



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE

June 30, 2025

Contact: Brian Brustkern
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$22,019,821 for the year ended June 30, 2024, a 5.5% decrease. Expenses for County operations for the year ended June 30, 2024 totaled \$19,777,984, a 3.9% increase. The decrease in revenues is primarily due to a decrease in capital contributions from the Iowa Department of Transportation and a decrease in American Rescue Plan Act revenues during the fiscal year.

AUDIT FINDINGS:

Sand reported nine findings related to the receipt and expenditure of taxpayer funds. They are found on pages 78 through 86 of this report. The findings address issues such as lack of segregation of duties, lack of reconciliations of public health billings, collections and delinquent accounts and an unallowable donation to a private entity. Sand provided the County with recommendations to address each of these findings.

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

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

#

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

Henry County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

Rob Sand
Auditor of State

June 23, 2025

Officials of Henry County
Mount Pleasant, Iowa

Dear Officials of Henry County:

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

Sincerely,

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

Rob Sand
Auditor of State

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Henry County

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-------------------|----------------------|---------------------|
| Greg Moeller | Board of Supervisors | Jan 2025 |
| Chad White | Board of Supervisors | Jan 2025 |
| Marc Lindeen | Board of Supervisors | Jan 2027 |
| Shelly Barber | County Auditor | Jan 2025 |
| Kellie Sloan | County Treasurer | Jan 2027 |
| Lynnae Buffington | County Recorder | Jan 2027 |
| Rich McNamee | County Sheriff | Jan 2025 |
| Darin Stater | County Attorney | Jan 2027 |
| Nathan Milks | County Assessor | Jan 2028 |

Henry County



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Rob Sand
Auditor of State

Independent Auditor's Report

To the Officials of Henry 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 Henry 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 Henry 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 Henry 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 Henry 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 Henry 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 Henry 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 52 through 64 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 Henry 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 June 23, 2025 on our consideration of Henry 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 Henry County's internal control over financial reporting and compliance.



Brian R. Brustkern, CPA
Deputy Auditor of State

June 23, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Henry 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 decreased 5.5%, or approximately \$1,282,000, from fiscal year 2023 to fiscal year 2024. Property tax increased approximately \$466,000, charges for services decreased approximately \$120,000, operating grants, contributions and restricted interest decreased approximately \$11,000, capital grants, contributions and restricted interest decreased approximately \$691,000 and American Rescue Plan Act revenues decreased approximately \$1,346,000.
- Program expenses of the County's governmental activities increased 3.9%, or approximately \$742,000, more in fiscal year 2024 than in fiscal year 2023. Nonprogram expenditures decreased approximately \$1,357,000 due to a decrease in spending of ARPA federal awards. Roads and transportation expenses increased approximately \$1,233,000 primarily due to more road projects in the current year. Also, administration expenses increased \$623,000 primarily as a result of an increase in costs for salaries, insurance and information technology services.
- The County's net position increased 4.5%, or approximately \$2,242,000 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 Henry 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 Henry 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 Henry 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 two kinds of funds:

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

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

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

The required financial statements for fiduciary funds is 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 net position of governmental activities.

| Net Position of Governmental Activities (Expressed in Thousands) | | |
|---|-----------|--------|
| | June 30, | |
| | 2024 | 2023 |
| Current and other assets | \$ 22,081 | 21,957 |
| Capital assets | 48,836 | 47,788 |
| Total assets | 70,917 | 69,745 |
| Deferred outflows of resources | 1,734 | 1,069 |
| Long-term liabilities | 10,023 | 9,780 |
| Other liabilities | 814 | 844 |
| Total liabilities | 10,837 | 10,624 |
| Deferred inflows of resources | 10,246 | 10,864 |
| Net position: | | |
| Net investment in capital assets | 42,059 | 40,394 |
| Restricted | 7,315 | 7,713 |
| Unrestricted | 2,194 | 1,219 |
| Total net position | \$ 51,568 | 49,326 |

Net position of Henry County's governmental activities increased 4.5% (approximately \$51.6 million compared to approximately \$49.3 million).

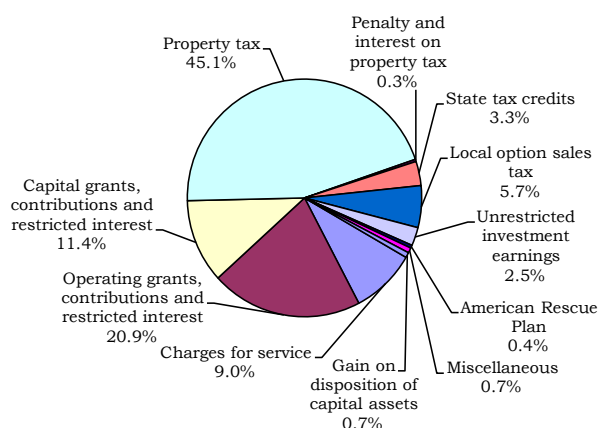
The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased 4.1%, or approximately \$1,665,000, over the prior year.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category decreased approximately \$398,000, or 5.2%, from the prior year. This decrease is primarily due to a decrease in the amounts held at year end in the Special Revenue, Secondary Roads Fund and the Capital Projects Fund.

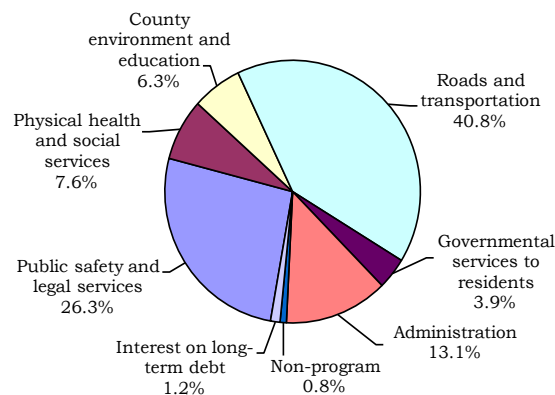
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$1,219,000 at June 30, 2023 to approximately \$2,194,000 at the end of this year. This increase is due to both an increase in pension related deferred outflows and a decrease in pension related deferred inflows.

| Changes in Net Position of Governmental Activities (Expressed in Thousands) | | |
|--|---------------------|--------|
| | Year ended June 30, | |
| | 2024 | 2023 |
| Revenues: | | |
| Program revenues: | | |
| Charges for service | \$ 1,975 | 2,095 |
| Operating grants, contributions and restricted interest | 4,611 | 4,622 |
| Capital grants, contributions and restricted interest | 2,508 | 3,199 |
| General revenues: | | |
| Property tax | 9,937 | 9,471 |
| Penalty and interest on property tax | 66 | 75 |
| State tax credits | 730 | 741 |
| Local option sales tax | 1,247 | 1,238 |
| Unrestricted investment earnings | 560 | 318 |
| Gain on disposition of capital assets | 154 | 45 |
| American Rescue Plan | 85 | 1,431 |
| Miscellaneous | 147 | 67 |
| Total revenues | 22,020 | 23,302 |
| Program expenses: | | |
| Public safety and legal services | 5,205 | 4,964 |
| Physical health and social services | 1,500 | 1,537 |
| County environment and education | 1,239 | 1,226 |
| Roads and transportation | 8,087 | 6,853 |
| Governmental services to residents | 769 | 725 |
| Administration | 2,583 | 1,960 |
| Non-program | 150 | 1,507 |
| Interest on long-term debt | 245 | 264 |
| Total expenses | 19,778 | 19,036 |
| Change in net position | 2,242 | 4,266 |
| Net position beginning of year | 49,326 | 45,060 |
| Net position end of year | \$ 51,568 | 49,326 |

Revenues by Source



Expenses by Program



The County's governmental activities net position increased approximately \$2,242,000 during the year. Revenues for governmental activities decreased approximately \$1,282,000 from the prior year. However, property tax revenue increased over the prior year approximately \$466,000, or 4.9%.

The County's taxable property valuation decreased approximately \$4,422,000 and the tax levy rate increased approximately 2.30% to \$12.71252 per \$1,000 of taxable valuation. Therefore, property tax revenue increased approximately \$466,000.

The County's capital grants, contributions and restricted interest decreased 21.6% from fiscal year 2023 due to a decrease in infrastructure assets contributed by the Iowa Department of Transportation.

The County's American Rescue Plan revenue decreased approximately \$1,346,000 due to the county utilizing more of this funding in fiscal year 2023.

The cost of all governmental activities this year was approximately \$19.8 million compared to approximately \$19.0 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$10.7 million because some of the cost was paid by those who directly benefited from programs (approximately \$1,975,000) or by other government and organizations which subsidized certain programs with grants and contributions (approximately \$7,119,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for services decreased in fiscal year 2024 from approximately \$9,916,000 to approximately \$9,094,000. As discussed above, the County received more contributions of roads paid for by the Iowa Department of Transportation during fiscal year 2023 than 2024.

