of investment vehicles, including mutual funds/exchange traded funds, domestic and international equities, U.S. government securities, corporate and municipal bonds, money market funds, certificates of deposit, and bank checking and savings accounts. The Foundation's investments include types of investments which are not included in the list of allowable investments of public funds specified in Chapter 12B.10(5) of the Code of Iowa.

Information regarding the fair value hierarchy used to value the investments held by the Foundation for the County is not available. Information pertaining to credit risk, custodial risk, concentration of credit risk and interest rate risk is also not available.

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

The detail of interfund receivables and payables at June 30, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 78
	Special Revenue:	
	Rural Services	<u>804</u>
Total		<u>\$ 882</u>

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

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	<u>\$ 668,692</u>

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

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2022 was as follows:

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 3,070,548	-	-	3,070,548
Intangibles, road network	519,719	-	-	519,719
Construction in progress, road network	-	717,168	575,252	141,916
Construction in progress	162,124	662,010	-	824,134
Total capital assets not being depreciated/amortized:	3,752,391	1,379,178	575,252	4,556,317
Capital assets being depreciated/amortized:				
Buildings	5,107,321	17,520	-	5,124,841
Improvements other than buildings	587,032	20,657	-	607,689
Equipment and vehicles	6,643,432	520,250	128,058	7,035,624
Right-to-use leased equipment	66,404	119,494	-	185,898
Infrastructure, road network	24,075,853	575,252	-	24,651,105
Total capital assets being depreciated/amortized:	36,480,042	1,253,173	128,058	37,605,157
Less accumulated depreciation/amortization for:				
Buildings	1,186,773	109,085	-	1,295,858
Improvements other than buildings	246,655	25,609	-	272,264
Equipment and vehicles	4,593,498	373,193	104,825	4,861,866
Right-to-use leased equipment	-	24,031	-	24,031
Infrastructure, road network	8,906,632	941,373	-	9,848,005
Total accumulated depreciation/amortization	14,933,558	1,473,291	104,825	16,302,024
Total capital assets being depreciated/amortized, net	21,546,484	(220,118)	23,233	21,303,133
Governmental activities capital assets, net	\$ 25,298,875	1,159,060	598,485	25,859,450

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 128,909
Physical health and social services	11,915
Mental health	9,960
County environment and education	36,173
Roads and transportation	1,220,262
Governmental services to residents	1,121
Administration	64,951
Total depreciation/amortization expense - governmental activities	<u>\$ 1,473,291</u>

**(6) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2022 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 55,624
Special Revenue:		
Secondary Roads	Services	<u>1,614</u>
Total for governmental funds		<u>\$ 57,238</u>
Custodial:		
County Offices	Collections	\$ 9,182
Ag. Extension Education		1,678
Schools		80,264
Community Colleges		4,975
Corporations		27,642
Townships		2,560
Hospital		18,330
Auto License and Use Tax		140,570
WRD Landfill		3,645
All other		<u>54,812</u>
Total for custodial funds		<u>\$ 343,658</u>

**(7) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	<u>Bank</u>	<u>Lease</u>	<u>Jail</u>	<u>Direct</u>	<u>Compensated</u>	<u>Net</u>	<u>Total</u>	
	<u>Loan</u>	<u>Agreements</u>	<u>Authority</u>	<u>Borrowing</u>	<u>Absences</u>	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
			<u>Revenue</u>	<u>Equipment</u>		<u>Liability</u>	<u>Liability</u>	
			<u>Bonds</u>	<u>Purchase</u>		<u>(Asset)</u>		
Balance beginning of year, restated	\$ 58,299	66,404	2,110,000	39,842	258,438	2,435,111	321,922	5,290,016
Increases	-	119,494	-	-	194,565	-	44,700	358,759
Decreases	5,859	23,416	185,000	16,024	204,341	3,270,347	104,064	3,809,051
Balance end of year	\$ 52,440	162,482	1,925,000	23,818	248,662	(835,236)	262,558	1,839,724
Due within one year	\$ 5,185	41,138	190,000	16,025	172,815	-	12,090	437,253



Bank Loan – Direct Borrowings

A summary of the County’s June 30, 2022 bank loan indebtedness is as follows:

Year Ending June 30,	Oct 2011 and Jun 2012			Mar 11, 2016		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2023	4.85%	\$ 3,223	1,918	4.02%	\$ 1,962	286
2024	4.85	3,683	1,925	4.02	2,226	226
2025	4.85	3,873	1,734	4.02	2,318	133
2026	4.85	4,068	1,539	4.02	2,005	38
2027	4.85	4,273	1,335	-	-	-
2028-2032	4.85	24,809	3,230	-	-	-
Total		<u>\$ 43,929</u>	<u>11,681</u>		<u>\$ 8,511</u>	<u>683</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2023	\$ 5,185	2,204	7,389
2024	5,909	2,151	8,060
2025	6,191	1,867	8,058
2026	6,073	1,577	7,650
2027	4,273	1,335	5,608
2028-2032	24,809	3,230	28,039
Total	<u>\$ 52,440</u>	<u>12,364</u>	<u>64,804</u>

On October 1, 2011, the County borrowed \$60,000 from American State Bank to purchase a building for the Public Health Department. On June 11, 2012, the County borrowed an additional \$70,000 from American State Bank to remodel the Public Health building. The bank rolled the outstanding balance of the original loan of \$58,879 with the additional \$70,000 borrowed for a new loan of \$128,879. The loan requires monthly payments of \$844 from July 1, 2012 through June 1, 2032. On May 29, 2013, the remaining principal balance was amortized to lower the monthly payment to \$467 per month due to a payment of \$50,000 made in May 2013. The interest rate of 4.85% per annum and the maturity date of June 1, 2032 remain the same. During the year ended June 30, 2022, the County paid principal of \$3,632 and interest of \$2,443 on the loan.

On March 11, 2016, the County borrowed \$20,000 from American State Bank for roof repairs and building maintenance to the Public Health building. The loan bears an interest rate of 4.02% per annum and matures during the year ending June 30, 2026. During the year ended June 30, 2022 the County paid \$2,227 of principal and \$429 of interest on this loan.

### Jail Authority Revenue Bonds

On November 12, 2014, the Decatur County Jail Authority issued \$3,300,000 of Jail Facilities Revenue Bonds, Series 2014. The proceeds from the bonds have provided for financing the acquisition, construction, furnishing and equipping of jail facilities. The bonds are payable solely from future rental payments made by the County under a capital lease purchase agreement with the Jail Authority. The total principal and interest remaining to be paid on the bonds is \$2,232,289 and the bonds are payable through 2031. The bonds bear interest at rates ranging from 3.00% to 3.20% per annum. During the year ended June 30, 2022, the Authority paid principal of \$185,000 and interest of \$64,128 on the bonds.

The County entered into a capital lease purchase agreement dated November 1, 2014 with the Decatur County Jail Authority (Authority) for the purpose of leasing the jail facility with payment terms which correspond in timing and amount with the revenue bond debt service obligations. The County has an annual debt service levy for which collections have been pledged to the Authority for the purpose of paying the Authority's bond principal and interest amounts when due. The lease term continues until all bonds are retired or a purchase option is exercised by the County, which requires a payment from the County to the Authority sufficient to retire all remaining outstanding bond principal and interest. At the end of the lease term, the Authority surrenders ownership rights in the property to the County. Since the Jail Authority is reported as a part of the County, the liability is reported as revenue bonds rather than a capital lease purchase agreement.

Details of the Jail Authority revenue bonds outstanding at June 30, 2022 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2023	3.00%	\$ 190,000	58,578	248,578
2024	3.00	195,000	52,878	247,878
2025	3.00	200,000	47,028	247,028
2026	3.00	205,000	41,028	246,028
2027	3.00	215,000	34,877	249,877
2028-2031	3.00-3.20	920,000	72,900	992,900
Total		\$ 1,925,000	307,289	2,232,289

### Lease Agreements

On June 25, 2019, the County entered into a lease agreement for a copier system. An initial lease liability was recorded in the amount of \$66,404. The agreement requires annual payments of \$23,615 over 5 years with an initial payment made July 1, 2020 for \$1,967, with an implicit interest rate of 4.50% and final payment due June 1, 2024.

