



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

Contact: Brian Brustkern
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FOR RELEASE

February 19, 2025

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$14,014,478 for the year ended June 30, 2024, an 8.8% increase. Expenses for County operations for the year ended June 30, 2024, totaled \$12,970,081, an 18.6% increase. The increase in revenue is due primarily to opioid abatement revenue and insurance payments received for tornado damage in fiscal year 2024. The increase in expenditures is primarily due to secondary roads maintenance.

AUDIT FINDINGS:

Sand reported seven findings related to the receipt and expenditure of taxpayer funds. They are found on pages 86 through 91 of this report. The findings address issues such as lack of segregation of duties, material amounts of unrecorded receivables, disbursements exceeding budgeted amounts and disbursements exceeding appropriations by department, deficit fund balance in the Special Revenue, Tax Increment Financing Fund, lack of procedures to document how LOST collections for community betterment were expended and separately maintained bank account activity. Sand provided the County with recommendations to address each of these findings.

Five 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 Office of Auditor of State's website at [Audit Reports – Auditor of State](#).

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UNION COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2024

Union County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

Rob Sand
Auditor of State

January 27, 2025

Officials of Union County
Creston, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Union County for the year ended June 30, 2024. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Union 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 that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand
Auditor of State

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Union County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis Brown	Board of Supervisors	Jan 2025
Rick Friday	Board of Supervisors	Jan 2025
Dennis Hopkins	Board of Supervisors	Jan 2027
Sandy Hysell	County Auditor	Jan 2025
Kelly Busch	County Treasurer	Jan 2027
Katie Carlton	County Recorder	Jan 2027
Mark Shepherd	County Sheriff	Jan 2025
Shane O'Toole	County Attorney	Jan 2027
Mindy Schaefer	County Assessor	Jan 2025



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

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Independent Auditor's Report

To the Officials of Union County:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Union County, Iowa, as of and for the year ended June 30, 2024, 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 accompanying 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 Union County as of June 30, 2024 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 the Financial Statements section of our report. We are required to be independent of Union County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Union 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 Union 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 Union County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 60 through 72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union 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, 2023 (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 January 27, 2025 on our consideration of Union 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 Union County’s internal control over financial reporting and compliance.



Brian R. Brustkern, CPA
Deputy Auditor of State

January 27, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Union 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, 2024. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2024 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 8.8%, or approximately \$1,131,000 over fiscal year 2023. Operating grants and contributions increased approximately \$442,000 and other general revenues increased approximately \$775,000.
- Program expenses of the County's governmental activities were 18.6%, or approximately \$2,034,000 more in fiscal year 2024 than in fiscal year 2023. Roads and transportation, non program and administration expenses increased approximately \$1,386,000, \$265,000 and \$199,000, respectively.
- The County's net position increased 6.1%, or approximately \$1,044,000 during fiscal year 2024.

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 Union 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 Union 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 Union 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, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

- 3) Fiduciary funds are used to report assets held in a trust or custodial capacity for others which cannot be used to support the County’s own programs. The fiduciary funds include Custodial Funds that account for the Prairie Solid Waste Agency 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,	
	2024	2023
Current and other assets	\$ 22,303	21,578
Capital assets	15,815	16,618
Total assets	38,118	38,196
Deferred outflows of resources	950	629
Long-term liabilities	12,315	13,715
Other liabilities	1,663	1,248
Total liabilities	13,978	14,963
Deferred inflows of resources	6,816	6,632
Net position:		
Net investment in capital assets	10,370	12,435
Restricted	6,151	5,844
Unrestricted	1,753	(1,049)
Total net position	\$ 18,274	17,230

Union County’s combined net position of governmental activities increased 6.1% (approximately \$18.3 million compared to approximately \$17.2 million).

The largest portion of the County’s net position is invested in capital assets (e.g., land, buildings, infrastructure and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category decreased 16.6%, or approximately \$2,065,000 from the prior year.

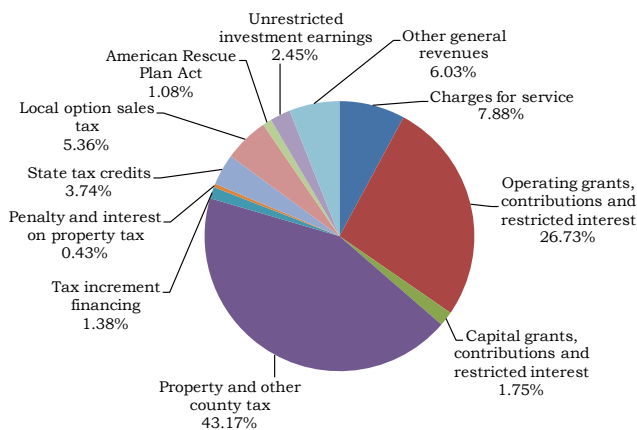
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$307,000, or 5.3%. The increase is primarily due to an increase in the amounts held at year end 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 \$1,049,000 at June 30, 2023 to approximately \$1,753,000 at the end of this year, an increase of 267.1%. This increase is due to a transfer of funds received in the General Fund from the Capital Project Fund used to prepay a 10-year maintenance agreement with Motorola. A prepaid expenditure has been booked by the County.

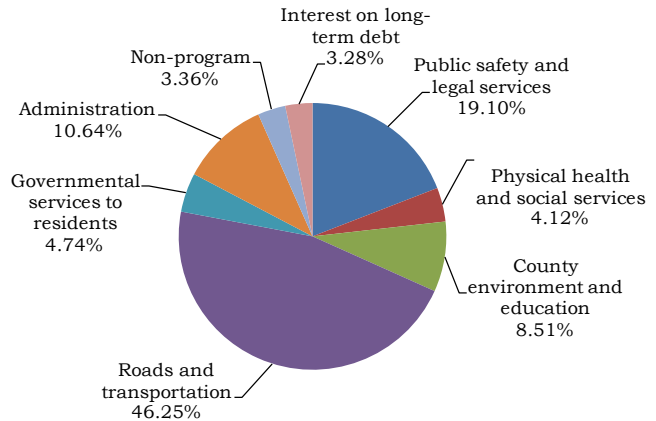
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2024	2023
Revenues:		
Program revenues:		
Charges for service	\$ 913	938
Operating grants, contributions and restricted interest	3,746	3,304
Capital grants, contributions and restricted interest	246	99
General revenues:		
Property and other county tax	6,049	5,827
Tax increment financing	194	-
Penalty and interest on property tax	61	69
State tax credits	524	512
Local option sales tax	751	594
American Rescue Plan Act	152	1,186
Unrestricted investment earnings	344	284
Other general revenues	845	70
Total revenues	13,824	12,883
Program expenses:		
Public safety and legal services	2,491	2,422
Physical health and social services	535	554
County environment and education	1,108	1,036
Roads and transportation	6,017	4,612
Governmental services to residents	619	523
Administration	1,387	1,181
Non-program	197	171
Interest on long-term debt	426	437
Total expenses	12,780	10,936
Change in net position	1,044	1,947
Net position beginning of year	17,230	15,283
Net position end of year	\$ 18,274	17,230

Revenues by Source



Expenses by Program



Union County's governmental activities net position increased approximately \$1,044,000 during the year. Revenues for governmental activities increased approximately \$1,131,000 over the prior year. Operating grants increased approximately \$442,000. Miscellaneous revenue increased approximately \$797,000 or 13,451.1%, due to insurance reimbursements for tornado damage.

The cost of all governmental activities this year was approximately \$13.0 million compared to approximately \$10.9 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$7.9 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,104,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$3,992,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2024 from approximately \$4,341,000 to approximately \$5,096,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Union County completed the year, its governmental funds reported a combined fund balance of approximately \$13.23 million compared to approximately \$12.99 million at June 30, 2023, an increase of approximately \$236,000. The increase in fund balance is primarily attributable to an increase in fund balance of the General Fund and decrease in fund balance of the Capital Projects Fund.