INDIVIDUAL MAJOR FUND ANALYSIS

As Henry County completed the year, its governmental funds reported a combined fund balance of approximately \$11.1 million, an increase of approximately \$0.5 million from last year's total of approximately \$10.6 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ended fiscal year 2024 with an ending balance of \$5,043,776 compared to the prior year ending balance of \$4,078,652, an increase of \$965,124. Revenues decreased \$850,309 or 7.3%, primarily due to a decrease in American Rescue Plan Act and FEMA grant revenue. Expenditures decreased \$1,151,402 or 10.5% when compared to the prior year due to a decrease in expenditures for the American Rescue Plan Act as a majority of the funds had been spent in the prior years.
- Special Revenue, Rural Services Fund revenues increased approximately \$61,000. Expenditures decreased approximately \$5,000, or 1.2% from the prior year. The ending fund balance increased approximately \$130,000 from the prior year to approximately \$451,000.
- The Special Revenue, Secondary Roads Fund ended fiscal year 2024 with an ending balance of \$3,981,101 compared to the prior year ending balance of \$4,393,170, a decrease of \$412,069. Revenues increased \$168,036. Expenditures increased \$1,091,642 due to additional costs associated with a bridge and box culvert projects.
- The Debt Service Fund ended fiscal year 2024 with an ending balance of \$192,597 compared to the prior year ending balance of \$136,493, an increase of \$56,104. Revenues increased \$25,547 and expenditures increased \$1,489.

BUDGETARY HIGHLIGHTS

Over the course of the year, Henry County amended its budget once. The amendment was made in May 2024 to increase budgeted intergovernmental receipts for grant funding and use of property for increased interest earned and to provide for additional payroll and insurance expenditures.

The County’s receipts were \$126,917 more than budgeted, a variance of less than one percent. The County received \$188,841 more in use of money and property receipts than anticipated in fiscal year 2024. This was primarily due to the County receiving higher interest rates during the year.

Total disbursements were \$3,114,891 less than the amended budget. Actual disbursements for the capital projects function were \$1,516,137 less than budgeted. This was primarily due to projects that were planned not beginning until after fiscal year 2024.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, Henry County had approximately \$48.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities and roads and bridges. This is a net increase (including additions and deletions) of approximately \$1,048,000, or 2.2%.

| Capital Assets of Governmental Activities at Year End | | |
|---|-----------|--------|
| (Expressed in Thousands) | | |
| | June 30, | |
| | 2024 | 2023 |
| Land | \$ 3,009 | 3,009 |
| Intangibles, road network | 397 | 397 |
| Construction in progress | 1,368 | 751 |
| Buildings and improvements | 9,968 | 9,968 |
| Equipment and vehicles | 3,456 | 3,483 |
| Infrastructure | 30,638 | 30,180 |
| Total | \$ 48,836 | 47,788 |

The County had depreciation expense of \$2,844,123 in fiscal year 2024 and total accumulated depreciation of \$41,932,487 at June 30, 2024. More detailed information about the County’s capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2024, Henry County had \$6,759,000 of general obligation notes outstanding, compared to \$7,394,000 at June 30, 2023.

Debt decreased as a result of scheduled debt repayments during fiscal year 2024.

The County continues to carry a general obligation bond rating of AA- assigned by national rating agencies to the County’s debt. 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. Henry County’s outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$76.2 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

Henry 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 3.0% versus 4.2% a year ago. This compares with the State's unemployment rate of 3.1% and the national rate of 4.1%.

These indicators were taken into account when adopting the budget for fiscal year 2025. Amounts available for appropriation (i.e., actual beginning balance plus next years budgeted revenues) in the operating budget are approximately \$25,822,000, a decrease of 4.0% from the final fiscal year 2024 budget. (Budgeted CY beginning balance plus CY budgeted final revenues) Budgeted disbursements are expected to decrease approximately \$1,578,000 from the final fiscal year 2024 budget, primarily in the capital projects function which is partially offset by the increase in the roads and transportation and administration functions. The County has added no major new programs or initiatives to the fiscal year 2025 budget.

The total Henry County assessed taxable property valuation for property tax payable in fiscal year 2025 increased approximately \$31,409,000. The tax levy rate is set to decrease to \$12.16017 per \$1,000 of taxable valuation. Property tax revenue is budgeted to decrease approximately \$204,000 from approximately \$10,217,000 to \$10,013,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Henry 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 Henry County Auditor's Office, 101 Main Street, Mt. Pleasant, Iowa 52641.

Basic Financial Statements

Exhibit A

Henry County
Statement of Net Position
June 30, 2024

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Assets | |
| Cash, cash equivalents and pooled investments | \$ 9,070,967 |
| Cash held by health plan trustee | 352,231 |
| Receivables: | |
| Property tax: | |
| Delinquent | 7,207 |
| Succeeding year | 9,993,568 |
| Penalty and interest on property tax | 13,502 |
| Accounts | 212,373 |
| Opioid settlement | 182,733 |
| Accrued interest | 32,654 |
| Due from other governments | 1,080,125 |
| Lease receivable | 17,972 |
| Inventories | 886,914 |
| Prepaid insurance | 230,567 |
| Capital assets not being depreciated | 4,774,524 |
| Capital assets, net of accumulated depreciation | <u>44,061,821</u> |
| Total assets | <u>70,917,158</u> |
| Deferred Outflows of Resources | |
| Pension related deferred outflows | 1,642,239 |
| OPEB related deferred outflows | <u>91,740</u> |
| Total deferred outflows of resources | <u>1,733,979</u> |

Henry County
Statement of Net Position
June 30, 2024

| | Governmental Activities |
|---|----------------------------|
| Liabilities | |
| Accounts payable | 312,460 |
| Accrued interest payable | 18,847 |
| Due to other governments | 59,534 |
| Unearned revenues | 423,006 |
| Long-term liabilities: | |
| Portion due or payable within one year: | |
| General obligation notes | 574,000 |
| Compensated absences | 228,165 |
| Total OPEB liability | 61,458 |
| Portion due or payable after one year: | |
| General obligation notes | 6,185,000 |
| Compensated absences | 334,227 |
| Landfill closure and postclosure care costs | 7,598 |
| Net pension liability | 2,292,458 |
| Total OPEB liability | 340,138 |
| Total liabilities | 10,836,891 |
| Deferred Inflows of Resources | |
| Lease related | 17,972 |
| Unavailable property tax revenue | 9,993,568 |
| Pension related deferred inflows | 192,532 |
| OPEB related deferred inflows | 42,250 |
| Total deferred inflows of resources | 10,246,322 |
| Net Position | |
| Net investment in capital assets | 42,058,498 |
| Restricted for: | |
| Supplemental levy purposes | 1,170,404 |
| Rural services purposes | 410,435 |
| Secondary roads purposes | 3,805,575 |
| Capital projects | 31,508 |
| Debt service | 193,153 |
| Conservation land acquisition | 87,707 |
| Community betterment | 1,007,826 |
| Opioid abatement | 327,167 |
| Other purposes | 281,638 |
| Unrestricted | 2,194,013 |
| Total net position | \$ 51,567,924 |

See notes to financial statements.

Henry County

Henry County
Statement of Activities
Year ended June 30, 2024

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|---------------|---------------------------|--|--|--|
| | | Charges for Service | Operating Grants, Contributions and Restricted Interest | Capital Grants, Contributions and Restricted Interest | |
| | Expenses | | | | |
| Functions/Programs: | | | | | |
| Governmental activities: | | | | | |
| Public safety and legal services | \$ 5,204,808 | 844,025 | 111,722 | - | (4,249,061) |
| Physical health and social services | 1,500,395 | 358,719 | 591,378 | - | (550,298) |
| County environment and education | 1,239,347 | 42,438 | 20,032 | - | (1,176,877) |
| Roads and transportation | 8,086,614 | 303,205 | 3,861,526 | 2,507,780 | (1,414,103) |
| Governmental services to residents | 768,897 | 374,971 | 1,286 | - | (392,640) |
| Administration | 2,583,381 | 51,577 | - | - | (2,531,804) |
| Non-program | 149,466 | - | - | - | (149,466) |
| Interest on long-term debt | 245,076 | - | 25,767 | - | (219,309) |
| Total | \$ 19,777,984 | 1,974,935 | 4,611,711 | 2,507,780 | (10,683,558) |
| General Revenues: | | | | | |
| Property and other county tax levied for: | | | | | |
| General purposes | | | | | 9,088,805 |
| Debt service | | | | | 848,538 |
| Penalty and interest on property tax | | | | | 65,659 |
| State tax credits and replacements | | | | | 730,204 |
| Local option sales tax | | | | | 1,246,535 |
| Unrestricted investment earnings | | | | | 560,034 |
| Gain on disposition of capital assets | | | | | 153,658 |
| American Rescue Plan Act | | | | | 84,723 |
| Miscellaneous | | | | | 147,239 |
| Total general revenues | | | | | 12,925,395 |
| Change in net position | | | | | 2,241,837 |
| Net position beginning of year | | | | | 49,326,087 |
| Net position end of year | | | | | \$ 51,567,924 |

See notes to financial statements.