On April 21, 2022, the County entered into a lease agreement for a copier system with an initial lease liability of \$119,494. The agreement requires annual payments of \$25,188 over 5.25 years, with an implicit interest rate of 4.00% and final payment due July 1, 2027. Additionally, the County received a payment of \$47,230 from Infomax in October 2022 to be used to buyout the previous copier lease agreement.

Future principal and interest lease payments as of June 30, 2022 are as follows:

Year Ending June 30,	Access Systems Copier			Infomax Copier		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 22,037	1,578	23,615	\$ 19,101	3,988	23,089
2024	23,050	565	23,615	21,650	3,538	25,188
2025	-	-	-	22,533	2,655	25,188
2026	-	-	-	23,450	1,738	25,188
2027	-	-	-	24,406	782	25,188
2028	-	-	-	6,255	41	6,296
<b>Totals</b>	<b>\$ 45,087</b>	<b>2,143</b>	<b>47,230</b>	<b>\$ 117,395</b>	<b>12,742</b>	<b>130,137</b>

Year Ending June 30,	Total		
	Principal	Interest	Total
2023	\$ 41,138	5,566	46,704
2024	44,700	4,103	48,803
2025	22,533	2,655	25,188
2026	23,450	1,738	25,188
2027	24,406	782	25,188
2028	6,255	41	6,296
<b>Totals</b>	<b>\$ 162,482</b>	<b>14,885</b>	<b>177,367</b>

Equipment Purchase Agreements – Direct Borrowing

On November 6, 2017, the County entered into an equipment purchase agreement for a mower tractor for \$49,158. The agreement bears no interest per annum and is payable in annual installments of \$8,232, with the final payment due on March 30, 2023. During the year ended June 30, 2022, payments totaled \$8,232.

On July 30, 2018, the County entered into an equipment purchase agreement for a utility tractor for \$38,963. The agreement bears no interest per annum and is payable in annual installments of \$7,793, with the final payment due on August 8, 2023. During the year ended June 30, 2022, payments totaled \$7,792.

Future equipment purchase payments as of June 30, 2022 are as follows:

Year Ending June 30	Mower	Utility	Total
	Tractor	Tractor	
2023	\$ 7,793	8,232	16,025
2024	7,793	-	7,793
Total minimum payments	15,586	8,232	23,818
Less amount representing interest	-	-	-
Present value of net minimum payments	\$ 15,586	8,232	23,818

**(8) Pension Plan**

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

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

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

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

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally 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 2022, 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 9.01% of covered payroll, for a total rate of 18.02%. 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, 2022 were \$348,953.

Net Pension Asset, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County reported an asset of \$835,236 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021. The total plan pension liability used in its calculation of the overall plan net pension asset was determined by an actuarial valuation as of that date. The County’s proportion of the overall plan net pension asset was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the County’s proportion of the overall plan net pension asset was 0.241938%, which was an increase of 0.276603% over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of \$(324,710). At June 30, 2022, 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	\$ 97,749	37,096
Changes of assumptions	38,069	18,976
Net difference between projected and actual earnings on IPERS' investments	-	2,368,883
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	8,409	98,855
County contributions subsequent to the measurement date	348,953	-
Total	<u>\$ 493,180</u>	<u>2,523,810</u>

\$348,953 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ (599,983)
2023	(585,954)
2024	(542,393)
2025	(651,409)
2026	156
Total	<u>\$ (2,379,583)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension asset in the June 30, 2021 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, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
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 asset.

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):	\$ 1,334,161	(835,236)	(2,652,506)

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

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2022.

**(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 Decatur 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>71</u>
Total	<u>73</u>

Total OPEB Liability – The County’s total OPEB liability of \$262,558 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2022)	2.60% per annum.
Rates of salary increase (effective June 30, 2022)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2022)	4.09% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	7.50% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 4.09% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Public Plan 2010 tables General and Public Safety Headcount Weighted Mortality Table generational using Scale MP-2021. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.



Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 321,922
Changes for the year:	
Service cost	37,088
Interest	7,611
Differences between expected and actual experiences	(47,701)
Changes in assumptions	(33,411)
Benefit payments	<u>(22,951)</u>
Net changes	<u>(59,364)</u>
Total OPEB liability end of year	<u>\$ 262,558</u>

Changes of assumptions reflect a change in the discount rate from 2.19% in fiscal year 2021 to 4.09% in fiscal year 2022.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.09%) or 1% higher (5.09%) than the current discount rate.

	<u>1% Decrease (3.09%)</u>	<u>Discount Rate (4.09%)</u>	<u>1% Increase (5.09%)</u>
Total OPEB liability	\$ 283,037	262,558	243,780

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rates.

	<u>1% Decrease (6.50%)</u>	<u>Healthcare Cost Trend Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Total OPEB liability	\$ 235,752	262,558	294,563

OPEB Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized an OPEB expense (reduction) of (\$59,364). Under the alternative measurement method, all deferred outflows and inflows of resources related to OPEB are fully recognized immediately.

**(10) Risk Management**

The County is a member of the Heartland Insurance Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Insurance Risk Pool (Pool) is a local government risk-sharing pool whose membership includes ten counties throughout the State of Iowa. The Pool was formed in July 1987 to provide workers' compensation and property/casualty insurance for its members. The risk pool was created for the purposes of providing and maintaining self-insurance benefits on a group basis substantially at cost.

Each member county is responsible for the payment of member contributions to the Pool on an annual basis. Member contributions to the Pool are recorded as expenditures from the operating funds at the time of payment to the Pool. In the event of payment of any loss by the Pool, the Pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery. The Pool is responsible for paying the reinsurance premiums on the insurance policies when due, to pay claims in accordance with the various coverages and to make other payments as required by applicable law, to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the Pool, and to pay all reasonable and necessary expenses for administering the Pool and fund.

Initial risk of loss for the self-insured coverages is retained by the Pool. The Pool obtained a reinsurance policy for the year ended June 30, 2022, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers compensation, and in excess of \$400,000 per occurrence, up to a maximum of \$5,000,000 per occurrence, including the retention of the pool, for general liability, police professional, errors and omissions and automobile liability. The Pool records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustments expenses. At June 30, 2022, 2021 and 2020, the Pool reported a surplus of assets over liabilities.

Each member retains the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the Pool by means of an assessment that would be charged to the member County in addition to the premium contributions. At June 30, 2022, settled claims have not exceeded the Pool or reinsurance coverage since commencement of the Pool.

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, 2022 were \$306,099.

Initial membership into the Pool is for a mandatory three-year period. Subsequent to the initial term, a member County may withdraw at the end of any given fiscal year. The initial membership period for Decatur County commenced July 1, 1987 and is subject to renewal every three years. The County also carries commercial insurance purchased by the Pool from other insurers for coverages associated with the employee blanket bond. 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) Higher Education Notes**

In December 2013, the County issued \$9,158,000 of refunding notes for Graceland University under the provisions of Chapter 419 of the Code of Iowa. On October 13, 2021, Graceland University paid the balance of the 2013 notes by issuing Educational Facilities Revenue Refunding Notes, series 2021 under Chapter 16 of the Code of Iowa.

**(12) Decatur County Financial Information Included in the County Rural Offices of Social Services Mental Health Region**

County Rural Offices of Social Services (CROSS) Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Clarke County, Decatur County, Lucas County, Monroe County, Ringgold County and Wayne County. The financial activity of Decatur County's Special Revenue, Mental Health Fund is included in the County Rural Offices of Social Services (CROSS) Mental Health Region for the year ended June 30, 2022, as follows:

Revenues:		
Property and other county tax		\$ 155,775
Intergovernmental:		
State tax credits	\$ 11,878	
MH-DD reimbursement from other governments	<u>663</u>	12,541
Miscellaneous		<u>4,301</u>
Total revenues		<u>172,617</u>
Expenditures:		
Services to persons with:		
Mental illness		61,150
General administration:		
Direct administration	11,740	
Distribution to regional fiscal agent	<u>390,012</u>	<u>401,752</u>
Total expenditures		<u>462,902</u>
Deficiency of revenues under expenditures		(290,285)
Fund balance beginning of year		<u>290,285</u>
Fund balance end of year		<u>\$ -</u>

**(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.

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Lamoni	Urban renewal and economic development projects	\$ 10,628

**(14) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Sisco. The agreement is subject to automatic renewal provisions. The County assumes liability for claims between \$750 and \$2,500 for single coverage and \$1,500 and \$5,000 for family coverage.

Monthly payments of service fees and plan contributions to the 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 paid to Sisco from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2022 was \$656,395.