The following are the major reasons for the changes in fund balances of the major funds when compared to the prior year:

- The General Fund, the operating fund for Union County, ended fiscal year 2024 with a balance of \$3,529,116, an increase of \$2,524,534 over the fiscal year 2023 ending balance of \$1,004,582. General Fund revenues increased approximately \$355,000, or 6.2% over the prior year, primarily due to receiving insurance payments for tornado damage. Expenditures decreased approximately \$684,000, or 11.8% from the prior year. Other financing sources increased approximately \$1,472,000 due to a transfer in from the Capital Projects Fund to use previous bond proceeds to prepay a 10-year maintenance agreement with Motorola for emergency services communications equipment.
- The Special Revenue, Rural Services Fund ending fund balance increased \$98,928, or 36.6%, over the prior year to \$369,268. Revenues increased 7.0%, or \$97,177 over the prior year and expenditures decreased 13.2%, or approximately \$100,256 from the prior year which is primarily due to decreased expenditures in the roads and transportation function.
- The Special Revenue, Secondary Roads Fund ended fiscal year 2024 with a \$3,511,924 fund balance, a decrease of 8.4% from the prior year ending fund balance of \$3,832,039. Revenues increased \$130,019, or 3.8% and expenditures increased \$766,185, or 20.0% when compared to the prior year due to an increase in road maintenance.
- The Debt Service Fund balance decreased from \$541,624 at the end of fiscal year 2023 to \$385,328 at the end of fiscal year 2024. Revenues decreased \$143,040 from the prior year. Debt service payments decreased \$60,334 from the prior year, but the payments were greater than the revenue, which resulted in the decrease of the fund balance.
- The Capital Projects Fund balance decreased \$1,987,898, or 28.0%, from the prior year to \$5,114,517. The decrease is attributable to a transfer out of previously issued bond proceeds to the General Fund.

BUDGETARY HIGHLIGHTS

Over the course of the year, Union County amended its budget three times. Two amendments were made in December 2024 and the third in May 2024 and primarily resulted in an increase in budgeted disbursements related to public safety and legal services, physical health and social services, county environment and education, governmental services to residents, administration, debt service and capital projects. The amendments were made to provide for additional disbursements in County departments and to move money from capital projects to public safety and legal services function in order to release funds to prepay a 10-year maintenance agreement with Motorola.

The County's receipts were \$312,909 more than budgeted, a variance of 2.5%. Total disbursements were \$6,978,924 less than the amended budget. Actual disbursements for capital projects and roads and transportation functions were \$4,870,106 and \$834,792, respectively, less than budgeted. This was primarily due to a delay in the wind turbine road and bridge access projects.

Even with the budget amendments, the County exceeded the budgeted amounts in the debt service function for the year ended June 30, 2024 and one department exceeded the amount appropriated prior to the amendment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, Union County had approximately \$15.8 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$804,000, or 4.8%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2024	2023
Land	\$ 263	263
Construction in progress, road network	369	862
Buildings	1,182	855
Improvements other than buildings	10	10
Equipment and vehicles	1,921	1,968
Right-to-use leased assets	84	105
Infrastructure	11,986	12,555
Total	\$ 15,815	16,618
This year's major additions included (in thousands):		
Courthouse renovations	\$	401
Secondary roads equipment		271
Sheriff equipment		62
Total	\$	734

Union County had depreciation/amortization expense of \$1,425,085 for fiscal year 2024 and total accumulated depreciation/amortization of \$18,254,728 at June 30, 2024. More detailed information about the County's capital assets is included in Note 6 to the financial statements.

Long-Term Debt

At June 30, 2024, Union County had approximately \$10,462,000 of general obligation bonds, notes and other debt outstanding, compared to approximately \$12,137,000 at June 30, 2023, as shown below:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2024	2023
General obligation bonds	\$ 10,375	11,655
General obligation solid waste disposal notes	-	375
Lease agreements	87	107
Total	\$ 10,462	12,137

The County continues to carry a general obligation bond rating of Aa1 assigned by the national rating agencies to the County's debt since 2011. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Union County's constitutional debt limit is approximately \$51 million. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Union County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2025 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.1% versus 2.2% a year ago. This compares with the State's unemployment rate of 2.90% and the national rate of 4.2%.

These indicators were taken into account when adopting the budget for fiscal year 2025. Revenues in the operating budget are approximately \$12.7 million, an increase of 3.2% over the final fiscal year 2024 budget. The property tax rate for urban areas decreased slightly from \$9.05673 per \$1,000 of taxable valuation to \$8.91210 per \$1,000 of taxable valuation for fiscal year 2025. The property tax rate in rural areas decreased slightly from \$3.70070 per \$1000 \$3.59291 per \$1,000 of taxable valuation.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Union 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 Union County Auditor's Office, 300 N. Pine Street, Suite 2, Creston, Iowa 50801.

Basic Financial Statements

Exhibit A

Union County
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 12,029,351
Cash held by health plan trustee	246,208
Receivables:	
Property tax:	
Delinquent	30,878
Succeeding year	6,147,000
Succeeding year tax increment financing	380,000
Interest and penalty on property tax	153,715
Accounts	738,608
Opioid settlement	489,470
Due from other governments	354,228
Inventories	259,557
Prepaid expense	1,474,241
Capital assets not being depreciated	632,748
Capital assets, net of accumulated depreciation/amortization	<u>15,181,805</u>
Total assets	<u>38,117,809</u>
Deferred Outflows of Resources	
Pension related deferred outflows	872,452
OPEB related deferred outflows	<u>77,898</u>
Total deferred outflows of resources	<u>950,350</u>

Union County
Statement of Net Position
June 30, 2024

Liabilities	
Accounts payable	777,109
Accrued interest payable	29,259
Salaries and benefits payable	57,275
Due to other governments	18,584
Unearned revenue	781,084
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	965,000
Lease agreements	20,574
Compensated absences	119,428
Total OPEB liability	33,017
Portion due or payable after one year:	
General obligation bonds	9,410,000
Lease agreements	66,800
Compensated absences	79,066
Net pension liability	1,242,677
Total OPEB liability	377,782
	Total liabilities
	13,977,655
Deferred Inflows of Resources	
Unavailable property tax revenue	6,147,000
Unavailable tax increment financing revenue	380,000
Pension related deferred inflows	156,195
OPEB related deferred inflows	133,211
	Total deferred inflows of resources
	6,816,406
Net Position	
Net investment in capital assets	10,369,812
Restricted for:	
Supplemental levy purposes	139,149
Rural services purposes	372,017
Secondary roads purposes	3,413,841
Debt service	393,785
Capital projects	67,625
Opioid abatement	598,391
Other purposes	1,166,353
Unrestricted	1,753,125
	Total net position
	\$ 18,274,098

See notes to financial statements.

Union County

Union County

Statement of Activities

Year ended June 30, 2024

	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	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,490,701	80,953	67,661	-	(2,342,087)
Physical health and social services	535,421	38,421	458,681	-	(38,319)
County environment and education	1,108,036	182,080	138,019	-	(787,937)
Roads and transportation	6,016,589	163,602	3,014,367	245,829	(2,592,791)
Governmental services to residents	619,044	268,084	-	-	(350,960)
Administration	1,387,018	37,636	-	-	(1,349,382)
Non-program	196,889	142,477	-	-	(54,412)
Interest on long-term debt	425,808	-	67,516	-	(358,292)
Total	\$ 12,779,506	913,253	3,746,244	245,829	(7,874,180)
General Revenues:					
Property and other county tax levied for:					
General purposes					4,533,116
Debt service					1,515,401
Tax increment financing					193,754
Penalty and interest on property tax					60,931
State tax credits and replacements					523,533
Local option sales tax					751,496
American Rescue Plan Act					151,865
Unrestricted investment earnings					343,585
Rents					36,900
Gain on disposal of capital assets					5,500
Miscellaneous					802,496
Total general revenues					8,918,577
Change in net position					1,044,397
Net position beginning of year					17,229,701
Net position end of year					\$ 18,274,098

See notes to financial statements.

Union County
Balance Sheet
Governmental Funds

June 30, 2024

	Special Revenue		
	General	Rural Services	Secondary Roads
Assets			
Cash, cash equivalents and pooled investments	\$ 2,169,443	362,366	3,297,111
Receivables:			
Property tax:			
Delinquent	19,672	2,749	-
Succeeding year	3,893,000	1,073,000	-
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	153,715	-	-
Accounts	737,958	-	650
Opioid settlement	-	-	-
Due from other funds	-	-	2,641
Due from other governments	24,646	22,672	303,392
Advance to other funds	45,336	-	-
Inventories	-	-	259,557
Prepaid expenditures	1,473,388	853	-
Total assets	\$ 8,517,158	1,461,640	3,863,351
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 100,529	7,388	322,204
Salaries and benefits payable	19,103	9,180	28,992
Due to other funds	2,641	-	-
Due to other governments	18,298	55	231
Advance from other funds	-	-	-
Unearned revenue	781,084	-	-
Total liabilities	921,655	16,623	351,427
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	3,893,000	1,073,000	-
Succeeding year tax increment financing	-	-	-
Other	173,387	2,749	-
Total deferred inflows of resources	4,066,387	1,075,749	-
Fund balances:			
Nonspendable:			
Inventories	-	-	259,557
Prepaid expenditures	1,473,388	853	-
Advance to other funds	45,336	-	-
Restricted for:			
Supplemental levy purposes	129,209	-	-
Rural services purposes	-	368,415	-
Secondary roads purposes	-	-	3,252,367
Debt service	-	-	-
Capital projects	-	-	-
Conservation land acquisition/ capital improvements	831,057	-	-
Opioid abatement	-	-	-
Other purposes	-	-	-
Assigned for:			
Care facility	128,641	-	-
Commissary	4,924	-	-
Inmate medical	33,265	-	-
Unassigned	883,296	-	-
Total fund balances	3,529,116	369,268	3,511,924
Total liabilities, deferred inflows of resources and fund balances	\$ 8,517,158	1,461,640	3,863,351