Henry County
Balance Sheet
Governmental Funds

June 30, 2024

| | Special Revenue | | |
|---|----------------------|-------------------|--------------------|
| | General | Rural Services | Secondary Roads |
| Assets | | | |
| Cash and pooled investments: | | | |
| County Treasurer | \$ 4,871,614 | 449,357 | 2,199,666 |
| Cash held by health plan trustee | 203,922 | - | 138,985 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 6,068 | 481 | - |
| Succeeding year | 7,226,640 | 1,992,270 | - |
| Penalty and interest on property tax | 13,502 | - | - |
| Accounts | 210,829 | 1,079 | 51 |
| Opioid settlement | - | - | - |
| Accrued interest | 24,863 | - | - |
| Due from other funds | - | - | 4,973 |
| Due from other governments | 104,744 | - | 873,065 |
| Lease receivable | 17,972 | - | - |
| Inventories | - | - | 886,914 |
| Prepaid insurance | 230,567 | - | - |
| Total assets | \$ 12,910,721 | 2,443,187 | 4,103,654 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 125,352 | - | 122,087 |
| Due to other funds | 4,973 | - | - |
| Due to other governments | 50,491 | - | 466 |
| Unearned revenues | 423,006 | - | - |
| Total Liabilities | 603,822 | - | 122,553 |
| Deferred inflows of resources: | | | |
| Unavailable revenues: | | | |
| Succeeding year property tax | 7,226,640 | 1,992,270 | - |
| Other | 18,511 | 380 | - |
| Lease related | 17,972 | - | - |
| Total deferred inflows of resources | 7,263,123 | 1,992,650 | - |
| Fund balances: | | | |
| Nonspendable: | | | |
| Inventory | - | - | 886,914 |
| Prepaid insurance | 230,567 | - | - |
| Restricted for: | | | |
| Supplemental levy purposes | 747,799 | - | - |
| Rural services purposes | - | 450,537 | - |
| Secondary roads purposes | - | - | 2,955,202 |
| Capital projects | - | - | - |
| Conservation land acquisition | 87,707 | - | - |
| Debt service | - | - | - |
| Opioid abatement | - | - | - |
| Health benefits | 203,922 | - | 138,985 |
| Community betterment | - | - | - |
| Other purposes | 65,259 | - | - |
| Assigned for: | | | |
| Historic preservation | 3,466 | - | - |
| Conservation purposes | 38,840 | - | - |
| Economic development | 185,259 | - | - |
| Unassigned | 3,480,957 | - | - |
| Total fund balances | 5,043,776 | 450,537 | 3,981,101 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 12,910,721 | 2,443,187 | 4,103,654 |

See notes to financial statements.

| Debt Service | Nonmajor | Total |
|-----------------|-----------|------------|
| 191,606 | 1,358,724 | 9,070,967 |
| - | 9,324 | 352,231 |
| 658 | - | 7,207 |
| 774,658 | - | 9,993,568 |
| - | - | 13,502 |
| - | 414 | 212,373 |
| - | 182,733 | 182,733 |
| 2,139 | 5,652 | 32,654 |
| - | - | 4,973 |
| - | 102,316 | 1,080,125 |
| - | - | 17,972 |
| - | - | 886,914 |
| - | - | 230,567 |
| 969,061 | 1,659,163 | 22,085,786 |
| 1,250 | 63,771 | 312,460 |
| - | - | 4,973 |
| - | 8,577 | 59,534 |
| - | - | 423,006 |
| 1,250 | 72,348 | 799,973 |
| 774,658 | - | 9,993,568 |
| 556 | 182,733 | 202,180 |
| - | - | 17,972 |
| 775,214 | 182,733 | 10,213,720 |
| - | - | 886,914 |
| - | - | 230,567 |
| - | - | 747,799 |
| - | - | 450,537 |
| - | - | 2,955,202 |
| - | 31,508 | 31,508 |
| - | - | 87,707 |
| 192,597 | - | 192,597 |
| - | 144,434 | 144,434 |
| - | 9,324 | 352,231 |
| - | 998,502 | 998,502 |
| - | 220,314 | 285,573 |
| - | - | 3,466 |
| - | - | 38,840 |
| - | - | 185,259 |
| - | - | 3,480,957 |
| 192,597 | 1,404,082 | 11,072,093 |
| 969,061 | 1,659,163 | 22,085,786 |

Henry County

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

June 30, 2024

Total governmental fund balances (page 21) \$ 11,072,093

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 \$90,768,832 and the accumulated depreciation is \$41,932,487.

48,836,345

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.

202,180

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

| | | |
|--------------------------------|------------------|-----------|
| Deferred outflows of resources | \$ 1,733,979 | |
| Deferred inflows of resources | <u>(234,782)</u> | 1,499,197 |

Long-term liabilities, including notes payable, compensated absences payable, landfill closure and postclosure care costs 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.

(10,041,891)

Net position of governmental activities (page 17)

\$ 51,567,924

See notes to financial statements.

Henry 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 | \$ 7,206,620 | 1,883,353 | - |
| Local option sales tax | - | - | - |
| Penalty and interest on property tax | 63,320 | - | - |
| Intergovernmental | 2,004,010 | 121,682 | 4,610,399 |
| Licenses and permits | 1,285 | - | 29,905 |
| Charges for service | 842,098 | - | 12,103 |
| Use of money and property | 580,922 | - | - |
| Miscellaneous | 66,646 | 18,971 | 132,921 |
| Total revenues | 10,764,901 | 2,024,006 | 4,785,328 |
| Expenditures: | | | |
| Operating: | | | |
| Public safety and legal services | 4,540,799 | 397,278 | - |
| Physical health and social services | 1,321,647 | - | - |
| County environment and education | 578,755 | - | - |
| Roads and transportation | - | - | 6,013,084 |
| Governmental services to residents | 789,596 | 3,763 | - |
| Administration | 2,385,137 | - | - |
| Non-program | 129,466 | - | - |
| Debt service | - | - | - |
| Capital projects | 54,377 | - | 877,409 |
| Total expenditures | 9,799,777 | 401,041 | 6,890,493 |
| Excess (deficiency) of revenues over (under) expenditures | 965,124 | 1,622,965 | (2,105,165) |
| Other financing sources (uses): | | | |
| Transfers in | - | - | 1,693,096 |
| Transfers out | - | (1,493,096) | - |
| Total other financing sources (uses) | - | (1,493,096) | 1,693,096 |
| Change in fund balances | 965,124 | 129,869 | (412,069) |
| Fund balances beginning of year | 4,078,652 | 320,668 | 4,393,170 |
| Fund balances end of year | \$ 5,043,776 | 450,537 | 3,981,101 |

See notes to financial statements.

| Debt Service | Nonmajor | Total |
|-----------------|-----------|-------------|
| 848,669 | - | 9,938,642 |
| - | 1,246,535 | 1,246,535 |
| - | - | 63,320 |
| 63,322 | 108,623 | 6,908,036 |
| - | 26,523 | 57,713 |
| - | 98,785 | 952,986 |
| 25,767 | 25,150 | 631,839 |
| - | 46,599 | 265,137 |
| 937,758 | 1,552,215 | 20,064,208 |
| - | 121,589 | 5,059,666 |
| - | 200,482 | 1,522,129 |
| - | 618,552 | 1,197,307 |
| - | 71,079 | 6,084,163 |
| - | 2,487 | 795,846 |
| - | 140,030 | 2,525,167 |
| - | 20,000 | 149,466 |
| 881,654 | - | 881,654 |
| - | 472,704 | 1,404,490 |
| 881,654 | 1,646,923 | 19,619,888 |
| 56,104 | (94,708) | 444,320 |
| - | - | 1,693,096 |
| - | (200,000) | (1,693,096) |
| - | (200,000) | - |
| 56,104 | (294,708) | 444,320 |
| 136,493 | 1,698,790 | 10,627,773 |
| 192,597 | 1,404,082 | 11,072,093 |

Henry 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) \$ 444,320

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

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

| | | |
|---|--------------------|---------|
| Expenditures for capital assets | \$ 1,770,040 | |
| Capital assets contributed by the Iowa Department of Transportation | 1,968,961 | |
| Depreciation expense | <u>(2,844,123)</u> | 894,878 |

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.