The amounts payable from the Employee Group Health Fund at June 30, 2022 for incurred but not reported (IBNR) and reported but not paid claims has not been determined by a licensed actuary. These amounts are not expected to exceed the reserve. The reserve was \$323,029 at June 30, 2022 and is reported as a designation of the Internal Service, Employee Group Health Fund net position.

**(15) Subsequent Event**

Effective January 1, 2023, Ringgold County became the fiscal agent for the Wayne-Ringgold-Decatur Solid Waste Management Commission.

**(16) Opioid Litigation Settlement**

The State of Iowa, along with other states, settled claims that certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failed to monitor for, detect and prevent diversion of the drugs. The County also settled the same claims and related claims. Due to its settlement of these claims, the County will receive payments from the Defendant companies over the next seventeen years. 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, treatment, and recovery services.

**(17) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

Beginning net position for governmental activities was restated to properly include the County's Internal Service Fund.

The restatements to retroactively report the changes, are as follows:

	Capital Assets	Long-term Liabilities Lease Agreements	Governmental Funds Net Position	Internal Service Fund Net Position
Balances June 30, 2021, as previously reported	\$ 25,232,471	-	27,113,886	-
Change to implement GASBS No. 87	66,404	66,404	-	-
Adjustment to properly report Internal Service Fund	-	-	376,523	376,523
Balances July 1, 2021, as restated	<u>\$ 25,298,875</u>	<u>66,404</u>	<u>27,490,409</u>	<u>376,523</u>

**(18) Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. The revised requirements of this statement will require reporting of the right to use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

**Required Supplementary Information**

Decatur 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, 2022

	Actual	Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 4,408,079	-	4,408,079
Interest and penalty on property tax	48,976	-	48,976
Intergovernmental	4,698,543	-	4,698,543
Licenses and permits	250	-	250
Charges for service	374,212	-	374,212
Use of money and property	23,503	19	23,484
Miscellaneous	385,954	-	385,954
Total receipts	9,939,517	19	9,939,498
<b>Disbursements:</b>			
Public safety and legal services	1,701,149	-	1,701,149
Physical health and social services	717,625	-	717,625
Mental health	461,990	-	461,990
County environment and education	1,106,370	-	1,106,370
Roads and transportation	4,152,273	-	4,152,273
Governmental services to residents	359,713	-	359,713
Administration	1,077,530	-	1,077,530
Debt service	509,672	249,128	260,544
Capital projects	54,574	-	54,574
Total disbursements	10,140,896	249,128	9,891,768
Excess (deficiency) of receipts over (under) disbursements	(201,379)	(249,109)	47,730
Other financing sources, net	264,850	249,128	15,722
Change in balances	63,471	19	63,452
Balance beginning of year	6,073,504	158	6,073,346
Balance end of year	\$ 6,136,975	177	6,136,798

See accompanying independent auditor's report.

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Budgeted Amounts		Final to
Original	Final	Net
		Variance
4,144,480	4,144,480	263,599
-	-	48,976
4,513,263	4,536,758	161,785
400	400	(150)
274,055	270,555	103,657
16,000	16,000	7,484
457,964	498,199	(112,245)
<u>9,406,162</u>	<u>9,466,392</u>	<u>473,106</u>
1,908,949	1,946,049	244,900
710,072	679,365	(38,260)
529,771	458,791	(3,199)
1,633,347	1,796,375	690,005
3,811,591	4,414,674	262,401
422,767	435,247	75,534
935,884	1,142,665	65,135
259,190	259,190	(1,354)
136,200	283,950	229,376
<u>10,347,771</u>	<u>11,416,306</u>	<u>1,524,538</u>
(941,609)	(1,949,914)	1,997,644
-	-	15,722
(941,609)	(1,949,914)	2,013,366
<u>3,243,040</u>	<u>5,763,086</u>	<u>310,260</u>
<u>2,301,431</u>	<u>3,813,172</u>	<u>2,323,626</u>



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Decatur County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2022

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 9,939,517	306,456	10,245,973
Expenditures	10,140,896	(22,948)	10,117,948
Net	(201,379)	329,404	128,025
Other financing sources, net	264,850	(129,634)	135,216
Beginning fund balances	6,073,504	(89,034)	5,984,470
Ending fund balances	<u>\$ 6,136,975</u>	<u>110,736</u>	<u>6,247,711</u>

See accompanying independent auditor's report.

Decatur County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2022

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the blended component unit, 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 and the Debt Service 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, two budget amendments increased budgeted disbursements by \$1,068,535. 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, 2022, disbursements exceeded the amounts budgeted in the physical health and social services, mental health and debt service functions and disbursements in certain departments exceeded the amounts appropriated.

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Decatur County

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

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

Required Supplementary Information

	2022	2021	2020	2019
County's proportion of the net pension liability (asset)	0.241938% **	0.034665%	0.032588%	0.033500%
County's proportionate share of the net pension liability (asset)	\$ (835)	2,435	1,887	2,120
County's covered payroll	\$ 3,499	3,569	3,415	3,318
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(23.86)%	68.23%	55.26%	63.89%
IPERS' net position as a percentage of the total pension liability (asset)	100.81%	82.90%	85.45%	83.62%

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

\*\* Overall plan net pension asset.

See accompanying independent auditor's report.

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2018	2017	2016	2015
0.035025%	0.036648%	0.041231%	0.040327%
2,333	2,306	2,037	1,599
3,193	3,133	3,385	3,291
73.07%	73.60%	60.18%	48.59%
82.21%	81.82%	85.19%	87.61%

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Decatur County

Schedule of County Contributions

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

Required Supplementary Information

	2022	2021	2020	2019
Statutorily required contribution	\$ 349	331	340	327
Contributions in relation to the statutorily required contribution	(349)	(331)	(340)	(327)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 3,722	3,499	3,569	3,415
Contributions as a percentage of covered payroll	9.38%	9.46%	9.53%	9.58%
See accompanying independent auditor's report.				

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2018	2017	2016	2015	2014	2013
302	291	285	308	300	274
(302)	(291)	(285)	(308)	(300)	(274)
-	-	-	-	-	-
3,318	3,193	3,133	3,385	3,291	3,078
9.10%	9.11%	9.10%	9.10%	9.12%	8.90%

Decatur County

Notes to Required Supplementary Information – Pension Liability (Asset)

Year ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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.

Decatur County

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

For the Last Five Years  
Required Supplementary Information

	2022	2021	2020	2019	2018
Service cost	\$ 37,088	36,967	33,849	33,047	51,505
Interest cost	7,611	9,065	13,660	13,930	13,187
Difference between expected and actual experiences	(47,701)	(30,218)	11,128	(16,616)	(35,805)
Changes in assumptions	(33,411)	10,237	(102,258)	8,347	(1,108)
Benefit payments	(22,951)	(15,832)	-	(20,380)	(15,115)
Net change in total OPEB liability	(59,364)	10,219	(43,621)	18,328	12,664
Total OPEB liability beginning of year	321,922	311,703	355,324	336,996	324,332
Total OPEB liability end of year	\$ 262,558	321,922	311,703	355,324	336,996
Covered-employee payroll	\$ 3,631,142	3,339,082	3,375,130	3,289,461	3,073,594
Total OPEB liability as a percentage of covered-employee payroll	7.2%	9.6%	9.2%	10.8%	11.0%

See accompanying independent auditor's report.

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

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

*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, 2022	4.09%
Year ended June 30, 2021	2.19%
Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%



**Decatur County**

**Supplementary Information**

Decatur County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2022

	County Recorder's Records Management	Resource Enhancement and Protection	Emergency Medical Services	Special Law Enforcement Proceeds
<b>Assets</b>				
Cash and pooled investments	\$ 18,139	78,789	2,161	4,383
Receivables:				
Accounts	-	-	-	1,475
Opioid settlement	-	-	-	-
<b>Total assets</b>	<b>\$ 18,139</b>	<b>78,789</b>	<b>2,161</b>	<b>5,858</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
None	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Other	-	-	-	-
Fund balances:				
Restricted for:				
Conservation purposes	-	78,789	-	-
Other purposes	18,139	-	2,161	5,858
Total fund balances	18,139	78,789	2,161	5,858
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 18,139</b>	<b>78,789</b>	<b>2,161</b>	<b>5,858</b>

See accompanying independent auditor's report.