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
381,810	5,164,405	448,359	11,823,494
8,457	-	-	30,878
1,181,000	-	-	6,147,000
-	-	380,000	380,000
-	-	-	153,715
-	-	-	738,608
-	-	489,470	489,470
-	-	-	2,641
3,518	-	-	354,228
-	112,100	-	157,436
-	-	-	259,557
-	-	-	1,474,241
<u>1,574,785</u>	<u>5,276,505</u>	<u>1,317,829</u>	<u>22,011,268</u>
-	161,988	-	592,109
-	-	-	57,275
-	-	-	2,641
-	-	-	18,584
-	-	157,436	157,436
-	-	-	781,084
-	<u>161,988</u>	<u>157,436</u>	<u>1,609,129</u>
1,181,000	-	-	6,147,000
-	-	380,000	380,000
8,457	-	460,078	644,671
<u>1,189,457</u>	-	<u>840,078</u>	<u>7,171,671</u>
-	-	-	259,557
-	-	-	1,474,241
-	112,100	-	157,436
-	-	-	129,209
-	-	-	368,415
-	-	-	3,252,367
385,328	-	-	385,328
-	5,002,417	-	5,002,417
-	-	-	831,057
-	-	138,313	138,313
-	-	335,296	335,296
-	-	-	128,641
-	-	-	4,924
-	-	-	33,265
-	-	(153,294)	730,002
<u>385,328</u>	<u>5,114,517</u>	<u>320,315</u>	<u>13,230,468</u>
<u>1,574,785</u>	<u>5,276,505</u>	<u>1,317,829</u>	<u>22,011,268</u>

Union County

Union County

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

June 30, 2024

Total governmental fund balances (page 21) \$ 13,230,468

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$34,069,281 and the accumulated depreciation/amortization is \$18,254,728. 15,814,553

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 644,671

The Internal Service Fund is used by management to charge the cost of the premiums for the County's health insurance benefit plan. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 267,065

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

Deferred outflows of resources	\$ 950,350	
Deferred inflows of resources	<u>(289,406)</u>	660,944

Long-term liabilities, including lease agreements payable, bonds and notes payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (12,343,603)

Net position of governmental activities (page 17) \$ 18,274,098

See notes to financial statements.

Union County

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

Year ended June 30, 2024

	Special Revenue		
	General	Rural Services	Secondary Roads
Revenues:			
Property and other county tax	\$ 3,464,168	1,067,135	-
Tax increment financing	-	-	-
Local option sales tax	150,299	225,449	375,748
Interest and penalty on property tax	57,539	-	-
Intergovernmental	745,791	191,172	3,045,662
Licenses and permits	1,787	7,970	4,170
Charges for service	503,370	670	-
Use of money and property	347,622	-	-
Miscellaneous	837,273	-	128,137
Total revenues	<u>6,107,849</u>	<u>1,492,396</u>	<u>3,553,717</u>
Expenditures:			
Operating:			
Public safety and legal services	2,200,046	197,959	-
Physical health and social services	254,625	198,131	-
County environment and education	716,494	141,023	-
Roads and transportation	-	124,856	4,409,331
Governmental services to residents	591,545	-	-
Administration	1,339,066	-	-
Debt service	-	-	-
Capital projects	-	-	195,000
Total expenditures	<u>5,101,776</u>	<u>661,969</u>	<u>4,604,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,006,073</u>	<u>830,427</u>	<u>(1,050,614)</u>
Other financing sources (uses):			
Transfers in	1,521,426	-	730,499
Transfers out	(2,965)	(731,499)	-
Total other financing sources (uses)	<u>1,518,461</u>	<u>(731,499)</u>	<u>730,499</u>
Change in fund balances	2,524,534	98,928	(320,115)
Fund balances beginning of year	<u>1,004,582</u>	<u>270,340</u>	<u>3,832,039</u>
Fund balances end of year	<u>\$ 3,529,116</u>	<u>369,268</u>	<u>3,511,924</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,516,399	-	-	6,047,702
-	-	193,754	193,754
-	-	-	751,496
-	-	-	57,539
157,925	-	14,755	4,155,305
-	-	-	13,927
-	-	1,957	505,997
53,669	254,329	12,783	668,403
-	-	120,385	1,085,795
1,727,993	254,329	343,634	13,479,918
-	-	-	2,398,005
-	-	60,000	512,756
-	-	-	857,517
-	-	-	4,534,187
-	-	1,941	593,486
-	-	-	1,339,066
1,884,289	-	200,601	2,084,890
-	729,042	-	924,042
1,884,289	729,042	262,542	13,243,949
(156,296)	(474,713)	81,092	235,969
-	8,241	-	2,260,166
-	(1,521,426)	(4,276)	(2,260,166)
-	(1,513,185)	(4,276)	-
(156,296)	(1,987,898)	76,816	235,969
541,624	7,102,415	243,499	12,994,499
385,328	5,114,517	320,315	13,230,468

Union County

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

Year ended June 30, 2024

Change in fund balances - Total governmental funds (page 25) \$ 235,969

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

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

Expenditures for capital assets	\$ 615,693	
Depreciation/amortization expense	<u>(1,425,085)</u>	(809,392)

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. 5,500

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	815	
Other	<u>181,809</u>	182,624

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. 1,674,792

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 350,169

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	(18,347)	
OPEB expense	(23,947)	
Pension expense	(156,685)	
Interest on long-term debt	<u>4,082</u>	(194,897)

The Internal Service Fund is used by management to charge the costs of the premiums of the County's health insurance benefit plan. The change in net position of the Internal Service Fund is reported with governmental activities. (400,368)

Change in net position of governmental activities (page 19) \$ 1,044,397

See notes to financial statements.

Union County
Statement of Net Position
Proprietary Fund
June 30, 2024

	<u>Internal Service - Employee Group Health</u>
Current Assets	
Cash, cash equivalents and pooled investments	\$ 205,857
Cash held by health plan trustee	<u>246,208</u>
Total current assets	452,065
Current Liabilities	
Account payable	<u>185,000</u>
Net Position	
Unrestricted	<u>\$ 267,065</u>

See notes to financial statements.

Union County

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

Year ended June 30, 2024

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,216,380
Reimbursements from employees and others		<u>35,373</u>
Total operating revenues		1,251,753
Operating expenses:		
Medical claims	\$ 181,865	
Insurance premiums	1,468,289	
Administrative fees	<u>15,351</u>	<u>1,665,505</u>
Operating loss		(413,752)
Non-operating revenues:		
Interest income		<u>13,384</u>
Net loss		(400,368)
Net position beginning of year		<u>667,433</u>
Net position end of year		<u>\$ 267,065</u>
See notes to financial statements.		

Union County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2024

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,216,380
Cash received from employees and others	35,373
Cash paid to suppliers for services	(1,504,505)
Net cash used by operating activities	(252,752)
Cash flows from investing activities:	
Interest on investments	13,384
Net increase in cash and cash equivalents	(239,368)
Cash and cash equivalents beginning of year	691,433
Cash and cash equivalents end of year	\$ 452,065
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (413,752)
Adjustment to reconcile operating loss to net cash used by operating activities:	
Changes in liabilities:	
Account payable	161,000
Net cash provided by operating activities	\$ (252,752)
See notes to financial statements.	

Union County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2024

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 2,683,606
Other County officials	51,461

Receivables:

Property tax:

Delinquent	96,977
Succeeding year	14,643,000

Accounts	254,304
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Special assessments	100,170
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Due from other governments	34,398
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Prepaid expenses	6,971
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Total assets	<u>17,870,887</u>
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Liabilities

Accounts payable	208,654
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Due to other governments	2,448,120
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Trusts payable	24,042
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Compensated absences	22,842
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Total liabilities	<u>2,704,455</u>
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Deferred Inflows of Resources

Unavailable property tax revenue	<u>14,643,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 523,432</u>
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See notes to financial statements.