153,658

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 | (1,299) | |
| Other | <u>(83,104)</u> | (84,403) |

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.

635,000

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.

637,010

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 | (58,215) | |
| Pension expense | (365,184) | |
| OPEB expense | (16,805) | |
| Interest on long-term debt | <u>1,578</u> | (438,626) |

Change in net position of governmental activities (page 19) \$ 2,241,837

See notes to financial statements.

Henry County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2024

Assets

| | |
|----------------------------------|-------------------|
| Cash and pooled investments: | |
| County Treasurer | \$ 1,946,256 |
| Other County officials | 39,583 |
| Cash held by health plan trustee | 21,597 |
| Receivables: | |
| Property tax: | |
| Delinquent | 22,459 |
| Succeeding year | 23,377,000 |
| Accounts | 16,218 |
| Accrued interest | 2,460 |
| Special assessments | 7,230 |
| Due from other governments | 37,138 |
| Prepaid expenses | 10,593 |
| Total assets | <u>25,480,534</u> |

Liabilities

| | |
|--------------------------|----------------|
| Accounts payable | 6,039 |
| Due to other governments | 873,476 |
| Trusts payable | 39,583 |
| Compensated absences | 22,384 |
| Total liabilities | <u>941,482</u> |

Deferred Inflows of Resources

| | |
|----------------------------------|-------------------|
| Unavailable property tax revenue | <u>23,377,000</u> |
|----------------------------------|-------------------|

Net position

| | |
|--|---------------------|
| Restricted for individuals, organizations and other governments | <u>\$ 1,162,052</u> |
|--|---------------------|

See notes to financial statements.

Henry County

Henry County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2024

| | |
|------------------------------------|---------------------|
| Additions: | |
| Property and other county tax | \$ 23,274,655 |
| 911 surcharge | 206,381 |
| State tax credits | 1,686,194 |
| Drivers license fees | 82,295 |
| Office fees and collections | 1,333,573 |
| Auto licenses, use tax and postage | 6,678,463 |
| Assessments | 66,340 |
| Trusts | 957,039 |
| Miscellaneous | <u>323,413</u> |
| Total additions | <u>34,608,353</u> |
| Deductions: | |
| Agency remittances: | |
| To other funds | 1,260,807 |
| To other governments | 32,213,911 |
| Trusts paid out | <u>957,039</u> |
| Total deductions | <u>34,431,757</u> |
| Changes in net position | 176,596 |
| Net position beginning of year | <u>985,456</u> |
| Net position end of year | <u>\$ 1,162,052</u> |

See notes to financial statements.

Henry County
Notes to Financial Statements
June 30, 2024

(1) Summary of Significant Accounting Policies

Henry 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, Henry 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: Henry County Assessor's Conference Board, Henry County Emergency Management Commission and Henry County Joint 911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Custodial Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Henry County Industrial Development Corporation and the Great River Regional Waste Authority.

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 the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for notes 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The 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.

Additionally, the County reports the following funds:

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 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.

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 Inflow of Resources and Fund Balance/Net Position

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

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

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

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

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

Penalty and Interest on Property Tax Receivable – Penalty and interest on property tax receivable represents the amount of penalty and interest 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.

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 if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of three years.

| Asset Class | Amount |
|----------------------------------|-----------|
| Infrastructure | \$ 65,000 |
| Right-to-use leased assets | 50,000 |
| Right-to-use subscription assets | 50,000 |
| Land, buildings and improvements | 25,000 |
| Equipment and vehicles | 10,000 |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2024, disbursements did not exceed the amounts budgeted.

(2) Cash 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 investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$7,028,119. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

(3) Due From and Due to Other Funds

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

| Receivable Fund | Payable Fund | Amount |
|------------------|--------------|-----------------|
| Special Revenue: | | |
| Secondary Roads | General | <u>\$ 4,973</u> |

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

(4) Interfund Transfers

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

| Transfer to | Transfer from | Amount |
|------------------|----------------------|---------------------|
| Special Revenue: | Special Revenue: | |
| Secondary Roads | Rural Services | \$ 1,493,096 |
| | Community Betterment | <u>200,000</u> |
| Total | | <u>\$ 1,693,096</u> |

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

(5) Capital Assets

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

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|---|---------------------------------|-----------|-------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,009,340 | - | - | 3,009,340 |
| Intangibles, road network | 397,124 | - | - | 397,124 |
| Construction in progress | 750,805 | 2,780,695 | (2,163,440) | 1,368,060 |
| Total capital assets not being depreciated | 4,157,269 | 2,780,695 | (2,163,440) | 4,774,524 |
| Capital assets being depreciated: | | | | |
| Buildings | 11,729,680 | 247,218 | - | 11,976,898 |
| Improvements other than buildings | 24,207 | - | - | 24,207 |
| Equipment and vehicles | 9,959,609 | 889,196 | (803,150) | 10,045,655 |
| Infrastructure, road network | 61,784,108 | 2,163,440 | - | 63,947,548 |
| Total capital assets being depreciated | 83,497,604 | 3,299,854 | (803,150) | 85,994,308 |
| Less accumulated depreciation: | | | | |
| Buildings | 1,778,055 | 246,428 | - | 2,024,483 |
| Improvements other than buildings | 7,951 | 692 | - | 8,643 |
| Equipment and vehicles | 6,476,564 | 891,893 | (778,700) | 6,589,757 |
| Infrastructure, road network | 31,604,494 | 1,705,110 | - | 33,309,604 |
| Total accumulated depreciation | 39,867,064 | 2,844,123 | (778,700) | 41,932,487 |
| Total capital assets being depreciated, net | 43,630,540 | 455,731 | (24,450) | 44,061,821 |
| Governmental activities capital assets, net | 47,787,809 | 3,236,426 | (2,187,890) | 48,836,345 |

Depreciation expense was charged to the following functions:

| | |
|--|---------------------|
| Governmental activities: | |
| Public safety and legal services | \$ 306,918 |
| Physical health and social services | 2,293 |
| County environment and education | 43,375 |
| Roads and transportation | 2,457,128 |
| Government Services | 638 |
| Administration | 33,771 |
| Total depreciation expense - governmental activities | <u>\$ 2,844,123</u> |

(6) Lease Receivable

The County owns land it rents out as crop ground. Effective March 1, 2021, the County entered into a 3-year lease for \$5,812 annually with an implicit interest rate of 2.4%. The County is to receive \$2,906 on or before June 1st and on or before December 1st each year. During the year ended June 30, 2024, the County received \$2,872 in principal and \$34 in interest. Effective March 1, 2024, the County entered into a 3-year lease for \$7,450 annually with an implicit interest rate of 2.4%. The County is to receive \$3,725 on or before June 1st and on or before December 1st each year. During the year ended June 30, 2024, the County received \$3,468 in principal and \$257 in interest.

The following is a schedule by year of minimum future rentals on the operating leases as of June 30, 2024:

| Year | Farm Ground | | |
|----------|------------------|------------|---------------|
| Ending | Principal | Interest | Total |
| June 30, | | | |
| 2025 | \$ 7,060 | 390 | 7,450 |
| 2026 | 7,231 | 219 | 7,450 |
| 2027 | 3,681 | 44 | 3,725 |
| Total | <u>\$ 17,972</u> | <u>653</u> | <u>18,625</u> |

The County leases office space to Hillcrest Family Services to provide mental health services. Effective May 1, 2022, the County entered into a fourteen-month agreement for \$2,000 each month and an implicit interest rate of 2.4%. Upon the agreement of both parties, the terms of the lease will automatically renew for an additional one-year term. During the year ended June 30, 2024, the County received \$23,691 in principal and \$309 in interest.