Revenue				
Local Government Opioid Abatement	County Attorney Forfeiture	Friends of Conservation		Total
-	10,245	265,618		379,335
-	-	-		1,475
196,569	-	-		196,569
196,569	10,245	265,618		577,379
-	-	-		-
196,569	-	-		196,569
-	-	265,618		344,407
-	10,245	-		36,403
-	10,245	265,618		380,810
196,569	10,245	265,618		577,379

Decatur County

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

Year ended June 30, 2022

	County Recorder's Records Management	Resource Enhancement and Protection	Special Emergency Medical Services
<b>Revenues:</b>			
Intergovernmental	\$ -	69,435	-
Charges for service	8,538	-	-
Use of money and property	244	1,249	-
Miscellaneous	-	16,893	-
Total revenues	8,782	87,577	-
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	179,640	-
Total expenditures	-	179,640	-
Change in fund balances	8,782	(92,063)	-
Fund balances beginning of year	9,357	170,852	2,161
Fund balances end of year	\$ 18,139	78,789	2,161

See accompanying independent auditor's report.

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Revenue				
Special Law Enforcement Proceeds	County Attorney Forfeiture	Friends of Conservation		Total
-	-	-		69,435
5,115	-	-		13,653
-	-	-		1,493
-	-	2,025		18,918
5,115	-	2,025		103,499
6,008	-	-		6,008
-	-	11,002		190,642
6,008	-	11,002		196,650
(893)	-	(8,977)		(93,151)
6,751	10,245	274,595		473,961
5,858	10,245	265,618		380,810

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Decatur County  
Combining Schedule of Fiduciary Net Position  
Custodial Funds

June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	1,678	540,329	80,264	4,975
Other County officials	22,710	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	3,058	7,428	142,064	9,061
Succeeding year	-	92,000	226,000	4,392,000	281,000
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>22,710</b>	<b>96,736</b>	<b>773,757</b>	<b>4,614,328</b>	<b>295,036</b>
<b>Liabilities</b>					
Accounts payable	-	-	-	-	-
Salaries and benefits payable	-	-	1,112	-	-
Due to other governments	9,182	1,678	-	80,264	4,975
Trusts payable	13,528	-	-	-	-
Compensated absences	-	-	128	-	-
<b>Total liabilities</b>	<b>22,710</b>	<b>1,678</b>	<b>1,240</b>	<b>80,264</b>	<b>4,975</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	-	92,000	226,000	4,392,000	281,000
<b>Net Position</b>					
Restricted for individuals, organizations and other governments	\$ -	3,058	546,517	142,064	9,061

See accompanying independent auditor's report.

Corporations	Townships	Hospital	Auto License and Use Tax	WRD Landfill	WRD Landfill Closure	Other	Total
27,642	2,560	18,330	140,570	1,401,165	2,352,060	920,899	5,490,472
-	-	-	-	-	-	-	22,710
36,810	4,838	33,431	-	-	-	26	236,716
1,458,000	169,000	1,015,000	-	-	-	1,000	7,634,000
-	-	-	-	4,058	-	-	4,058
-	-	-	-	12	470	75	557
-	-	-	-	-	-	82,706	82,706
-	-	-	-	-	-	51,821	51,821
<b>1,522,452</b>	<b>176,398</b>	<b>1,066,761</b>	<b>140,570</b>	<b>1,405,235</b>	<b>2,352,530</b>	<b>1,056,527</b>	<b>13,523,040</b>
-	-	-	-	175	-	-	175
-	-	-	-	2,388	-	593	4,093
27,642	2,560	18,330	140,570	3,645	-	54,812	343,658
-	-	-	-	-	-	11,383	24,911
-	-	-	-	1,187	-	-	1,315
<b>27,642</b>	<b>2,560</b>	<b>18,330</b>	<b>140,570</b>	<b>7,395</b>	<b>-</b>	<b>66,788</b>	<b>374,152</b>
<b>1,458,000</b>	<b>169,000</b>	<b>1,015,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>7,634,000</b>
<b>36,810</b>	<b>4,838</b>	<b>33,431</b>	<b>-</b>	<b>1,397,840</b>	<b>2,352,530</b>	<b>988,739</b>	<b>5,514,888</b>



Decatur County

Combining Schedule of Changes in Fiduciary Net Position  
Custodial Funds

Year ended June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Additions:</b>					
Property and other county tax	\$ -	91,266	221,658	4,290,258	271,385
911 surcharge	-	-	-	-	-
State tax credits	-	6,954	16,888	334,043	20,627
Drivers license fees	-	-	-	-	-
Office fees and collections	300,615	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Trusts	710,870	-	-	-	-
Miscellaneous	-	-	1,472	-	-
<b>Total additions</b>	<b>1,011,485</b>	<b>98,220</b>	<b>240,018</b>	<b>4,624,301</b>	<b>292,012</b>
<b>Deductions:</b>					
Agency remittances:					
To other funds	135,974	-	-	-	-
To other governments	164,641	98,147	331,624	4,621,840	291,796
Trusts paid out	710,870	-	-	-	-
<b>Total deductions</b>	<b>1,011,485</b>	<b>98,147</b>	<b>331,624</b>	<b>4,621,840</b>	<b>291,796</b>
Changes in net position	-	73	(91,606)	2,461	216
Net position beginning of year	-	2,985	638,123	139,603	8,845
Net position end of year	\$ -	3,058	546,517	142,064	9,061

See accompanying independent auditor's report.

Corporations	Townships	Hospital	Auto License and Use Tax	WRD Landfill	WRD Landfill Closure	Other	Total
1,381,311	162,063	997,461	-	-	-	775	7,416,177
-	-	-	-	-	-	187,490	187,490
167,515	8,829	76,008	-	-	-	59	630,923
-	-	-	-	-	-	22,015	22,015
-	-	-	-	-	-	14	300,629
-	-	-	2,644,205	-	-	-	2,644,205
-	-	-	-	-	-	138,444	849,314
-	-	-	-	2,079,587	2,352,530	10,528	4,444,117
1,548,826	170,892	1,073,469	2,644,205	2,079,587	2,352,530	359,325	16,494,870
-	-	-	80,959	116,290	-	-	333,223
1,557,048	170,442	1,072,822	2,563,246	565,457	-	245,974	11,683,037
-	-	-	-	-	-	152,001	862,871
1,557,048	170,442	1,072,822	2,644,205	681,747	-	397,975	12,879,131
(8,222)	450	647	-	1,397,840	2,352,530	(38,650)	3,615,739
45,032	4,388	32,784	-	-	-	1,027,389	1,899,149
36,810	4,838	33,431	-	1,397,840	2,352,530	988,739	5,514,888

Decatur County

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

For the Last Ten Years

	2022	2021	2020	2019
<b>Revenues:</b>				
Property and other county tax	\$ 3,905,840	4,221,132	4,257,166	4,238,634
Local option sales tax	511,117	352,432	295,932	280,702
Interest and penalty on property tax	48,079	64,370	23,117	43,471
Intergovernmental	4,962,140	4,530,051	4,390,584	4,443,517
Licenses and permits	350	625	439	788
Charges for service	429,979	329,579	295,680	359,420
Use of money and property	1,756	18,683	17,812	23,851
Miscellaneous	386,712	315,362	171,459	310,465
Total	<u>\$ 10,245,973</u>	<u>9,832,234</u>	<u>9,452,189</u>	<u>9,700,848</u>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 1,744,621	1,760,736	1,721,959	1,645,893
Physical health and social services	715,902	615,714	617,513	618,984
Mental health	462,902	288,379	300,266	867,585
County environment and education	1,098,504	559,809	510,052	573,454
Roads and transportation	4,168,060	3,983,605	4,153,293	4,403,677
Governmental services to residents	369,099	376,612	350,248	322,510
Administration	1,157,585	829,931	1,004,974	806,517
Debt service	259,359	320,528	323,142	324,998
Capital projects	141,916	5,775	16,893	14,007
Total	<u>\$ 10,117,948</u>	<u>8,741,089</u>	<u>8,998,340</u>	<u>9,577,625</u>

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
3,959,515	3,398,996	3,146,074	2,615,642	2,326,729	2,341,345
264,864	254,192	259,671	239,178	207,420	223,325
48,565	60,132	43,451	40,081	34,206	33,658
3,890,094	4,065,717	4,033,984	4,866,093	4,356,943	4,097,394
1,237	8,388	10,940	9,608	9,185	8,287
327,897	279,736	317,605	273,043	274,291	275,618
16,553	14,356	12,741	6,391	5,297	15,265
246,131	181,861	456,922	460,347	184,144	133,253
<b>8,754,856</b>	<b>8,263,378</b>	<b>8,281,388</b>	<b>8,510,383</b>	<b>7,398,215</b>	<b>7,128,145</b>
1,552,770	1,426,866	1,497,151	1,182,362	1,119,870	999,256
645,502	667,947	787,947	1,119,244	1,218,807	1,209,667
340,786	380,675	375,032	594,443	578,325	491,385
529,676	539,623	427,227	472,359	411,689	364,291
3,181,035	3,559,580	3,859,734	3,244,012	3,488,258	3,062,269
320,789	299,690	286,920	278,788	281,652	263,161
768,953	803,136	910,829	719,107	928,488	624,649
326,595	330,996	318,734	853,071	6,125	506,455
54,079	124,867	1,222,469	2,445,525	640,321	128,084
<b>7,720,185</b>	<b>8,133,380</b>	<b>9,686,043</b>	<b>10,908,911</b>	<b>8,673,535</b>	<b>7,649,217</b>



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

To the Officials of Decatur 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 Decatur County, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 19, 2024.