Union County
Statement of Changes in Fiduciary Net Position
Custodial Funds

Year Ended June 30, 2024

Additions:	
Property and other county tax	\$ 15,214,251
State tax credits	1,398,198
Contracted Law Enforcement	190,670
Office fees and collections	269,057
Auto licenses, use tax and postage	4,775,985
Assessments	27,009
Trusts	443,045
Miscellaneous	<u>3,182,375</u>
Total additions	<u>25,500,590</u>
Deductions:	
Agency remittances:	
To other funds	197,151
To other governments	25,678,983
Trusts paid out	<u>113,116</u>
Total deductions	<u>25,989,250</u>
Change in net position	(488,660)
Net position beginning of year	<u>1,012,092</u>
Net position end of year	<u>\$ 523,432</u>

See notes to financial statements.

Union County

Notes to Financial Statements

June 30, 2024

(1) Summary of Significant Accounting Policies

Union 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, Union County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Union County Assessor's Conference Board and Union 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.

The County also participates in the following jointly governed organizations: Prairie Solid Waste Agency, Creston-Union Law Enforcement Commission, South Central Iowa Regional 911 Service Board and Union County Development Association.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. 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 three categories:

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in April 2023.

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

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

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, 2024, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Advances to/from Other Funds – Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a nonspendable fund balance which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

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 no more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

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

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

Capital Assets – Capital assets are tangible and intangible assets, which include property, furniture and equipment and infrastructure assets 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 leased 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. 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
Land, buildings and improvements	25,000
Equipment and vehicles	5,000
Right-to-use leased assets	5,000
Right-to-use subscription assets	65,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	20 - 50
Land improvements	20 - 50
Infrastructure	10 - 65
Vehicles	5 - 15
Right-to-use leased assets	3 - 20
Machinery and equipment	3 - 20
Right-to-use subscription assets	2 - 20

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

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

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

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

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2024. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

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

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

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

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

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, 2024, disbursements exceeded the amounts budgeted in debt service function and disbursements in one department exceeded the amount appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

The County’s deposits in banks at June 30, 2024 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

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

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2024 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 2,641

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 payment between funds are made.

(4) Interfund Assets/Liabilities

The detail of advances to/from other funds at June 30, 2024 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue:	
	Tax Increment Financing	\$ 45,336
Capital Projects	Special Revenue:	
	Tax Increment Financing	112,100
		<u>\$ 157,436</u>

The General Fund advanced \$45,336 to the Special Revenue, Tax Increment Financing Fund to pay for legal fees in the urban renewal area. The amounts will be repaid with tax increment financing receipts as they are collected.

The Capital Project Fund advanced \$112,100 to the Special Revenue, Tax Increment Financing Fund to pay for initial bond interest payments on the general obligation urban renewal bond. The amounts will be repaid with tax increment financing receipts as they are collected.

(5) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2024 is as follows:

Transfer to	Transfer from	Amount
General	Capital Projects	<u>\$ 1,521,426</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services	<u>730,499</u>
Capital Projects	General	2,965
	Special Revenue: Rural Services	1,000
	Resource Enhancement and Protection	<u>4,276</u>
		<u>8,241</u>
Total		<u>\$ 2,260,166</u>

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

(6) Capital Assets

Capital assets activity for the year ended June 30, 2024 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 263,359	-	-	263,359
Construction in progress	862,187	270,123	762,921	369,389
Total capital assets not being depreciated/amortized	<u>1,125,546</u>	<u>270,123</u>	<u>762,921</u>	<u>632,748</u>
Capital assets being depreciated/amortized:				
Buildings	2,760,795	400,726	-	3,161,521
Improvements other than buildings	48,202	-	-	48,202
Equipment and vehicles	5,915,861	367,902	24,357	6,259,406
Right-to-use leased building	28,330	-	-	28,330
Right-to-use leased equipment	116,193	-	16,311	99,882
Infrastructure, road network	23,493,829	345,363	-	23,839,192
Total capital assets being depreciated/amortized	<u>32,363,210</u>	<u>1,113,991</u>	<u>40,668</u>	<u>33,436,533</u>
Less accumulated depreciation/amortization for:				
Buildings	1,905,920	73,831	-	1,979,751
Improvements other than buildings	37,956	512	-	38,468
Equipment and vehicles	3,947,805	415,086	24,357	4,338,534
Right-to-use leased assets	39,738	21,240	16,311	44,667
Infrastructure, road network	10,938,892	914,416	-	11,853,308
Total accumulated depreciation/amortization	<u>16,870,311</u>	<u>1,425,085</u>	<u>40,668</u>	<u>18,254,728</u>
Total capital assets being depreciated/amortized, net	<u>15,492,899</u>	<u>(311,094)</u>	<u>-</u>	<u>15,181,805</u>
Governmental activities capital assets, net	<u>\$ 16,618,445</u>	<u>(40,971)</u>	<u>762,921</u>	<u>15,814,553</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 88,211
Physical health and social services	16,620
County environment and education	32,205
Roads and transportation	1,234,932
Administration	<u>53,117</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 1,425,085</u>

(7) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2024 is as follows:

Fund	Description	Amount
General	Services	\$ 18,298
Special Revenue:		
Rural services	Services	55
Secondary Roads	Services	<u>231</u>
Total for governmental funds		<u>\$ 18,584</u>
Custodial:		
County Hospital	Collections	\$ 14,482
Schools		118,456
Community Colleges		7,005
Corporations		48,929
Townships		3,007
Auto License and Use Tax		372,238
All other		<u>1,884,003</u>
Total for custodial funds		<u>\$ 2,448,120</u>

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2024 is as follows:

	Lease Agreements	General Obligation Bonds	General Obligation Solid Waste Disposal Notes	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 107,166	11,655,000	375,000	180,147	1,022,194	375,521	13,715,028
Increases	-	-	-	210,328	220,483	99,624	530,435
Decreases	<u>19,792</u>	<u>1,280,000</u>	<u>375,000</u>	<u>191,981</u>	<u>-</u>	<u>64,346</u>	<u>1,931,119</u>
Balance end of year	\$ 87,374	10,375,000	-	198,494	1,242,677	410,799	12,314,344
Due within one year	<u>\$ 20,574</u>	<u>965,000</u>	<u>-</u>	<u>119,428</u>	<u>-</u>	<u>33,017</u>	<u>1,138,019</u>

Lease Agreements

On September 1, 2019, the County entered into a noncancelable lease agreement for farmland for site development for public safety. An initial lease liability was recorded in the amount of \$36,902. The agreement requires annual payments of \$4,200 over 10 years, with an implicit interest rate of 3.0% and a final payment on September 10, 2028. During the year ended June 30, 2024, principal and interest paid were \$3,517 and \$683, respectively.

On October 1, 2021, the County entered into a noncancelable lease agreement for facilities for communication equipment. An initial lease liability was recorded in the amount of \$33,633. The agreement requires annual payments of \$3,000 over 10 years, plus 5% of each year's previous rent, with an implicit interest rate of 3.0% and a final payment on October 1, 2028. During the year ended June 30, 2024, principal and interest paid were \$2,978 and \$669, respectively.

On October 1, 2021, the County entered into a noncancelable lease agreement for a copier in the County Auditor's Office. An initial lease liability was recorded in the amount of \$19,811. The agreement requires 60 monthly payments of \$355 with an implicit interest rate of 3.0% and a final payment on September 30, 2026. During the year ended June 30, 2024, principal and interest paid were \$3,919 and \$341, respectively.

On June 1, 2023, the County entered into a noncancelable lease agreement for a server in the County Auditor's Office. An initial lease liability was recorded in the amount of \$49,704. The agreement requires 60 monthly payments of \$893 with an implicit interest rate of 3.0% and a final payment on May 30, 2028. During the year ended June 30, 2024, principal and interest paid were \$9,378 and \$1,338, respectively.

Future principal and interest lease payments as of June 30, 2024, are as follows:

Year Ending June 30,	Land for Equipment			Building for Equipment		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 3,623	577	4,200	\$ 3,249	580	3,829
2026	3,732	468	4,200	3,538	482	4,020
2027	3,843	357	4,200	3,845	376	4,221
2028	3,959	241	4,200	4,172	261	4,433
2029	4,078	122	4,200	4,518	135	4,653
Total	<u>\$ 19,235</u>	<u>1,765</u>	<u>21,000</u>	<u>\$ 19,322</u>	<u>1,834</u>	<u>21,156</u>

Year Ending June 30,	Copier			Server		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 4,039	221	4,260	\$ 9,663	1,053	10,716
2026	4,161	99	4,260	9,957	759	10,716
2027	1,060	5	1,065	10,259	457	10,716
2028	-	-	-	9,678	145	9,823
2029	-	-	-	-	-	-
Total	\$ 9,260	325	9,585	\$ 39,557	2,414	41,971

Year Ending June 30,	Totals		
	Principal	Interest	Total
2025	\$ 20,574	2,431	23,005
2026	21,388	1,808	23,196
2027	19,007	1,195	20,202
2028	17,809	647	18,456
2029	8,596	257	8,853
Total	\$ 87,374	6,338	93,712

General Obligation Bonds

On September 29, 2010, the County issued \$3,980,000 of General Obligation County Purpose Bonds, Series 2010, with an interest rate ranging from 0.80% to 3.40% per annum. The bonds were issued to provide funds to pay the costs of projects in the Union County Road and Bridge Improvement Urban Renewal Area. During the year ended June 30, 2024, the County paid principal of \$345,000 and interest of \$11,730 on the bonds.