(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 | \$ 50,491 |
| Special Revenue: | | |
| Secondary Roads | Services | 466 |
| Community Betterment | Services | 8,577 |
| Total for government funds | | <u>\$ 59,534</u> |
| Custodial: | | |
| Schools | Collections | \$ 111,372 |
| Community Colleges | | 12,100 |
| Corporations | | 37,479 |
| Townships | | 2,150 |
| Auto License and Use Tax | | 516,336 |
| All other | | 194,039 |
| Total for custodial funds | | <u>\$ 873,476</u> |

(8) Long-Term Liabilities

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

| | General Obligation Capital Loan Notes | Compensated Absences | Landfill Closure and Postclosure Care Costs | Net Pension Liability | Total OPEB Liability | Total |
|---------------------------|--|-------------------------|--|-----------------------------|----------------------------|-------------------|
| Balance beginning of year | \$ 7,394,000 | 504,177 | 7,598 | 1,555,204 | 319,400 | 9,780,379 |
| Increases | - | 331,382 | - | 737,254 | 118,615 | 1,187,251 |
| Decreases | 635,000 | 273,167 | - | - | 36,419 | 944,586 |
| Balance end of year | <u>\$ 6,759,000</u> | <u>562,392</u> | <u>7,598</u> | <u>2,292,458</u> | <u>401,596</u> | <u>10,023,044</u> |
| Due within one year | <u>\$ 574,000</u> | <u>228,165</u> | <u>-</u> | <u>-</u> | <u>61,458</u> | <u>863,623</u> |

Notes Payable

On May 23, 2018, the County issued \$8,875,000 of general obligation capital loan notes, Series 2018A, with interest rates ranging from 3.00-4.00% per annum. The notes were issued to provide funds for the construction of a jail and law enforcement center. During the year ended June 30, 2024, the County paid principal of \$410,000 and interest of \$233,922 on the notes.

On July 20, 2022, the County issued \$600,000 of general obligation capital loan notes, Series 2022A, with interest rate of 2.95% per annum. The notes were issued for the constructing of a salt shed, constructing a cold storage shed and constructing a grader shed for Secondary Roads. During the year ended June 30, 2024, the County paid principal of \$225,000 and interest of \$11,180 on the notes.

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

| Year Ending June 30, | Jail and Law Enforcement Center | | | Salt, Cold Storage and Grader Sheds | | |
|----------------------------|---------------------------------|---------------------|------------------|-------------------------------------|-------------------|--------------|
| | Series 2018A | | | Series 2022A | | |
| | Issued May 23, 2018 | | | Issued Jul 20, 2022 | | |
| | Interest Rates | Principal | Interest | Interest Rates | Principal | Interest |
| 2025 | 3.00% | \$ 420,000 | 221,623 | 2.95% | \$ 154,000 | 4,543 |
| 2026 | 3.00 | 430,000 | 209,023 | - | - | - |
| 2027 | 3.00 | 445,000 | 196,122 | - | - | - |
| 2028 | 3.00 | 460,000 | 182,772 | - | - | - |
| 2029 | 3.00 | 470,000 | 168,973 | - | - | - |
| 2030-2034 | 3.00-4.00 | 2,585,000 | 617,518 | - | - | - |
| 2035-2037 | 3.50-4.00 | 1,795,000 | 130,070 | - | - | - |
| Total | | <u>\$ 6,605,000</u> | <u>1,726,101</u> | | <u>\$ 154,000</u> | <u>4,543</u> |

| Year Ending June 30, | Total | |
|----------------------------|---------------------|------------------|
| | Principal | Interest |
| 2024 | \$ 574,000 | 226,166 |
| 2025 | 430,000 | 209,023 |
| 2026 | 445,000 | 196,122 |
| 2027 | 460,000 | 182,772 |
| 2028 | 470,000 | 168,973 |
| 2029-2033 | 2,585,000 | 617,518 |
| 2034-2037 | 1,795,000 | 130,070 |
| Total | <u>\$ 6,759,000</u> | <u>1,730,644</u> |

(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 totaled \$637,010.

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 \$2,292,458 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 0.050789%, which was an increase of 0.009626% over its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the County recognized pension expense of \$365,184. 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 | \$ 485,749 | 10,750 |
| Changes of assumptions | - | 74,211 |
| Net difference between projected and actual earnings on IPERS' investments | 370,367 | |
| Changes in proportion and differences between County contributions and the County's proportionate share of contributions | 149,113 | 107,571 |
| County contributions subsequent to the measurement date | 637,010 | - |
| Total | \$ 1,642,239 | 192,532 |

\$637,010 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 | \$ (13,781) |
| 2026 | (244,622) |
| 2027 | 859,117 |
| 2028 | 176,263 |
| 2029 | 35,720 |
| Total | \$ 812,697 |

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

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

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|---------------------------|-----------------------------|---------------------------|
| County's proportionate share of the net pension liability (asset) | \$ 6,357,115 | 2,292,458 | (1,114,856) |

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 Henry 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 | 9 |
| Active employees | <u>109</u> |
| Total | <u>118</u> |

Total OPEB Liability – The County's total OPEB liability of \$401,596 was measured as of June 30, 2024 and was determined by an actuarial valuation as of January 1, 2024.

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 January 1, 2024) | 3.00% per annum. |
| Rates of salary increase | 3.00% per annum, including |
| (effective January 1, 2024) | inflation. |
| Discount rate | 3.26% compounded annually, |
| (effective January 1, 2024) | including inflation. |
| Healthcare cost trend rate | |
| (effective January 1, 2024) | 5.00% per annum. |

Discount Rate – The discount rate used to measure the total OPEB liability was 3.26% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct morality 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 | \$ 319,400 |
| Changes for the year: | |
| Service cost | 38,044 |
| Interest | 13,254 |
| Differences between expected and actual experiences | 59,680 |
| Changes in assumptions | 7,637 |
| Benefit payments | <u>(36,419)</u> |
| Net changes | <u>82,196</u> |
| Total OPEB liability end of year | <u>\$ 401,596</u> |

Changes of assumptions reflect a change in the discount rate from 2.06% in fiscal year 2023 to 3.26% 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 (2.26%) or 1% higher (4.26%) than the current discount rate.

| | 1% | Discount | 1% |
|----------------------|------------|----------|----------|
| | Decrease | Rate | Increase |
| | (2.26%) | (3.26%) | (4.26%) |
| Total OPEB liability | \$ 425,182 | 401,596 | 379,324 |

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

| | 1% Decrease (4.00%) | Healthcare Cost Trend Rate (5.00%) | 1% Increase (6.00%) |
|----------------------|---------------------------|---|---------------------------|
| Total OPEB liability | \$ 364,952 | 401,596 | 445,097 |

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 \$16,805. 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 | \$ 71,420 | 32,821 |
| Changes in assumptions | 20,320 | 9,429 |
| Total | \$ 91,740 | 42,250 |

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 | \$ 1,926 |
| 2026 | 1,926 |
| 2027 | 1,926 |
| 2028 | 1,926 |
| 2029 | 1,926 |
| Thereafter | 39,860 |
| | <u>\$ 49,490</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 \$407,032.

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 \$1,000,000 and \$100,000, respectively. In addition, the County also carries commercial insurance from other insurers for coverage associated with computer crime for \$500,000. 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 County, in conjunction with the City of Fairfield, Iowa and other organizations entered into an agreement as authorized in Chapter 28E of the Code of Iowa for health insurance which is funded through employer and employee contributions. The counties, cities and other participating organizations are contingently liable with respect to medical claims made by the participants in the plan. Employee Benefit Systems/Cobra Administrator (EBS) provides a service designed to administer compliance requirements. All claims handling procedures are performed by an independent claims administrator. Settled claims have not exceeded the plan coverage during any of the past three years.

The cash balance of the Henry County Health Care Plan was \$373,828 at June 30, 2024.

(13) Tax Abatements

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

Tax Abatements of Other Entities

Other entities within the County provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. For these types of projects, the other entities enter into agreements with developers which require the other entities, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. 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 entities:

| <u>Entity</u> | <u>Tax Abatement Program</u> | <u>Amount of Tax Abated</u> |
|-----------------|---|---------------------------------|
| City of Wayland | Urban renewal and economic development projects | \$ 7,174 |

(14) Closure and Postclosure Care Cost

The County established a Citizens Convenience Center in March 2013. The closure and postclosure care costs have been estimated at \$7,598. The County has established a Special Revenue, Solid Waste Fund to set aside \$7,598 to cover the estimated cost. A liability for \$7,598 has been reported for these costs in the Statement of Net Position.