Report on Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-001 through 2022-005 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-006 through 2022-016 to be significant deficiencies.

## Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2022 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.

## Decatur County's Responses to Findings

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



Pam Bormann, CPA  
Director

November 19, 2024

Decatur County  
 Schedule of Findings  
 Year ended June 30, 2022

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

2022-001 Segregation of Duties

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

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

	Applicable Offices
(1) Receipts – opening mail, collecting, depositing, posting, daily reconciling and handling cash.	Treasurer, Sheriff Recorder, Conservation, Secondary Roads, Public Health
(2) The responsibility for the change fund is not assigned to only one person.	Treasurer, Recorder
(3) The person who signs checks is not independent of the person preparing the checks, approving disbursements, recording cash disbursements and handling cash.	Recorder
(4) Accounts receivable – collecting, posting and reconciling.	Public Health
(5) Payroll – preparing and recording payroll, entering rates into the computer system, control of undistributed checks and maintaining personnel files.	Auditor

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

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

Decatur County

Schedule of Findings

Year ended June 30, 2022

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

Responses –

Auditor – The County Auditor has been making changes to better segregate the duties of the many different responsibilities encompassed in this office. Payroll is reconciled by the payroll clerk, Deputy County Auditor and the office manager of Secondary Roads. The Chair of the Board signs off on payroll they give oversight to.

We attempt to double check as much as possible. Due to having no training of the office procedures, the three months I was involved in this particular audit was a learn as you go process.

Each interaction with the State Auditors reveals more things we can do to continue to improve our procedures.

Treasurer – As we discussed, this has been an ongoing issue and one that is difficult to avoid. Being in a small office and with only four of us in here, we do our best to utilize each person in different areas of the office when it comes to counting money, approving (by initialing) daily balance books, signing office checks, etc. Two people are always involved (one in the beginning and one in the end) of each process. If one person counts the drawer in the morning, another staff member counts the drawer at end of day and so on. I feel as many of us that can double check each other has led us to not have errors or shortages. We will continue to work on this.

Recorder – With mail and normal receipting we balance daily to the deposits for cash and check which are evidenced on the bank statements monthly as well as by monthly balancing sheets. The County Recorder reconciles the bank statements making sure they match the checkbooks that she is in control of.

The change fund of \$100 is only solely used for making change for customers and breaking down money between the recording and DNR drawers. It is balanced or reconciled monthly by the County Recorder. We currently do not have a balancing sheet that we sign and date. The Recorder will create this to have documentation for Auditors that this is being checked on a month end basis. It has always balanced and never had missing money.



Decatur County

Schedule of Findings

Year ended June 30, 2022

We do try to segregate the duties for month end. The County Recorder signs checks, and the Deputy is being trained on monthly balancing and writing of the checks. We currently only write checks to Iowa Department of Revenue and Decatur County Treasurer to move money to different internal accounts. Bank statements are reviewed monthly to make sure these are the only checks written. The only time this would be an issue is if one of the County Recorder's office personnel would be out for a long timeframe due to illness or accident. The County Recorder could ask another elected official or deputy to step in if needed but training and understanding would become an issue. With two people in the office, we make sure both are present when writing checks and month end balancing. We maybe could make an emergency protocol where if month end had to be done with only one of the County Recorder office personnel present, we could ask the County Auditor or County Treasurer to help with process.

Sheriff – We will segregate duties with independent persons as best we can.

Secondary Roads – To help obtain maximum internal control the Office Manager and Engineer have set up a process for reviewing incoming receipts and items in the mail. Checks received are collected here and brought to the Treasurer's office to have an employee in their office process. Monthly balancing is done to ensure all items are accounted for.

Conservation – This is not easily accomplished with the few employees of the conservation board. We will try to do a better job with receipts.

Public Health – We only have two people that know how to do this. The Office Manager makes deposits and the Director signs off on it.

Conclusions – Responses acknowledged. County officials should continue to review procedures of their office to obtain the maximum internal control possible under the circumstances.

2022-002 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, payables, revenues and capital assets were not properly recorded in the County's financial statements.

In addition, the County became the fiscal agent for the Wayne-Ringgold-Decatur Solid Waste Agency on July 1, 2021. The beginning balances recorded by the County were materially misstated. In addition, activity for the months of February 2022 through June 2022 was not posted timely to the County's general ledger.

Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Decatur County

Schedule of Findings

Year ended June 30, 2022

Cause – County policies do not require, and procedures have not been established to require independent review of year end cut-off transactions and revenues to ensure the County's financial statements are accurate and reliable. Due to changes in staffing in the County Auditor's office, in February 2022, the staff were unaware the County was fiscal agent for the Wayne-Ringgold-Decatur Solid Waste Agency which required posting activity in a timely manner.

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, payables, revenues and capital assets are identified and properly reported in the County's financial statements. As the fiscal agent for the Wayne-Ringgold-Decatur Solid Waste Agency, the County should post activity timely.

Responses –

County Auditor – In the County Auditor's office there is a binder with procedures to process payroll and accounts payable. I have instructed my clerks to document when they are addressing unusual situations and make notes so it can be easily addressed in the future.

Each responsibility has binders to assist with the completion of the projects such as valuations, tax billing, amendments and budgets. These are updated every year with new processes or regulations. Again, with no direction in the County Auditor's office, this created a very difficult situation during those three months.

County Treasurer – We will continue to work on this and communicate with the other Departments on the importance of ensuring all receipts are entered correctly and timely. With a new untrained staff in the County Auditor's office, I think this contributed to some things not being reported to the County Treasurer. A new way of turning in miscellaneous receipts has been implemented that ensures proper funds being used.

Conclusions – Responses acknowledged. The County should establish procedures to ensure all receivables, payables, revenues and capital assets are identified and properly reported in the County's financial statements and all activity is posted timely.

Decatur County

Schedule of Findings

Year ended June 30, 2022

2022-003 Bank Reconciliation – Maintenance of Financial Records

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 – During the year ended June 30, 2022, significant unresolved variances existed between the bank balance and the general ledger (book balance). The bank reconciliation originally provided by the County for year ended June 30, 2022, reflected a \$68,359 variance. During subsequent months, the County provided many different versions of the bank reconciliation and various reports generated from the accounting system. In September 2024, the County Treasurer provided an updated reconciliation with balances at June 30, 2022, reflecting the book balance exceeded the bank balance by \$18,020. While the bank reconciliation variance is immaterial there remains various reports from the County’s accounting system which do not reconcile. In addition, the overall County’s bank reconciliation did not include all bank accounts of the County. The reconciliations do not include evidence of an independent review.

Also, the County became the fiscal agent for the Wayne-Ringgold-Decatur Solid Waste Agency at the beginning of the fiscal year; however, the bank accounts of the Agency were not reconciled to the general ledger activity.

Cause – The variances between the bank balance and the general ledger were due, in part, to certain records not being maintained on a current basis and not being maintained in a manner to ensure all collections were properly recorded in the County’s financial system. County policies have not been established to reconcile recorded receipts in the computer system with daily balancing sheets. In addition, the County has not fully upgraded to the latest version of their accounting software and the County is no longer able to obtain adequate software support.