On July 24, 2017, the County issued \$3,000,000 of General Obligation Urban Renewal and Refunding Bonds, Series 2017, with an interest rate of 3.00% per annum. The bonds were issued to provide funds to pay the costs of road and culvert improvements in the Union County Road and Bridge Improvements Urban Renewal Area and to refund the outstanding General Obligation Solid Waste Disposal Notes, Series 2007B. During the year ended June 30, 2024, the County paid principal of \$175,000 and interest of \$39,000 on the bonds.

On December 3, 2018, the County issued \$9,470,000 of General Obligation County Purpose and Refunding Bonds, Series 2018, with an interest rate ranging from 3.00% to 3.25% per annum. The bonds were issued to provide funds to pay the cost of the acquisition and remodeling of a building, the acquisition of emergency services communication equipment and to refund the outstanding General Obligation County Purpose Bonds, Series 2009A. During the year ended June 30, 2024, the County paid principal of \$760,000 and interest of \$154,788 on the bonds.

On November 29, 2022 the County issued \$5,000,000 of General Obligation Urban Renewal Bonds with an interest rate of 4.00% per annum. The bonds were issued to provide funds to pay the costs of aiding in the planning, undertaking, and carrying out of urban renewal projects under the authority of Chapter 403 authorized in the Union County Wind Farm Urban Renewal Plan. During the year ended June 30, 2024, the County paid interest of \$200,000 on the bonds.

A summary of the County's June 30, 2024 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Urban Renewal Issued Jul 24, 2017			Building Project Issued Dec 3, 2018		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	3.00%	175,000	33,750	3.00%	65,000	10,713
2026	3.00	180,000	28,500	3.00	65,000	8,763
2027	3.00	190,000	23,100	3.00	70,000	6,813
2028	3.00	185,000	17,400	3.25	70,000	4,713
2029	3.00	195,000	11,850	3.25	75,000	2,437
2030-2034	3.00	200,000	6,000		-	-
2035-2038		-	-		-	-
Total		<u>\$ 1,125,000</u>	<u>120,600</u>		<u>\$ 345,000</u>	<u>33,439</u>

Year Ending June 30,	Communications Project Issued Dec 3, 2018			Urban Renewal Roads and Bridges Issued Nov 29, 2022		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	3.00%	\$ 725,000	121,275	4.00%	-	200,000
2026	3.00	750,000	99,525	4.00	-	200,000
2027	3.00	780,000	77,025	4.00	95,000	200,000
2028	3.25	810,000	53,625	4.00	160,000	196,200
2029	3.25	840,000	27,300	4.00	415,000	189,800
2030-2034		-	-	4.00	2,265,000	688,800
2035-2038		-	-	4.00	2,065,000	210,200
Total		<u>\$ 3,905,000</u>	<u>378,750</u>		<u>\$5,000,000</u>	<u>1,885,000</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2025	\$ 965,000	365,738	1,330,738
2026	995,000	336,788	1,331,788
2027	1,135,000	306,938	1,441,938
2028	1,225,000	271,938	1,496,938
2029	1,525,000	231,387	1,756,387
2030-2034	2,465,000	694,800	3,159,800
2035-2038	2,065,000	210,200	2,275,200
Total	<u>\$ 10,375,000</u>	<u>2,417,789</u>	<u>12,792,789</u>

General Obligation Solid Waste Disposal Notes

During the year ended June 30, 2018, the County issued \$875,000 of general obligation urban renewal and refunding bonds, Series 2017. The proceeds were forwarded to the Prairie Solid Waste Agency, reported as a Custodial Fund of the County, to refund the general obligation solid waste disposal notes, Series 2007B. Prairie Solid Waste Agency has agreed to pay the County the principal and interest on the general obligation refunding bonds as they come due. The County reports a loan receivable in the Debt Service Fund equal to the principal outstanding less cash received from the Agency in excess of debt service payments on the general obligation solid waste disposal notes.

During the year ended June 30, 2024, the County paid the remaining principal of \$375,000 and interest of \$11,250 on the general obligation solid waste disposal notes.

(9) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2024, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 8.51% of covered payroll, for a total rate of 17.02%. 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, 2024 were \$350,169.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the County reported a liability of \$1,242,677 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the County’s proportion was 0.027531%, which was an increase of 0.000476% over its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the County recognized pension expense of \$156,685. At June 30, 2024, 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	\$ 244,983	5,749
Changes of assumptions	-	35,098
Net difference between projected and actual earnings on IPERS' investments	193,329	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	83,971	115,348
County contributions subsequent to the measurement date	350,169	-
Total	\$ 872,452	156,195

\$350,169 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. 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
2025	\$ (29,789)
2026	(130,395)
2027	447,365
2028	72,790
2029	6,117
Total	<u>\$ 366,088</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2023 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, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	<u>100.0%</u>	

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability 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)	\$ 3,356,619	1,242,677	(529,393)

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

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2024.

(10) Other Postemployment Benefits (OPEB)

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

OPEB Benefits – Individuals who are employed by Union 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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	17
Active employees	<u>63</u>
Total	<u>80</u>

Total OPEB Liability – The County’s total OPEB liability of \$410,799 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2024 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 July 1, 2023)	3.00% per annum.
Rates of salary increase (effective July 1, 2023)	2.50% per annum, including inflation.
Discount rate (effective July 1, 2023)	3.65% compounded annually, including inflation.
Healthcare cost trend rate (effective July 1, 2023)	5.00% for all years

Discount Rate – The discount rate used to measure the total OPEB liability was 3.65% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP2014 annuitant mortality table adjusted to 2006 with MP2021 generational projection of future mortality improvement.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 375,521
Changes for the year:	
Service cost	48,170
Interest	15,048
Differences between expected and actual experiences	36,406
Changes in assumptions	(31,329)
Benefit payments	<u>(33,017)</u>
Net changes	<u>35,278</u>
Total OPEB liability end of year	<u>\$ 410,799</u>

Changes of assumptions reflect a change in the discount rate from 2.16% in fiscal year 2023 to 3.65% in fiscal year 2024.

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 (2.65%) or 1% higher (4.65%) than the current discount rate.

	<u>1% Decrease (2.65%)</u>	<u>Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Total OPEB liability	\$ 439,164	410,799	384,352

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

	<u>1% Decrease (4.00%)</u>	<u>Healthcare Cost Trend Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Total OPEB liability	\$ 369,748	410,799	459,561

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the County recognized OPEB expense of \$23,947. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,282	101,478
Changes in assumptions	20,616	31,733
Total	<u>\$ 77,898</u>	<u>133,211</u>

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

Year Ending June 30,	Amount
2025	\$ (6,254)
2026	(6,254)
2027	(6,254)
2028	(12,332)
2029	(13,010)
Thereafter	<u>(11,209)</u>
	<u>\$ (55,313)</u>

(11) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 803 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, employment practices liability, public officials liability, cyber liability and law enforcement liability. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2024 were \$148,823.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2024, no liability has been recorded in the County's financial statements. As of June 30, 2024, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$2,000,000 and \$50,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to accumulate and allocate health insurance costs internally among the County’s various functions and to account for the partial self-funding of the County’s health insurance benefit plan.

The County purchases a health plan through Wellmark with three plan choices with deductibles of \$5,000 and \$10,000, respectively, for single plans and for family plans and out-of-pocket maximums of \$6,350 and \$12,700, respectively, for single plans and family plans. The County self-funds a portion of the deductible to reduce the deductible and out-of-pocket amounts paid by the employee. The actual deductibles for employees are \$275, \$550 or \$1,100 for single plans and \$550, \$1,100 or \$2,200 for family plans, based on the plan selected. The out-of-pocket maximums are \$1,050, \$1,575 or \$2,100 for single plans and \$2,100, \$3,150 or \$4,200 for family plans, based on the plan selected. The plan is funded by County contributions and is administered through a service agreement with Employee Benefit Services (EBS). The agreement with EBS is renewable on an annual basis.

Under the administrative services agreement, monthly payments of insurance premiums service fees and claims processed are paid to EBS from the Employee Group Health Fund. The County’s contribution to the fund for the partial self-funded plan for year ended June 30, 2024 was \$1,216,380. The cash balance held by EBS was \$246,208 at June 30, 2024.