Required Supplementary Information

Henry 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 Actual Variance |
|---|---------------|------------------|-------------|--------------------------------|
| | | Original | Final | |
| Receipts: | | | | |
| Property and other county tax | \$ 11,175,576 | 10,964,660 | 11,012,006 | 163,570 |
| Penalty and interest on property tax | 63,326 | 53,300 | 53,300 | 10,026 |
| Intergovernmental | 6,084,273 | 6,046,903 | 6,474,074 | (389,801) |
| Licenses and permits | 56,191 | 31,100 | 43,988 | 12,203 |
| Charges for service | 954,407 | 732,320 | 933,922 | 20,485 |
| Use of money and property | 627,361 | 123,012 | 438,520 | 188,841 |
| Miscellaneous | 335,862 | - | 214,269 | 121,593 |
| Total receipts | 19,296,996 | 17,951,295 | 19,170,079 | 126,917 |
| Disbursements: | | | | |
| Public safety and legal services | 5,033,257 | 5,256,580 | 5,393,330 | 360,073 |
| Physical health and social services | 1,519,799 | 1,616,873 | 1,748,958 | 229,159 |
| County environment and education | 1,193,828 | 1,321,309 | 1,402,009 | 208,181 |
| Roads and transportation | 5,739,726 | 6,261,700 | 6,261,700 | 521,974 |
| Governmental services to residents | 794,021 | 913,410 | 932,834 | 138,813 |
| Administration | 2,520,687 | 2,550,951 | 2,646,956 | 126,269 |
| Non-program | 64,743 | 69,000 | 79,000 | 14,257 |
| Debt service | 881,653 | 881,681 | 881,681 | 28 |
| Capital projects | 1,477,163 | 2,993,300 | 2,993,300 | 1,516,137 |
| Total disbursements | 19,224,877 | 21,864,804 | 22,339,768 | 3,114,891 |
| Excess (deficiency) of receipts over (under) disbursements | 72,119 | (3,913,509) | (3,169,689) | 3,241,808 |
| Other financing sources, net | - | 625,000 | 625,000 | (625,000) |
| Change in balances | 72,119 | (3,288,509) | (2,544,689) | 2,616,808 |
| Balance beginning of year | 9,351,079 | 7,736,066 | 7,736,066 | 1,615,013 |
| Balance end of year | \$ 9,423,198 | 4,447,557 | 5,191,377 | 4,231,821 |

See accompanying independent auditor's report.

Henry 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 | \$ 19,296,996 | 767,212 | 20,064,208 |
| Expenditures | 19,224,877 | 395,011 | 19,619,888 |
| Net | 72,119 | 372,201 | 444,320 |
| Beginning fund balances | 9,351,079 | 1,276,694 | 10,627,773 |
| Ending fund balances | \$ 9,423,198 | 1,648,895 | 11,072,093 |

See accompanying independent auditor's report.

Henry County

Henry County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2024

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

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

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund. These nine functions are: public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$474,964. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County 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 did not exceed the amounts budgeted.

Henry County

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

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

Required Supplementary Information

| | 2024 | 2023 | 2022 | 2021 |
|--|-----------|-----------|--------------|-----------|
| County's proportion of the net pension liability (asset) | 0.050789% | 0.041163% | 0.450734% ** | 0.059679% |
| County's proportionate share of the net pension liability (asset) | \$ 2,292 | 1,555 | (1,556) | 4,192 |
| County's covered payroll | \$ 6,679 | 6,258 | 6,216 | 6,110 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 34.32% | 24.85% | (25.03%) | 68.61% |
| 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.

Henry 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 | \$ 637 | 624 | 586 | 590 |
| Contributions in relation to the statutorily required contribution | (637) | (624) | (586) | (590) |
| Contribution deficiency (excess) | \$ - | - | - | - |
| County's covered payroll | \$ 6,849 | 6,679 | 6,258 | 6,216 |
| Contributions as a percentage of covered payroll | 9.30% | 9.34% | 9.36% | 9.49% |
| See accompanying independent auditor's report. | | | | |

Henry County

Henry County

Notes to Required Supplementary Information – Pension Liability

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%.

Henry 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 | \$ 38,044 | 32,275 | 31,335 | 24,403 |
| Interest cost | 13,254 | 6,754 | 6,650 | 9,594 |
| Difference between expected and actual experiences | 59,680 | - | 20,778 | - |
| Changes in assumptions | 7,637 | - | 8,327 | - |
| Benefit payments | (36,419) | (30,441) | (37,315) | (5,368) |
| Net change in total OPEB liability | 82,196 | 8,588 | 29,775 | 28,629 |
| Total OPEB liability beginning of year | 319,400 | 310,812 | 281,037 | 252,408 |
| Total OPEB liability end of year | \$ 401,596 | 319,400 | 310,812 | 281,037 |
| Covered-employee payroll | \$ 6,523,353 | 5,943,552 | 5,770,439 | 5,651,016 |
| Total OPEB liability as a percentage of covered-employee payroll | 6.2% | 5.4% | 5.4% | 5.0% |

See accompanying independent auditor's report.

| 2020 | 2019 | 2018 |
|-----------|-----------|-----------|
| 23,692 | 18,168 | 17,639 |
| 8,565 | 7,710 | 7,168 |
| (14,702) | - | (48,190) |
| 10,758 | - | (19,278) |
| (1,730) | (12,047) | (7,063) |
| 26,583 | 13,831 | (49,724) |
| 225,825 | 211,994 | 261,718 |
| 252,408 | 225,825 | 211,994 |
| 5,486,423 | 4,510,219 | 4,378,853 |
| 4.6% | 5.0% | 4.8% |

Henry 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:

The 2024 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2024:

- The future retiree participation rate was changed from 35% to 40%.

The 2023 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2023:

- Changed mortality assumptions to the SOA Public Plan 2010 tables.

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 | 3.26% |
| Year ended June 30, 2023 | 2.06% |
| Year ended June 30, 2022 | 2.06% |
| Year ended June 30, 2021 | 3.50% |
| Year ended June 30, 2020 | 3.50% |
| Year ended June 30, 2019 | 3.44% |
| Year ended June 30, 2018 | 3.44% |
| 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

Henry County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2024

| | Special | | | |
|---|--|-------------------------|-------------------------|---------------------|
| | Resource Enhancement and Protection | Community Betterment | Sheriff's Forfeiture | Opioid Abatement |
| Assets | | | | |
| Cash and pooled investments: | | | | |
| County Treasurer | \$ 17,851 | 942,540 | 36,475 | 143,832 |
| Cash held by health plan trustee | - | 9,324 | - | - |
| Receivables: | | | | |
| Accounts | - | - | 153 | - |
| Opioid settlement | - | - | - | 182,733 |
| Accrued interest | 77 | - | 4,646 | 602 |
| Due from other governments | - | 102,316 | - | - |
| Total assets | \$ 17,928 | 1,054,180 | 41,274 | 327,167 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | - | 37,777 | - | - |
| Due to other government | - | 8,577 | - | - |
| Total liabilities | - | 46,354 | - | - |
| Deferred inflows of resources: | | | | |
| Unavailable revenues: | | | | |
| Other | - | - | - | 182,733 |
| Fund balances: | | | | |
| Restricted for: | | | | |
| Capital projects | - | - | - | - |
| Health benefits | - | 9,324 | - | - |
| Community betterment | - | 998,502 | - | - |
| Opioid abatement | - | - | - | 144,434 |
| Other purposes | 17,928 | - | 41,274 | - |
| Total fund balances | 17,928 | 1,007,826 | 41,274 | 144,434 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 17,928 | 1,054,180 | 41,274 | 327,167 |

See accompanying independent auditor's report.

| Revenue | | | | | | |
|----------------------|---|--------------------------|----------------|--------|---------------------|-----------|
| Inmate Comm/Phone | County Recorder's Records Management | Attorney's Forfeiture | Solid Waste | K-9 | Capital Projects | Total |
| 117,979 | 31,285 | 14,858 | 7,598 | 14,929 | 31,377 | 1,358,724 |
| - | - | - | - | - | - | 9,324 |
| - | 261 | - | - | - | - | 414 |
| - | - | - | - | - | - | 182,733 |
| - | 134 | 62 | - | - | 131 | 5,652 |
| - | - | - | - | - | - | 102,316 |
| 117,979 | 31,680 | 14,920 | 7,598 | 14,929 | 31,508 | 1,659,163 |
| 24,140 | 1,841 | - | - | 13 | - | 63,771 |
| - | - | - | - | - | - | 8,577 |
| 24,140 | 1,841 | - | - | 13 | - | 72,348 |
| - | - | - | - | - | - | 182,733 |
| - | - | - | - | - | 31,508 | 31,508 |
| - | - | - | - | - | - | 9,324 |
| - | - | - | - | - | - | 998,502 |
| - | - | - | - | - | - | 144,434 |
| 93,839 | 29,839 | 14,920 | 7,598 | 14,916 | - | 220,314 |
| 93,839 | 29,839 | 14,920 | 7,598 | 14,916 | 31,508 | 1,404,082 |
| 117,979 | 31,680 | 14,920 | 7,598 | 14,929 | 31,508 | 1,659,163 |