Effect – Unresolved variances between bank and book balances can result in undetected errors and opportunity for misappropriation. Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions.

Recommendation – The County Treasurer should investigate and resolve variances between the bank balance and the general ledger monthly. All accounts should be included in the monthly bank reconciliation. In addition, records should be maintained on a current basis and in a way to ensure all collections are recorded. The County should consider updating their accounting software. The County should prepare bank reconciliations of the Wayne-Ringgold-Decatur Solid Waste Agency monthly. An independent person should review the reconciliations for propriety. The monthly reviews should be documented by the signature or initials of the reviewer and the date of the review.

Decatur County

Schedule of Findings

Year ended June 30, 2022

Response – Struggles of balancing bank totals with the general ledger has been an ongoing issue for many years. Many hours have been spent working through many discrepancies and finding out where the problem is. It goes back prior to 2013. Additional training and getting into a newer, less antiquated system would be helpful also. Many reports used in the current financial system don't give the information that would be most helpful in determining where the issues are. Changes have been implemented to hopefully help with monthly balancing. New spreadsheets are being implemented that will hopefully flow into month end and help locate any amounts not matching.

Conclusion – Response acknowledged. The County Treasurer should investigate and resolve variances between the bank balance and the general ledger monthly. All accounts should be included in the monthly bank reconciliation and a monthly reconciliation for the Wayne-Ringgold-Decatur Solid Waste Agency should be performed. An independent person should review the reconciliations for propriety. The reviews should be documented by the signature or initials of the reviewer and the date of the review. In addition, records should be maintained on a current basis and in a way to ensure all collections are recorded. The County should consider updating their accounting software.

2022-004 Bank Reconciliations – Conservation

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 County Conservation office.

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

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

Recommendation – The office should prepare bank reconciliations and have an independent person review the reconciliations for propriety. The reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response – Bank reconciliations will be prepared. The bank reconciliations will be reviewed by an independent person.

Conclusion – Responses accepted.

Decatur County

Schedule of Findings

Year ended June 30, 2022

2022-005 Capital Assets

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all assets by maintaining appropriate accounting records along with an independent review.

Condition – Due to changes in staffing in the County Auditor’s office, the staff were unaware of the requirement to track capital assets, therefore the capital asset listing was not updated for activity during the year ending June 30, 2022 until requested by outside auditors. In addition, the capital assets listing was not reviewed periodically by an independent person to verify the completeness and existence of assets included on the listing.

Cause – Policies have not been established and procedures have not been implemented to require tracking and a periodic independent review of capital assets.

Effect – Capital assets records were not updated timely and accurately, and capital assets could be intentionally or unintentionally omitted from the capital asset listing resulting in a misstatement of capital assets.

Recommendation – Capital asset records should be maintained and updated timely. A person who does not have responsibility for capital assets or maintenance of the capital assets listing should periodically verify assets on the listing to ensure the capital assets exist and all capital assets are included on the listing. An independent review should be performed and documented by the signature or initials of the reviewer and the date of the review.

Response – Following a discussion with our State Auditor, the County Auditor’s office is working to maintain the capital asset spreadsheet as items are purchased. This report is sent out yearly to each department head to review and update as well.

Conclusion – Response accepted.

2022-006 Delinquent Property Tax Reconciliations

Criteria – An effective internal control system provides for internal controls related to reconciling current and delinquent property tax collections to tax billings and amounts becoming or remaining delinquent to ensure the accuracy of current and delinquent property tax collections and receivables.

Condition – Delinquent tax reconciliations were not prepared.

Cause – Policies have not been established and procedures have not been implemented to reconcile current and delinquent property taxes to ensure the accuracy of property tax collections and receivables.

Effect – This condition could result in unrecorded or misstated property tax revenues, improper or unauthorized adjustments and write-offs and/or misstated tax receivables.

Decatur County

Schedule of Findings

Year ended June 30, 2022

Recommendation – Delinquent property tax reconciliations should be prepared and reviewed. Variances, if any, should be investigated and resolved in a timely manner.

Response – I will reach out to our tax software program to find what reports, etc. are available with our tax system to better provide this. I was always under the impression that reports we run for end of year would pick up the information the State Auditors wanted to see/use. I will also reach out to other Treasurers and see what they provide for their auditors.

Conclusion – Response accepted.

2022-007 Conservation Receipts

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity's governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies regarding initial transaction recording.

Condition – Receipts for conservation purposes were only generated for credit card purchases.

Cause – Policies and procedures have not been implemented to require prenumbered receipts for all collections.

Effect – A lack of issuing prenumbered receipts for all collections can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – Prenumbered receipts should be issued for all collections.

Response – Receipts will be given for canoe rentals. Everything else a receipt is being given. These are not prenumbered receipts.

Conclusion – Response acknowledged. Prenumbered receipts should be issued for all collections.

2022-008 Accounting Procedures Manuals

Criteria – Accounting policies and procedures manuals provide the following benefits:

- (1) Aid in training additional or replacement staff.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

Condition – The Treasurer's Office has not developed accounting policies and procedures manuals.

Decatur County

Schedule of Findings

Year ended June 30, 2022

Cause – The development of accounting policies and procedures manuals has not been prioritized by the County Treasurer’s Office.

Effect – Lack of an accounting policies and procedures manual could result in the County Treasurer’s Office lack of ability to continue operating effectively and efficiently in the event there is accounting staff turnover.

Recommendation – Office procedures and accounting manuals should be prepared for the Treasurer’s Office.

Response – A policies and procedures manual would be beneficial. All staff in the office are cross trained on most all of the office functions. However, it would be beneficial to have something in place to help with new trainees, but in the event that one or more people were to suddenly leave the office for whatever reason, this could be helpful in keeping the office functioning and able to serve the public as seamlessly as possible. This was recently discussed at an Iowa State Association of Counties (ISAC) meeting amongst treasurers. Many Treasurers were willing to share different parts of their manuals to help anyone needing to create one. This could be helpful in getting one started.

Conclusion – Response acknowledged. Office procedures and accounting manuals should be prepared for the Treasurer’s Office.

2022-009 Computer System

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

Condition – The County does not have a written policy for maintaining security upon termination of employment.

Cause – Management has not required written policies for maintaining security upon termination of employment.

Effect – Lack of written policies for maintaining security upon termination of employment could result in unauthorized access, a loss of data or compromised data, resulting in unreliable financial information.

Recommendation – The County should develop a written policy addressing maintaining security upon termination of employment in order to improve the County’s control over its computer system.

Response – This will be addressed with the Board of Supervisors to get this policy written and in place.

Conclusion – Response accepted.

Decatur County

Schedule of Findings

Year ended June 30, 2022

2022-010 Employee Evaluations

Criteria – An effective method to improve employee performance and address areas of improvement is through the annual performance evaluations in accordance with the County’s personnel policies. The evaluation would document the employee’s progress and work quality.

Condition – Annual employee performance evaluations were not performed.

Cause – Procedures have not been implemented to ensure timely employee performance evaluations.

Effect – Specific strengths and weaknesses to improve employee performance are not communicated to employees in a manner in which they can take action to improve their job performance.

Recommendation – The County should perform annual employee performance evaluations as required by the County’s personnel policy.

Response – In the future, the Board will work with elected officials and department heads to ensure evaluations are conducted periodically.

Conclusion – Response accepted.

2022-011 Timely Receipt Remittance

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

Condition – Receipts are not always remitted to the County Treasurer within one week of receipt. Five Public Health receipts totaling \$14,348 were not remitted timely.

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

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

Recommendation – Procedures should be established to ensure all receipts are remitted to the County Treasurer timely.

Response – All receipts brought into the Treasurer's office are receipted in the same day. Any time lapse from date on checks versus date it is receipted in, would fall on the office delivering the receipt to our office. We will continue to remind Departments to submit their collections timely to the Treasurer’s office.

Conclusion – Response accepted.



Decatur County

Schedule of Findings

Year ended June 30, 2022

2022-012 Journal Entries

Criteria – Supporting documentation for all journal entries supports the accuracy of the entries by employees and an independent review helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County’s financial statements.

Condition – Supporting documentation was not maintained for all journal entries. In addition, approval and review for journal entries was not documented.

Cause – The County has a limited number of employees and procedures have not been designed to clearly identify supporting documentation for journal entries and to document the review and approval of journal entries.