Amounts payable from the Employee Group Health Fund at June 20, 2024 total \$185,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$267,065 at June 30, 2024 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 24,000
Incurred claims (including claims incurred but not reported at June 30, 2024)	181,865
Payments:	
Payment on claims during the year	<u>20,865</u>
Unpaid claims end of year	<u>\$ 185,000</u>

(13) Deferred Compensation Plan

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

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

(14) Tax Abatements

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

Tax Abatements of Other Entities

Other entities within the County also provided tax abatements for urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2024 under agreements entered into by the following entity:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Creston	Chapter 404 tax abatement program	\$ 9,291

(15) Jointly Governed Organization

The County participates in the Creston-Union Law Enforcement Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County’s financial statements as part of the Other Custodial Funds because of the County’s fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2024:

Additions:		
Contributions from governmental units:		
Union County	\$ 88,867	
City of Creston	<u>95,008</u>	\$ 183,875
Miscellaneous		<u>6,795</u>
Total additions		190,670
Deductions:		
Bed, towels and prisoner articles	267	
Building improvements	6,000	
Cleaning/housekeeping	5,029	
Contractual services	31,431	
Electric	32,833	
Insurance	7,611	
Office equipment and repair	35,997	
Printing and supplies	1,829	
Sanitation service	459	
Software support and maintenance	49,844	
Telephone	17,469	
Salaries and wages	12,379	
Miscellaneous	<u>10,071</u>	<u>211,219</u>
Net		(20,549)
Balance beginning of year		<u>64,822</u>
Balance end of year		<u>\$ 44,273</u>

(16) Management Agreement

Union County owns a facility known as the C.A.R.E. Center, located at 500 Opal Street, Afton, Iowa. The facility provides care and services for individuals with mental health disorders or developmental disabilities, with the mission of helping residents achieve and maintain their maximum functional levels while living with dignity and respect. Priority is given to Union County residents.

Union County entered into a Management Agreement with Heartland Management Alliance Inc., effective July 1, 2023. Under this agreement, Heartland Management Alliance Inc., through its Board of Directors, is solely responsible for the administration and operation of the facility. This includes full authority over fiscal, operational, administrative, and programmatic functions, as well as the screening, admission, and discharge of residents. Heartland also receives and manages all revenues associated with the facility’s operation.

Simultaneous with the execution of the Management Agreement, the parties also entered into a Lease Agreement for the facility property, including both real and personal property located at 500 Opal Street. The terms and conditions of the lease agreement are incorporated into the Management Agreement. Union County retains the right to mortgage, sell, or transfer its interest in the property, subject to Heartland's right of first refusal.

During the term of the Management Agreement, C.A.R.E. agrees to pay Heartland management costs associated with the facility, not to exceed \$95,060.00 for the fiscal year. These costs are reported monthly in the Statement of Activity for William Eadie Residential Services, d/b/a CARE, under the line item titled "management fees," which is included in the facility's regular budget and reflected in the daily rate charged per resident. No separate billing occurs for these costs.

If the facility experiences an annual net loss, as determined by generally accepted accounting principles (GAAP):

- Union County will be responsible for a maximum of 50% of the annual loss.
- C.A.R.E. will also be responsible for a maximum of 50% of the annual loss.
- Heartland Management Alliance Inc. will not be liable for any portion of the annual loss.

If the facility generates a profit, as determined by GAAP, the profit will be distributed equally between Union County (50%) and C.A.R.E. (50%). Heartland shall provide the County with an annual audit report, by a certified public accountant, by October 15th of each year.

In the event of noncompliance with any term, condition, or provision of the Management Agreement, the noncomplying party will receive written notice specifying the default. The noncomplying party has 90-days to rectify the default upon receipt of the notice. If the default is not rectified within the 90-day period, the notifying party may terminate the agreement by providing written notice, with the agreement terminating 30 days thereafter.

The agreements cover the period from July 1, 2023, through June 30, 2024.

(17) Construction Commitment

The County has entered into contracts totaling \$176,000 for campground electrical renovations. As of June 30, 2024, costs of \$161,000 on the project have been incurred. The \$15,000 balance remaining on the project at June 30, 2024 will be paid as work on the project progresses.

(18) Financial Condition

The Special Revenue, Tax Increment Financing Fund reported a fund balance deficit of \$153,294 at June 30, 2024. The County plans to eliminate the deficit through the collection of tax increment financing revenues in fiscal year 2024.

Union County

Required Supplementary Information

Union 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, 2024

	Actual	Budgeted Amounts		Final to
		Original	Final	Net Variance
Receipts:				
Property and other county tax	\$ 6,977,242	7,277,894	7,277,894	(300,652)
Interest and penalty on property tax	57,539	22,600	22,600	34,939
Intergovernmental	4,024,410	3,577,438	3,577,438	446,972
Licenses and permits	126,508	25,132	25,132	101,376
Charges for service	511,370	474,375	474,375	36,995
Use of money and property	697,645	63,678	63,678	633,967
Miscellaneous	200,412	676,100	841,100	(640,688)
Total receipts	12,595,126	12,117,217	12,282,217	312,909
Disbursements:				
Public safety and legal services	3,834,996	2,548,610	4,092,036	257,040
Physical health and social services	529,773	450,405	663,405	133,632
County environment and education	844,334	1,536,073	1,551,073	706,739
Roads and transportation	4,277,808	5,112,600	5,112,600	834,792
Governmental services to residents	586,469	599,747	599,747	13,278
Administration	1,324,895	1,469,111	1,494,351	169,456
Non-program	40,000	40,000	40,000	-
Debt service	2,084,889	1,790,770	2,078,770	(6,119)
Capital projects	535,198	5,896,730	5,405,304	4,870,106
Total disbursements	14,058,362	19,444,046	21,037,286	6,978,924
Deficiency of receipts under disbursements	(1,463,236)	(7,326,829)	(8,755,069)	7,291,833
Other financing sources, net	61,627	-	-	61,627
Change in balances	(1,401,609)	(7,326,829)	(8,755,069)	7,353,460
Balance beginning of year	13,225,103	11,894,595	11,894,595	1,330,508
Balance end of year	\$ 11,823,494	4,567,766	3,139,526	8,683,968

See accompanying independent auditor's report.

Union County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2024

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 12,595,126	884,792	13,479,918
Expenditures	14,058,362	(814,413)	13,243,949
Net	(1,463,236)	1,699,205	235,969
Other financing sources, net	61,627	(61,627)	-
Beginning fund balances	13,225,103	(230,604)	12,994,499
Ending fund balances	<u>\$ 11,823,494</u>	<u>1,406,974</u>	<u>13,230,468</u>

See accompanying independent auditor's report.

Union County

Union County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2024

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

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

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund. These nine functions are: public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,593,240. 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, 2024, disbursements exceeded the amounts budgeted in debt service function and disbursements in one department exceeded the amount appropriated.

Union County

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

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

Required Supplementary Information

	2024	2023	2022	2021
County's proportion of the net pension liability (asset)	0.027531%	0.027055%	0.169670% **	0.030705%
County's proportionate share of the net pension liability (asset)	\$ 1,243	1,022	(586)	2,157
County's covered payroll	\$ 3,645	3,377	3,022	2,972
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	34.10%	30.26%	-19.39%	72.58%
IPERS' net position as a percentage of the total pension liability (asset)	90.13%	91.40%	100.81%	82.90%

* 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.

2020	2019	2018	2017	2016	2015
0.029861%	0.029220%	0.034575%	0.035642%	0.035565%	0.032056%
1,729	1,849	2,303	2,243	1,757	1271
2,929	2,878	3,056	2,957	2,894	2711
59.03%	64.25%	75.36%	75.85%	60.7%	46.9%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

Union County

Schedule of County Contributions

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

Required Supplementary Information

	2024	2023	2022	2021
Statutorily required contribution	\$ 350	340	317	285
Contributions in relation to the statutorily required contribution	(350)	(340)	(317)	(285)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 3,765	3,645	3,377	3,022
Contributions as a percentage of covered payroll	9.30%	9.33%	9.39%	9.43%

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
282	279	255	272	271	264
(282)	(279)	(255)	(272)	(271)	(264)
-	-	-	-	-	-
2,972	2,929	2,878	3,056	2,957	2,894
9.49%	9.53%	8.86%	8.90%	9.16%	9.12%

Union County

Union County

Notes to Required Supplementary Information – Pension Liability (Asset)

Year ended June 30, 2024

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

Union County

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

For the Last Seven Years
Required Supplementary Information

	2024	2023	2022	2021
Service cost	\$ 48,170	36,564	35,672	25,654
Interest cost	15,048	8,370	8,183	13,306
Difference between expected and actual experiences	36,406	-	(48,826)	-
Changes in assumptions	(31,329)	-	27,442	-
Benefit payments	(33,017)	(40,685)	(31,539)	(26,252)
Net change in total OPEB liability	35,278	4,249	(9,068)	12,708
Total OPEB liability beginning of year	375,521	371,272	380,340	367,632
Total OPEB liability end of year	\$ 410,799	375,521	371,272	380,340
Covered-employee payroll	\$ 3,501,971	3,018,146	2,944,533	2,956,170
Total OPEB liability as a percentage of covered-employee payroll	11.73%	12.44%	12.61%	12.87%

See accompanying independent auditor's report.