Henry County

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

Year ended June 30, 2024

| | Special | | | |
|--|--|-------------------------|-------------------------|---------------------|
| | Resource Enhancement and Protection | Community Betterment | Sheriff's Forfeiture | Opioid Abatement |
| Revenues: | | | | |
| Local option sales tax | \$ - | 1,246,535 | - | - |
| Intergovernmental | 12,833 | 10,347 | - | 85,443 |
| Licenses and permits | - | 26,523 | - | - |
| Charges for service | - | 2,383 | - | - |
| Use of money and property | 1,416 | - | 2,532 | 4,230 |
| Miscellaneous | - | 15,808 | 10,929 | - |
| Total revenues | 14,249 | 1,301,596 | 13,461 | 89,673 |
| Expenditures: | | | | |
| Operating: | | | | |
| Public safety and legal services | - | - | 24,506 | - |
| Physical health and social services | - | 200,481 | - | 1 |
| County environment and education | 56,533 | 562,019 | - | - |
| Roads and transportation | - | 71,079 | - | - |
| Governmental services to residents | - | - | - | - |
| Administration | - | 140,030 | - | - |
| Non-program | - | 20,000 | - | - |
| Capital projects | - | 41,480 | - | - |
| Total expenditures | 56,533 | 1,035,089 | 24,506 | 1 |
| Excess (deficiency) of revenues over (under) expenditures | (42,284) | 266,507 | (11,045) | 89,672 |
| Other financing sources (uses): | | | | |
| Transfer out | - | (200,000) | - | - |
| Changes in fund balances | (42,284) | 66,507 | (11,045) | 89,672 |
| Fund balances beginning of year | 60,212 | 941,319 | 52,319 | 54,762 |
| Fund balances end of year | \$ 17,928 | 1,007,826 | 41,274 | 144,434 |

See accompanying independent auditor's report.

| Revenue | | | | | | |
|----------------------|---|--------------------------|----------------|--------|---------------------|-----------|
| Inmate Comm/Phone | County Recorder's Records Management | Attorney's Forfeiture | Solid Waste | K-9 | Capital Projects | Total |
| - | - | - | - | - | - | 1,246,535 |
| - | - | - | - | - | - | 108,623 |
| - | - | - | - | - | - | 26,523 |
| 93,051 | 2,722 | 629 | - | - | - | 98,785 |
| - | 1,286 | 761 | - | - | 14,925 | 25,150 |
| - | - | - | - | 19,862 | - | 46,599 |
| 93,051 | 4,008 | 1,390 | - | 19,862 | 14,925 | 1,552,215 |
| 90,234 | - | 1,200 | - | 5,649 | - | 121,589 |
| - | - | - | - | - | - | 200,482 |
| - | - | - | - | - | - | 618,552 |
| - | - | - | - | - | - | 71,079 |
| - | 2,487 | - | - | - | - | 2,487 |
| - | - | - | - | - | - | 140,030 |
| - | - | - | - | - | - | 20,000 |
| - | - | - | - | - | 431,224 | 472,704 |
| 90,234 | 2,487 | 1,200 | - | 5,649 | 431,224 | 1,646,923 |
| 2,817 | 1,521 | 190 | - | 14,213 | (416,299) | (94,708) |
| - | - | - | - | - | - | (200,000) |
| 2,817 | 1,521 | 190 | - | 14,213 | (416,299) | (294,708) |
| 91,022 | 28,318 | 14,730 | 7,598 | 703 | 447,807 | 1,698,790 |
| 93,839 | 29,839 | 14,920 | 7,598 | 14,916 | 31,508 | 1,404,082 |

Henry County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2024

| | County Offices | Agricultural Extension Education | County Assessor | Schools |
|--|-------------------|--|--------------------|-------------------|
| Assets | | | | |
| Cash and pooled investments: | | | | |
| County Treasurer | \$ - | 2,382 | 399,282 | 111,372 |
| Other County officials | 39,583 | - | - | - |
| Cash held by health plan trustee | - | - | 14,524 | - |
| Receivables: | | | | |
| Property tax: | | | | |
| Delinquent | - | 232 | 499 | 10,152 |
| Succeeding year | - | 281,000 | 594,000 | 12,583,000 |
| Accounts | - | - | - | - |
| Accrued interest | - | - | - | - |
| Special assessments | - | - | - | - |
| Due from other governments | - | - | - | - |
| Prepaid expenses | - | - | 10,593 | - |
| Total assets | 39,583 | 283,614 | 1,018,898 | 12,704,524 |
| Liabilities | | | | |
| Accounts payable | - | - | 2,958 | - |
| Due to other governments | - | 2,382 | - | 111,372 |
| Trusts payable | 39,583 | - | - | - |
| Compensated absences | - | - | 11,152 | - |
| Total liabilities | 39,583 | 2,382 | 14,110 | 111,372 |
| Deferred Inflows of Resources | | | | |
| Unavailable revenues | - | 281,000 | 594,000 | 12,583,000 |
| Net Position | | | | |
| Restricted for individuals, organizations and other governments | \$ - | 232 | 410,788 | 10,152 |

See accompanying independent auditor's report.

| Community Colleges | Corporations | Townships | City Special Assessments | Auto License and Use Tax | Other | Total |
|-----------------------|--------------|-----------|--------------------------------|-----------------------------------|-----------|------------|
| 12,100 | 37,479 | 2,150 | 61,596 | 516,336 | 803,559 | 1,946,256 |
| - | - | - | - | - | - | 39,583 |
| - | - | - | - | - | 7,073 | 21,597 |
| 1,274 | 8,125 | 40 | - | - | 2,137 | 22,459 |
| 1,514,000 | 5,550,000 | 197,000 | - | - | 2,658,000 | 23,377,000 |
| - | - | - | - | - | 16,218 | 16,218 |
| - | - | - | - | - | 2,460 | 2,460 |
| - | - | - | 7,230 | - | - | 7,230 |
| - | - | - | - | - | 37,138 | 37,138 |
| - | - | - | - | - | - | 10,593 |
| 1,527,374 | 5,595,604 | 199,190 | 68,826 | 516,336 | 3,526,585 | 25,480,534 |
| - | - | - | - | - | 3,081 | 6,039 |
| 12,100 | 37,479 | 2,150 | 61,596 | 516,336 | 130,061 | 873,476 |
| - | - | - | - | - | - | 39,583 |
| - | - | - | - | - | 11,232 | 22,384 |
| 12,100 | 37,479 | 2,150 | 61,596 | 516,336 | 144,374 | 941,482 |
| 1,514,000 | 5,550,000 | 197,000 | - | - | 2,658,000 | 23,377,000 |
| 1,274 | 8,125 | 40 | 7,230 | - | 724,211 | 1,162,052 |

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

Year ended June 30, 2024

| | County Offices | Agricultural Extension Education | County Assessor | Schools |
|------------------------------------|-------------------|--|--------------------|------------|
| Additions: | | | | |
| Property and other county tax | \$ - | 267,542 | 558,199 | 12,438,013 |
| 911 surcharge | - | - | - | - |
| State tax credits | - | 20,784 | 42,759 | 799,994 |
| Drivers license fees | - | - | - | - |
| Office fees and collections | 1,333,573 | - | - | - |
| Auto licenses, use tax and postage | - | - | - | - |
| Assessments | - | - | - | - |
| Trusts | 608,076 | - | - | - |
| Miscellaneous | - | - | 435 | - |
| Total additions | 1,941,649 | 288,326 | 601,393 | 13,238,007 |
| Deductions: | | | | |
| Agency remittances: | | | | |
| To other funds | 1,044,832 | - | - | - |
| To other governments | 288,741 | 288,324 | 525,630 | 13,238,362 |
| Trusts paid out | 608,076 | - | - | - |
| Total deductions | 1,941,649 | 288,324 | 525,630 | 13,238,362 |
| Changes in net position | - | 2 | 75,763 | (355) |
| Net position beginning of year | - | 230 | 335,025 | 10,507 |
| Net position end of year | \$ - | 232 | 410,788 | 10,152 |

See accompanying independent auditor's report.

| Community Colleges | Corporations | Townships | City Special Assessments | Auto License and Use Tax | Other | Total |
|-----------------------|--------------|-----------|--------------------------------|-----------------------------------|-----------|------------|
| 1,365,041 | 6,109,800 | 196,445 | - | - | 2,339,615 | 23,274,655 |
| - | - | - | - | - | 206,381 | 206,381 |
| 87,658 | 545,497 | 10,844 | - | - | 178,658 | 1,686,194 |
| - | - | - | - | 82,295 | - | 82,295 |
| - | - | - | - | - | - | 1,333,573 |
| - | - | - | - | 6,678,463 | - | 6,678,463 |
| - | - | - | 66,340 | - | - | 66,340 |
| - | - | - | - | - | 348,963 | 957,039 |
| - | - | - | - | - | 322,978 | 323,413 |
| 1,452,699 | 6,655,297 | 207,289 | 66,340 | 6,760,758 | 3,396,595 | 34,608,353 |
| - | - | - | - | 215,975 | - | 1,260,807 |
| 1,452,616 | 6,653,907 | 207,395 | 68,970 | 6,544,783 | 2,945,183 | 32,213,911 |
| - | - | - | - | - | 348,963 | 957,039 |
| 1,452,616 | 6,653,907 | 207,395 | 68,970 | 6,760,758 | 3,294,146 | 34,431,757 |
| 83 | 1,390 | (106) | (2,630) | - | 102,449 | 176,596 |
| 1,191 | 6,735 | 146 | 9,860 | - | 621,762 | 985,456 |
| 1,274 | 8,125 | 40 | 7,230 | - | 724,211 | 1,162,052 |