Effect – Inadequate supporting documentation or 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. An independent person should review the journal entries and document the review by the signature or initials of the reviewer and the date of the review.

Response – This has been implemented in the County Auditor’s office.

Conclusion – Response accepted.

2022-013 Investment Register

Criteria – An effective internal control system provides for internal controls related to maintaining an accounting record/register of investments accounts and interest earned.

Condition – The County maintains a record of certificates of deposits at the original cost, however interest earned on investments was not timely and accurately posted to the County’s general ledger.

Cause – Procedures have not been established to ensure an accounting record/register of investments accounts and interest earned is being maintained.

Effect – The lack of established procedures and controls over the investment balances and interest earned increases the probability of errors in asset balances and investment income.

Recommendation – The County should maintain an accounting record/register for each investment, including cost, description, date purchased, interest rate, maturity date and identifying number. The County should implement a process to ensure investment income is recorded timely and accurately on both the investment register and the County’s general ledger.

Decatur County

Schedule of Findings

Year ended June 30, 2022

Response – I foresee this issue improving as we no longer have any investments tied up in certificates of deposit which require manual journal entries to record interest. All investments are now in with Iowa Public Agency Investment Trust (IPAIT) and those monthly interest amounts will be received in the same as the regular bank interest.

Conclusion – Response accepted.

2022-014 Employee Leave Balances

Criteria – An effective internal control system provides for internal controls related to preparation of payroll and leave balances. Leave accrual rates and guidelines regarding maximum balances should be established in written policies and procedures.

Condition – Per section 9.6 the employee handbook “full time employees are entitled to two personal days each calendar year.” “Only one personal day may be carried over into the next year.” Therefore, the maximum balance any employee would be expected to have would be 24 hours. Seven employees were noted as having a balance of more than 24 hours for personal days.

In addition, three individuals who left employment with the County during the year ending June 30, 2022 still reflected leave balances on the County’s payroll system after the year end.

Cause – Procedures have not been established to ensure employee leave is properly accrued and balances are monitored to ensure they are in accordance with County policies.

Effect – The lack of established procedures and controls over the payroll process increases the probability of errors in employee leave accrual activity and balances.

Recommendation – The County should implement a process to ensure leave is properly accrued and balances do not exceed the maximums allowed by policy. Procedures should be established to pay out balances or remove the liability from the County’s records when an individual leaves employment.

Response – This was addressed with the appointment of the new County Auditor. Action has been taken to resolve and maintain this in the future.

Conclusion – Response accepted.

Decatur County

Schedule of Findings

Year ended June 30, 2022

2022-015 Payroll Rates

Criteria – An effective internal control system provides for internal controls related to preparation of payroll and leave balances. Leave balances at year end create a liability for the County.

Condition – IPERS contribution rates for the employee and employer are periodically updated. The County did not update the IPERS contribution rates in the computer system, resulting in incorrect contributions. The County worked with IPERS to resolve the issue.

In addition, County employee's hourly rates used to calculate the compensated absences balance at year end were not correct. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – Procedures have not been established to ensure accurate rates are being used for payroll processing and to calculate the year end compensated absences liability.

Effect – The lack of established procedures and controls over the payroll process increases the probability of errors in employee payroll and liability balances.

Recommendation – The County should implement a process to ensure accurate rates are being used for payroll processing and to calculate the year end compensating absences liability.

Response – This was addressed at the time it was brought to the County Auditor's attention. This will be monitored for accuracy in the future.

Conclusion – Response accepted.

2022-016 Voided Motor Vehicle Receipts

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all motor vehicle receipts including voided transactions by maintaining appropriate accounting records along with an independent review.

Condition – There was no evidence of independent review of voided receipts in the ARTS (DOT system) and no evidence of supporting documentation was included for voided transactions.

Cause – The County Treasurer's office has a limited number of employees and procedures have not been designed to clearly identify supporting documentation for voided motor vehicle receipts and to document the independent review of the voided receipts.

Effect – Inadequate supporting documentation or 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.

Decatur County

Schedule of Findings

Year ended June 30, 2022

Recommendation – Voided Motor Vehicle Receipts should be supported, and the support should be provided to an independent person for review and approval. An independent person should review the voided receipts and document the review by the signature or initials of the reviewer and the date of the review.

Response – Every void in the office is to have documentation. Documentation should include a full description/reason for the void. The Deputy Treasurer should print off all supporting documents and sign and date. Void paperwork should also be signed and dated by another person in the office. This is usually the County Treasurer, but a Deputy in the Treasurer's office will be the second signer in the County Treasurer's absence.

Conclusion – Response accepted.

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

Decatur County

Schedule of Findings

Year ended June 30, 2022

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

2022-A Certified Budget – Disbursements during the year ended June 30, 2022 exceeded the amounts budgeted in the physical health and social services, mental health and debt service functions. Also, disbursements in two departments exceeded the amounts appropriated.

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

Response – Amendments will be made in the future.

Conclusion – Response accepted.

2022-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.

2022-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2022-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Charlene Hoover, County Auditor, Mother owns Smith Feeder Supply, Inc	Supplies and materials for Secondary Roads	\$ 2,289
Mike Jensen, Secondary Roads Employee, Brother owns AK Garage	Tires/repairs for Secondary Roads	7,550
Jim Fulton, County Supervisor, Owns Fulton Electric	Electric work	3,050
Jared Jackson, Secondary Roads Employee, Father owns Bob Jackson Trucking	Rock hauling for Conservation Department	1,134
Ryan Norman, Secondary Roads Employee, Independent contractor	Borrow pit/fill dirt	83

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with AK Garage may represent a conflict of interest since the total transactions exceeded \$6,000 during the fiscal year and the services were not bid.

Decatur County

Schedule of Findings

Year ended June 30, 2022

The transactions with Smith Feeder Supply, Inc, Fulton Electric, Bob Jackson Trucking and Ryan Norman do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since total transactions with each individual did not exceed \$6,000 during the fiscal year.

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

Response – Board of Supervisors will address this matter with the County Attorney.

Conclusion – Response accepted.

- 2022-E Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2022-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.
- 2022-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2022-H Deposits and Investments – Except as noted in finding (2022-L) below, 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.
- 2022-I Revenue Bonds – No instances of noncompliance with the revenue bond resolutions were noted.
- 2022-J 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).
- 2022-K Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The image of the back of each cancelled check was not obtained by the County Sheriff or the County Treasurer for the main checking account.

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

Decatur County

Schedule of Findings

Year ended June 30, 2022

Responses –

Sheriff – We will obtain and retain the front and back image of each cancelled check.

County Treasurer – The paper statements the bank provides us does not include copies of the back of the checks, only the front; however, the online banking treasury suite allows us to click on any check which has cleared and view the front and the back of the check. It appears it will only allow us to go back to May of 2023. This was when First Interstate Bank bought out Great Western Bank. I assume this is why we can only go back that far. If I called the bank, they could probably pull any check I need and send me a copy of necessary.

Conclusions – Responses acknowledged. The County should obtain and retain an image of the front and back of each canceled check from bank, as required.

2022-L Conservation Donations – During the year ended June 30, 1998, a group of individuals identified as Friends of Decatur County Conservation signed agreements with the South Central Iowa Community Foundation (SCICF). While the Friends of County Conservation was never legally established as an entity, the agreements they signed established a pass-through fund (Learning Center Fund) and an Endowment Fund with the SCICF. In part, the agreements state “Donor hereby transfers irrevocably to the Foundation the property... All grants, bequests, and devises to this Fund shall be irrevocable once accepted by the Foundation.” Since the Friends was not incorporated and the agreement was signed by the Conservation Board chair, the agreements are between the County and SCICF.

Through discussions with Richard Erke, the former Decatur County Conservation Director, we determined the Learning Center Fund (pass-through fund) is primarily made up of monies received from fundraising. The Endowment Fund was originally established in honor of John Untiedt and continues to receive donations. Both funds received donations during the year ended June 30, 2022. Some donations are received directly by the SCICF while other donations are given to the County Conservation Department and then they forward the donations to the SCICF. The commingling of funds donated to the County and those donated to the Foundation makes it difficult to distinguish between County (public funds) and Foundation (private funds) operations.

The Constitution of the State of Iowa prohibits governmental bodies from making a gift to a private nonprofit corporation. Article III, Section 31, states, “No public money or property shall be appropriated for local, or private purposes, unless such appropriation, compensation, or claim, be allowed by two thirds of the members elected to each branch of the General Assembly.”