2020	2019	2018
25,029	26,914	26,528
12,930	17,331	16,959
(124,531)	-	79,095
1,629	-	(10,857)
(29,426)	(38,875)	(28,055)
(114,369)	5,370	83,670
482,001	476,631	393,231
367,632	482,001	476,901
2,884,068	2,873,544	2,830,458
12.75%	16.77%	16.85%

Union County

Notes to Required Supplementary Information – OPEB Liability

Year ended June 30, 2024

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, 2024	3.65%
Year ended June 30, 2023	2.16%
Year ended June 30, 2022	2.16%
Year ended June 30, 2021	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.50%

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

Supplementary Information

Union County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2024

			Special
Assets	Flood and Erosion	Resource Enhancement and Protection	County Recorder's Records Management
Cash, cash equivalents and pooled investments	\$ 55,148	152,970	9,414
Receivables:			
Property tax:			
Succeeding year tax increment financing	-	-	-
Opioid settlement	-	-	-
Total assets	\$ 55,148	152,970	9,414
Liabilities and Fund Balances			
Liabilities:			
Advance from other funds	\$ -	-	-
Deferred Inflows of Resources:			
Unavailable Revenues:			
Succeeding year tax increment financing	-	-	-
Other	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances:			
Restricted for:			
Opioid abatement	-	-	-
Other purposes	55,148	152,970	9,414
Unassigned	-	-	-
Total fund balances	55,148	152,970	9,414
Total liabilities, deferred inflows of resources and fund balances	\$ 55,148	152,970	9,414

See accompanying independent auditor's report.

Revenue				
Local Government Opioid Abatement	Tax Increment Financing	Care Facility Hixinbaugh Trust	Care Facility Hipsley Trust	Total
108,921	4,142	113,448	4,316	448,359
-	380,000	-	-	380,000
489,470	-	-	-	489,470
598,391	384,142	113,448	4,316	1,317,829
-	157,436	-	-	157,436
-	380,000	-	-	380,000
460,078	-	-	-	460,078
460,078	380,000	-	-	840,078
138,313	-	-	-	138,313
-	-	113,448	4,316	335,296
-	(153,294)	-	-	(153,294)
138,313	(153,294)	113,448	4,316	320,315
598,391	384,142	113,448	4,316	1,317,829

Union County

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

Year ended June 30, 2024

	Flood and Erosion	Resource Enhancement and Protection	Special County Recorder's Records Management
Revenues:			
Tax Increment financing	\$ -	-	-
Intergovernmental	-	14,755	-
Charges for service	-	-	1,957
Use of money and property	-	6,934	480
Miscellaneous	-	-	-
Total revenues	-	21,689	2,437
Expenditures:			
Operating:			
Physical health and social services	-	-	-
Governmental services to residents	-	-	1,941
Debt service	-	-	-
Total expenditures	-	-	1,941
Excess (deficiency) of revenues over (under) expenditures	-	21,689	496
Other financing uses:			
Transfers out	-	(4,276)	-
Change in fund balances	-	17,413	496
Fund balances beginning of year	55,148	135,557	8,918
Fund balances end of year	\$ 55,148	152,970	9,414

See accompanying independent auditor's report.

Revenue					
Local Government Opioid Abatement	Tax Increment Financing	Care Facility Hixinbaugh Trust	Care Facility Hipsley Trust		Total
-	193,754	-	-	-	193,754
-	-	-	-	-	14,755
-	-	-	-	-	1,957
-	-	5,369	-	-	12,783
120,385	-	-	-	-	120,385
120,385	193,754	5,369	-	-	343,634
60,000	-	-	-	-	60,000
-	-	-	-	-	1,941
-	200,601	-	-	-	200,601
60,000	200,601	-	-	-	262,542
60,385	(6,847)	5,369	-	-	81,092
-	-	-	-	-	(4,276)
60,385	(6,847)	5,369	-	-	76,816
77,928	(146,447)	108,079	4,316	-	243,499
138,313	(153,294)	113,448	4,316	-	320,315

Union County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2024

	County Offices	Agricultural Extension Education	County Assessor	County Hospital
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,201	164,592	14,482
Other County officials	51,461	-	-	-
Receivables:				
Property tax:				
Delinquent	-	951	2,268	6,257
Succeeding year	-	173,000	407,000	1,096,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid expenses	-	-	1,456	-
Total assets	\$ 51,461	176,152	575,316	1,116,739
Liabilities				
Accounts payable	-	-	13,160	-
Due to other governments	27,419	2,201	-	14,482
Trusts payable	24,042	-	-	-
Compensated absences	-	-	6,640	-
Total liabilities	51,461	2,201	19,800	14,482
Deferred Inflows of Resources				
Unavailable revenues	-	173,000	407,000	1,096,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	951	148,516	6,257

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Southern Hills MHDS	Other	Total
118,456	7,005	48,929	3,007	372,238	30,448	1,922,248	2,683,606
-	-	-	-	-	-	-	51,461
51,231	3,027	32,539	698	-	-	6	96,977
8,170,000	580,000	3,982,000	234,000	-	-	1,000	14,643,000
-	-	-	-	-	-	254,304	254,304
-	-	-	-	-	-	100,170	100,170
-	-	-	-	-	-	34,398	34,398
-	-	-	-	-	5,204	311	6,971
8,339,687	590,032	4,063,468	237,705	372,238	35,652	2,312,437	17,870,887
-	-	-	-	-	-	195,494	208,654
118,456	7,005	48,929	3,007	372,238	-	1,854,383	2,448,120
-	-	-	-	-	-	-	24,042
-	-	-	-	-	-	16,202	22,842
118,456	7,005	48,929	3,007	372,238	-	2,066,876	2,704,455
8,170,000	580,000	3,982,000	234,000	-	-	1,000	14,643,000
51,231	3,027	32,539	698	-	35,652	244,561	523,432

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

Year ended June 30, 2024

	County Offices	Agricultural Extension Education	County Assessor	County Hospital
Additions:				
Property and other county tax	\$ -	167,441	399,412	1,101,869
State tax credits	-	15,345	36,438	101,129
Contract law enforcement	-	-	-	-
Office fees and collections	267,100	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	123,098	-	-	-
Miscellaneous	-	-	27,230	-
Total additions	<u>390,198</u>	<u>182,786</u>	<u>463,080</u>	<u>1,202,998</u>
Deductions:				
Agency remittances:				
To other funds	35,809	-	-	-
To other governments	241,273	182,773	455,402	1,202,848
Trusts paid out	113,116	-	-	-
Total deductions	<u>390,198</u>	<u>182,773</u>	<u>455,402</u>	<u>1,202,848</u>
Changes in net position	-	13	7,678	150
Net position beginning of year	-	938	140,838	6,107
Net position end of year	<u>\$ -</u>	<u>951</u>	<u>148,516</u>	<u>6,257</u>

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Southern Hills MHDS	Other	Total
9,016,735	533,234	3,764,638	229,939	-	-	983	15,214,251
703,950	75,788	451,337	14,115	-	-	96	1,398,198
-	-	-	-	-	-	190,670	190,670
-	-	-	-	-	-	1,957	269,057
-	-	-	-	4,775,985	-	-	4,775,985
-	-	-	-	-	-	27,009	27,009
-	-	-	-	-	-	319,947	443,045
-	-	-	-	-	725,979	2,429,166	3,182,375
9,720,685	609,022	4,215,975	244,054	4,775,985	725,979	2,969,828	25,500,590
-	-	-	-	161,342	-	-	197,151
9,719,228	608,741	4,214,143	244,009	4,614,643	1,197,679	2,998,244	25,678,983
-	-	-	-	-	-	-	113,116
9,719,228	608,741	4,214,143	244,009	4,775,985	1,197,679	2,998,244	25,989,250
1,457	281	1,832	45	-	(471,700)	(28,416)	(488,660)
49,774	2,746	30,707	653	-	507,352	272,977	1,012,092
51,231	3,027	32,539	698	-	35,652	244,561	523,432

Union County

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

For the Last Ten Years

	2024	2023	2022	2021
Revenues:				
Property and other county tax	\$ 6,047,702	5,828,232	5,995,252	5,986,098
Local option sales tax	751,496	593,531	778,927	769,813
Tax increment financing	193,754	-	-	-
Interest and penalty on property tax	57,539	63,335	53,128	87,145
Intergovernmental	4,155,305	5,004,676	4,507,610	4,411,610
Licenses and permits	13,927	16,784	27,631	44,174
Charges for service	505,997	555,450	580,578	588,878
Use of money and property	668,403	448,710	62,775	50,787
Miscellaneous	1,085,795	252,058	169,473	193,722
Total	\$ 13,479,918	12,762,776	12,175,374	12,132,227
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,398,005	2,339,101	2,279,414	1,905,039
Physical health and social services	512,756	543,693	495,134	513,424
Mental health	-	-	263,488	490,206
County environment and education	857,517	1,309,687	794,776	580,973
Roads and transportation	4,534,187	3,933,794	3,834,569	4,293,396
Governmental services to residents	593,486	559,225	615,580	483,906
Administration	1,339,066	1,653,146	1,156,417	1,159,602
Debt service	2,084,890	2,091,070	1,969,773	2,040,682
Capital projects	924,042	368,811	253,112	176,183
Total	\$ 13,243,949	12,798,527	11,662,263	11,643,411

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
5,756,048	5,237,976	5,134,069	5,071,444	5,066,042	5,182,423
659,086	552,955	497,502	553,749	451,896	587,413
-	-	-	140,680	308,591	288,563
30,254	89,932	56,640	57,886	58,665	62,948
4,378,399	3,477,019	4,010,194	5,097,089	6,779,436	10,217,589
28,809	21,634	16,912	31,811	73,304	20,845
480,112	502,323	546,970	463,751	484,337	455,668
189,978	194,834	77,918	71,730	59,838	69,516
121,371	181,511	128,895	220,924	158,576	275,373
11,644,057	10,258,184	10,469,100	11,709,064	13,440,685	17,160,338
1,857,419	1,754,331	1,814,328	1,658,968	1,621,213	1,649,294
438,186	419,599	428,475	443,101	427,515	430,690
495,156	490,206	495,155	509,478	979,306	1,193,629
544,082	551,950	1,176,990	2,241,917	3,873,296	6,890,858
3,937,450	4,003,997	4,225,387	3,602,147	3,577,262	3,449,120
490,755	528,651	565,496	508,561	446,887	482,639
1,140,369	1,147,511	991,858	946,068	941,218	1,005,986
1,920,373	1,568,713	1,968,659	1,444,052	1,451,675	1,497,622
5,690,517	1,920,401	824,783	307,356	421,223	165,610
16,514,307	12,385,359	12,491,131	11,661,648	13,739,595	16,765,448



**OFFICE OF AUDITOR OF STATE
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Rob Sand
Auditor of State

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 Union 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 Union County, Iowa, as of and for the year ended June 30, 2024, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union 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 Union County's internal control. Accordingly, we do not express an opinion on the effectiveness of Union 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 2024-001 and 2024-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item 2024-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union 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 Union County's operations for the year ended June 30, 2024 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.

Union County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Union County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Union 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 Union County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Brian R. Brustkern, CPA
Deputy Auditor of State

January 27, 2025

Union County

Schedule of Findings

Year ended June 30, 2024

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2024-001 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) All employees have access to the change fund.	Recorder
(2) Responsibilities for opening mail, collection, deposit preparation, and reconciliation functions are not segregated from those for recording and accounting for cash.	Sheriff, Recorder, and Treasurer
(3) The person who signs checks is not independent of the person preparing the checks, approving disbursements, handling cash and recording cash receipts.	Sheriff and Recorder
(4) Responsibility for maintaining detail accounts receivable records and delinquent records not segregated from collections, records posting and reconciliation.	Treasurer
(5) Bank reconciliations are not prepared by someone who doesn’t sign checks, handle or record cash.	Recorder
(6) The person who prepares a summary of delinquent tax collections also reconciles delinquencies at year end.	Treasurer

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

Effect – Inadequate segregation of duties could adversely affect each County 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.

Union County

Schedule of Findings

Year ended June 30, 2024

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

Responses –

County Treasurer – Due to limited staffing, we will use the resources and best practices available to delegate and segregate duties to the best of our abilities and independently review journal entries.

County Recorder – Due to the Recorder’s office low number of full-time employees, it is difficult to segregate these duties. We will utilize current county employees to try to implement controls. The auditor’s office reviews and signs our bank reconciliations and our void receipts.

County Sheriff – We do not have enough employees to delegate each task individually. We are in the process of spreading more duties out utilizing the Civil Clerk, the Sheriff, the Chief Deputy, and the Jail Administrator.

Conclusions – Responses acknowledged. Each official should continue to review operating procedures in their office to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials, and staff from other offices.

2024-002 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 were not properly recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include and classify these amounts in the financial statements.

Cause – County policies do not require, and procedures have not been established to require independent review of receivables to ensure the County’s financial statements are accurate and reliable.

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

Union County

Schedule of Findings

Year ended June 30, 2024

Recommendation – The County should establish procedures to ensure all receivables are identified and properly reported in the County’s financial statements.

Response - The County Treasurer will work with department heads to ensure they implement procedures to identify revenues for accrual.

Conclusion – Response accepted.

2024-003 Disaster Recovery Plan

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

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

Cause – Management has not adopted a formal policy.

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

Recommendation – The County should establish a written disaster recovery plan.

Response – We will work to ensure this is completed.

Conclusion – Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Union County

Schedule of Findings

Year ended June 30, 2024

Other Findings Related to Required Statutory Reporting:

2024-A Certified Budget – Disbursements during the year ended June 30, 2024 exceeded the amount budgeted in the debt service function at year end and disbursements in one department exceeded the amount appropriated.

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

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

Response – The County Auditor will continue to monitor the budget by department to ensure amendments are done prior to disbursements exceeding the amounts appropriated.

Conclusion – Response accepted.

2024-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.

2024-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2024-D 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.

2024-E Business Transactions – No business transactions between the County and County officials or employees were noted.

2024-F Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.

2024-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

2024-H Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

2024-I Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Union County

Schedule of Findings

Year ended June 30, 2024

2024-J Tax Increment Financing (TIF) – Payments from the Special Revenue, Tax Increment Financing (TIF) Fund properly included only payments for TIF loans and rebates. Also, Union County properly completed the Tax Increment Debt Forms 1, 2 or 3, as appropriate, to certify TIF obligations (debt), to decertify TIF debt or to request a reduced distribution of TIF.

2024-K Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

2024-L Local Option Sales Tax (LOST) – The LOST ballot requires 20% of LOST collections be allocated for community betterment, 30% for property tax relief and 50% for secondary roads, bridge maintenance and replacement. The County credits the 20% of the LOST revenues for community betterment to the General Fund, 30% of the LOST revenues to the Special Revenue, Rural Services Fund for property tax relief and 50% of the LOST revenues to the Special Revenue, Secondary Roads Fund for road and bridge maintenance and replacement. However, the County does not maintain documentation to support how the 20% of LOST collections credited to the General Fund for community betterment were used or the unspent balances held for the specified purpose.

Recommendation – The County should establish procedures to properly account for LOST revenues, expenditures and balances in accordance with the LOST ballot provisions.

Response – The County Auditor will maintain documentation to support how the funds were allocated and used.

Conclusion – Response accepted.

2024-M Financial Condition – The Special Revenue, Tax Increment Financing Fund had a deficit fund balance totaling \$153,294 at June 30, 2024.

Recommendation – The County should investigate alternatives to eliminate this deficit balance.

Response – The Special Revenue, Tax Increment Financing Fund will start to generate revenue so the tax increment fund can be reimbursed and then will no longer have a deficit balance.

Conclusion – Response accepted.

Union County

Schedule of Findings

Year ended June 30, 2024

2023-N Separately Maintained Records – The Emergency Management Commission maintains a separate bank account for its disaster relief operations. Monthly financial reports are not provided to the County and the activity of this outside bank account held by the Commission is not included in the County’s computer system, the accounting records or the County’s financial reports.

Recommendation – Chapter 331.552 of the Code of Iowa states, in part, the County Treasurer shall “keep a true account of all receipt 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.

Response – The separately maintained disaster recovery bank account with a \$3,096 balance was closed on January 8, 2025. The funds were deposited into the County maintained Emergency Management fund. The County is implementing procedures to ensure no future separately maintained accounts are created by departments.

Conclusion – Response accepted.

Union County

Staff

This audit was performed by:

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