Chapter 331.552 of the Code of Iowa States, in part, “The Treasurer shall receive all money payable to the county unless otherwise provided by law; disburse money owed or payable by the county on warrants or checks drawn and signed by the auditor and sealed with the official county seal; keep a true account of all receipts and disbursements of the County, which account shall be available for inspection by the board at any reasonable time.”

Decatur County

Schedule of Findings

Year ended June 30, 2022

In addition, consistent with the Iowa Attorney General's opinion, funds donated to the County and turned over to the Foundation, including related income, remain public funds and must be accounted for, deposited and invested pursuant to Chapters 12B and 12C of the Code of Iowa and rules of the County. According to financial reports of the Foundation, at June 30, 2022, the commingled funds were invested in mutual funds/exchange traded funds, domestic and international equities, U.S. government securities, corporate and municipal bonds, money market funds, certificates of deposit and bank checking and savings accounts. The Foundation's investments include types of investments which are not included in the list of allowable investments of public funds specified in Chapter 12B.10(5) of the Code of Iowa.

Included in the SCICF notes to the financial statements for fiscal year ending June 30, 2020, a note describes a formal notification from the Community Foundations National Standards Board that SCICF is out of compliance with the national standards and has lost its accreditation. Per communication with the SCICF as of September 29, 2023, the Foundation has not tried to seek reaccreditation with the National Standards Board. Due to this lack of accreditation, the Foundation is not able to participate in the Endow Iowa Tax Credit program or the County Endowment Fund program.

The funds held by the SCICF on behalf of the Conservation Department are reported by the County in the Friends of Conservation, Special Revenue Fund.

Recommendation – We are not aware of any statutory authority for the Conservation Department to relinquish donations made directly to the County to the separate nonprofit organization.

The Conservation Department, through its action to give public funds to the Foundation, has put these public funds at risk since the Conservation Board and the Foundation have not invested and accounted for the proceeds from the Bequest of the County donations, including all income derived from the investment of the Bequest and County donations, as required by Chapter 12B.10(5) of the Code of Iowa and Chapter 331.552 of the Code of Iowa.

The County should consult legal counsel to determine the disposition of this matter, including seeking to recover the County's funds held, including interest earned on those funds, by the private nonprofit organization. The County should also consult with legal counsel to determine the impact of the Foundations' inability to participate in the Endow Iowa Tax Credit and the County Endowment Fund programs on the County's funds held by the Foundation.

Response – The Conservation Board will consult legal counsel to rectify this situation.

Conclusion – Response accepted.



Decatur County

Schedule of Findings

Year ended June 30, 2022

2022-M Other Donations – During the year ended June 30, 2022, the County donated funds to the Decatur County Development Corp. of \$21,542 for the donation to support meal site and economic development.

The Constitution of the State of Iowa prohibits governmental bodies from making a gift to a private nonprofit corporation. Article III, Section 31 of the Constitution of the State of Iowa states “...no public money or property shall be appropriated for local or private purposes, unless such appropriation, compensation or claim be allowed by two-thirds of the members elected to each branch of the General Assembly.”

At least six official Iowa Attorney General Opinions since 1972 have consistently concluded that “a governmental body may not donate public funds to a private entity, even if the entity is established for charitable or educational purposes and performs work which the government could perform directly.” The Opinions further state, “Even if the function of a private nonprofit corporation fits within the scope of activities generally recognized as serving a public purpose, a critical question exists regarding whether funds or property transferred to a private entity will indeed be used for those public purposes.”

Political subdivisions and municipalities, including cities, counties, schools and townships are municipal – governmental entities. As governmental entities they are governed by elected bodies, are directly responsible to the public as a whole, and are subject to the limitations imposed on them by the state. Although a private organization may be formed to provide and support ‘public’ services which are the same or similar to the services provided by the government, the private organizations are not subject to the same degree of public accountability and oversight as governmental entities.

Recommendation – We are not aware of any statutory authority for the County to donate public funds to a private nonprofit organization. If the nonprofit organization provides a service to the County, the County may enter into a contract for services. The agreement should detail the services provided and the cost of those services, as well as provide transparency for the County which allows confirmation the funds were spent as agreed and a clawback provision in the event they were not spent as agreed. If the donation is not providing a service to the County, the County should immediately cease making such donations.

Response – Board of Supervisors will address this matter with the County Attorney.

Conclusion – Response accepted.

2022-N Separately Maintained Records – The Conservation Department maintains separate accounting records for its operations. Additionally, the County Auditor maintains a separate bank account for the operation of the Health Insurance Fund. Monthly financial reports are not provided to the County and the activity of these outside bank accounts held by the County Auditor and Conservation Department are not included in the County’s computer system, the County’s accounting records or the County’s financial reports.

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

Decatur County  
Schedule of Findings  
Year ended June 30, 2022

Responses –

Conservation – The Conservation Board will work with the Decatur County Treasurer to transfer the bank account to her name.

County Auditor – We will seek more information concerning the Health Insurance account and how to properly account for the transactions.

Conclusions – Responses accepted.

2022-O Compensatory Time – According to the County Handbook dated February 1, 2022, “the total amount of compensatory time accumulated by an employee cannot exceed forty (40) hours per calendar year, except for the Conservation Department. The scheduling of compensatory time must be approved by the respective Department head and shall be used during the fiscal year in which it is earned and shall not be carried over.” During our fieldwork, we noted one individual had accrued a balance of 71.25 hours as of their paystub dated November 15, 2022. We also noted, the employee accumulated 72.5 hours per review of paystubs dated September 6, 2022 through May 2, 2023.

Recommendation – The County should review the Handbook to ensure the policy is clear and concise and can be consistently applied. The County Auditor should develop procedures to ensure leave time policies are being followed.

Responses –

County Auditor – Department heads will be encouraged to pay closer attention to the balances with the County Auditor’s office assisting with periodic check of leave balances.

County Treasurer – I have reviewed the handbook to educate myself better on the time off policies. I allowed an employee to build up comp time by working late in the office and catching us up on tax items we needed done. There should not be any issues of this happening again.

Conclusions – Responses accepted.

2022-P Reserve Officer Vehicle – In an agreement between the Decatur County Board of Supervisors and Brent Marvin (Mr. Marvin) dated January 2016, Mr. Marvin donated a 2011 Crown Victoria police cruiser to be used in his role as a reserve deputy with the Decatur County Sheriff’s Office. Decatur County was responsible for the title, license, insurance, maintenance and repairs in case of breakage or accident during the length of the agreement. At the termination of the agreement, the ownership of the car and title would be returned to Mr. Marvin. The agreement remained in effect until it was terminated by either party.

On August 17, 2021, the agreement was terminated by Mr. Marvin in order to update to a newer vehicle. A newer vehicle was to be purchased by Mr. Marvin and a new agreement put into place. The 2011 Crown Victoria title transferred back to Mr. Marvin in August 2021 and was noted as sold for zero dollars.

Decatur County

Schedule of Findings

Year ended June 30, 2022

Subsequently, Mr. Marvin purchased a 2014 Ford Explorer Intercept at auction and repaired it. The Explorer was valued at approximately \$9,500 after repairs. In the December 13, 2021 minutes, the Board of Supervisors approved an agreement with Mr. Marvin to use the Explorer as a reserve vehicle and to transfer the title into the County's name. The title was transferred to the County on February 23, 2022, although the vehicle was not added to the County's insurance policy until September 2023.

On July 1, 2024, the Board of Supervisor's claims listing included \$8,500 paid to Mr. Marvin for the 2014 Ford Explorer as Mr. Marvin decided to end his role as reserve deputy, terminated the arrangement and the County retained possession of the vehicle. While the County retained possession of the vehicle, the public purpose of the transaction and support for the value of the amount paid for the vehicle was not clearly documented.

Recommendation – The County should discuss the legality of the process used for the reserve officer vehicle with the County Attorney. All payments should be properly supported and public purpose clearly documented. County owned capital assets should be periodically reviewed for appropriate insurance coverage.

Response – This was in place when I came on board and was not aware of the agreement. It has been discussed with the Board of Supervisors and the Sheriff. The Board of Supervisors will address this matter with the County Attorney.

Conclusion – Response acknowledged. All payments should be properly supported and public purpose clearly documented. County owned capital assets should be periodically reviewed for appropriate insurance coverage.

Decatur County

Staff

This audit was performed by:

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