Henry 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 | \$ 9,938,642 | 9,479,096 | 9,379,028 | 9,264,216 |
| Local option sales tax | 1,246,535 | 1,237,993 | 1,254,426 | 1,220,995 |
| Penalty and interest on property tax | 63,320 | 73,081 | 68,204 | 152,809 |
| Intergovernmental | 6,908,036 | 8,276,045 | 8,691,568 | 7,171,784 |
| Licenses and permits | 57,713 | 62,519 | 40,503 | 44,810 |
| Charges for service | 952,986 | 834,997 | 879,991 | 779,010 |
| Use of money and property | 631,839 | 378,249 | 41,401 | 79,037 |
| Miscellaneous | 265,137 | 202,426 | 214,167 | 125,886 |
| Total | <u>\$ 20,064,208</u> | <u>20,544,406</u> | <u>20,569,288</u> | <u>18,838,547</u> |
| Expenditures: | | | | |
| Operating: | | | | |
| Public safety and legal services | \$ 5,059,666 | 5,013,542 | 4,719,077 | 4,457,595 |
| Physical health and social services | 1,522,129 | 1,546,375 | 1,375,412 | 1,363,762 |
| Mental health | - | - | 694,760 | 1,033,736 |
| County environment and education | 1,197,307 | 1,236,725 | 1,079,714 | 1,247,568 |
| Roads and transportation | 6,084,163 | 5,422,268 | 5,987,992 | 4,682,343 |
| Governmental services to residents | 795,846 | 781,172 | 775,374 | 788,348 |
| Administration | 2,525,167 | 2,298,848 | 1,806,602 | 1,667,025 |
| Non-program | 149,466 | 1,506,875 | 1,989,781 | 59,618 |
| Debt service | 881,654 | 880,165 | 883,562 | 879,991 |
| Capital projects | 1,404,490 | 720,794 | 1,005,496 | 938,802 |
| Total | <u>\$ 19,619,888</u> | <u>19,406,764</u> | <u>20,317,770</u> | <u>17,118,788</u> |

See accompanying independent auditor's report.

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|------------|------------|------------|------------|------------|------------|
| 8,190,519 | 7,604,496 | 6,658,892 | 6,457,527 | 7,020,608 | 6,878,857 |
| 981,339 | 953,607 | 904,185 | 996,246 | 920,179 | 783,381 |
| 48,073 | 65,908 | 49,353 | 56,632 | 60,283 | 54,816 |
| 5,305,696 | 5,068,540 | 4,547,287 | 4,970,154 | 4,450,334 | 4,034,237 |
| 38,366 | 32,500 | 43,840 | 22,455 | 26,800 | 54,217 |
| 649,244 | 726,259 | 535,507 | 563,050 | 599,611 | 506,529 |
| 210,136 | 281,879 | 138,798 | 109,846 | 92,833 | 63,087 |
| 157,011 | 134,901 | 140,586 | 348,673 | 131,610 | 186,410 |
| 15,580,384 | 14,868,090 | 13,018,448 | 13,524,583 | 13,302,258 | 12,561,534 |
| 4,137,544 | 3,860,506 | 3,694,061 | 3,464,399 | 3,115,584 | 3,210,299 |
| 1,461,387 | 1,325,111 | 1,025,678 | 897,765 | 932,994 | 847,679 |
| 935,696 | 1,037,006 | 777,916 | 720,300 | 449,387 | 455,095 |
| 1,122,452 | 1,092,766 | 1,025,557 | 1,183,223 | 1,000,390 | 1,276,337 |
| 4,522,210 | 5,005,164 | 4,569,075 | 4,399,107 | 4,058,854 | 3,849,219 |
| 732,753 | 688,521 | 692,055 | 636,934 | 601,242 | 552,586 |
| 1,407,783 | 1,544,612 | 1,473,997 | 1,527,382 | 1,328,083 | 1,315,147 |
| 74,896 | 74,306 | 56,928 | 62,135 | 72,466 | 56,424 |
| 865,464 | 871,760 | 358,388 | 233,800 | 233,100 | 232,303 |
| 3,877,138 | 7,003,224 | 1,362,413 | 1,192,337 | 608,289 | 546,443 |
| 19,137,323 | 22,502,976 | 15,036,068 | 14,317,382 | 12,400,389 | 12,341,532 |



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

Rob Sand
Auditor of State

Independent Auditor's Report on 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 Henry 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 Henry 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 June 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Henry 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 Henry County's internal control. Accordingly, we do not express an opinion on the effectiveness of Henry 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 Henry 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 deficiencies described in the accompanying Schedule of Findings as items 2024-003 through 2024-007 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henry 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 Henry 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 Henry 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.

Henry County's Responses to Findings

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



Brian R. Brustkern, CPA
Deputy Auditor of State

June 23, 2025

Henry 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 incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. | Treasurer, Recorder, Secondary Roads and Conservation |
| (2) Generally, one individual may have control over collecting, depositing, posting, maintaining receivable records and daily reconciling of receipts for which no compensating controls exist. | Recorder, Secondary Roads, Conservation, Sheriff |
| (3) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety. | Sheriff |
| (4) Responsibilities for maintaining detail accounts receivable records is not segregated from posting receipts. | Secondary Roads |
| (5) The person who signs checks is not independent of the person preparing the checks, approving disbursements, posting disbursements and handling cash. | Sheriff |

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.

Henry County

Schedule of Findings

Year ended June 30, 2024

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

Responses and Corrective Action Planned

Treasurer – With limited staff, all employees need access to the accounting records. Having one employee open the mail but not work at the counter daily would not be efficient. We will strive to have more than one person involved in opening mail.

Recorder – There are four full time individuals working in the Recorder's Office. We will do our best to segregate duties.

Sheriff – With limited staff we will continue to try our best to segregate duties.

Secondary Roads – We will continue to do our best with the limited resources available to our office.

Conservation – We will do our best to segregate duties and use resources available to improve internal controls.

Conclusions – Responses acknowledged. All offices should continue to review current operating procedure for the areas noted to obtain the maximum internal control possible. The officials should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

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 – A material amount of receivables was not properly recorded in the County's financial statements.

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

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

Henry 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 and accrual classifications are proper.

Response – The County Treasurer will continue to remind department heads in writing at the beginning of each fiscal year to review all receipts to ensure all receivables are identified and properly reported for the County’s financial statements and accrual classifications.

Conclusion – Response accepted.

2024-003 Accounting Policies and Procedures Manual

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

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

Condition – The Sheriff’s Office does not have accounting policies and procedures manual.

Cause – Officials have not developed an accounting policies and procedures manual.

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

Recommendation – An accounting policies and procedures manual should be developed for the County Sheriff.

Response – We are currently working on a policies and procedures manual.

Conclusion – Response accepted.

2024-004 County Sheriff’s Jail Room and Board

Criteria – Policies and procedures over room and board receipts should address that all receipts are to be properly collected, recorded and deposited. Reconciliations and independent review would ensure these policies and procedures are being accurately followed.

Condition – Policies and procedures have not been developed to account for room and board receipts. Reconciliations between the amounts billed and the amounts collected are not performed.

Henry County

Schedule of Findings

Year ended June 30, 2024

Cause – Policies have not been established and procedures have not been implemented to address collection, recording and depositing of receipts for the room and board account. In addition, reconciliations and review have not been completed for the account.

Effect – Lack of policies and procedures could result in unrecorded or misstated receipts.

Recommendation – The Sheriff's Office should establish policies and procedures which address room and board duties to ensure all receipts are properly collected, recorded and deposited. Also, an independent person should perform a reconciliation of inmate census data to billings, collections and deposits to ensure all sentenced inmates are properly billed for room and board and fees collected are properly deposited.

Response – We are currently working on a policies and procedures manual.

Conclusion – Response acknowledged. The Sheriff's Office should have an independent person perform a reconciliation of inmate census data to billings, collections and deposits.

2024-005 Reconciliation of Public Health Billings, Collections, Delinquent Accounts and Write-offs

Criteria – An effective internal control system provides for internal controls related to maintaining delinquent account listings, reconciling billings, collections and delinquent accounts and comparing collections to deposit to ensure proper recording of receipts, the propriety of adjustments and write-offs and the propriety of delinquent account balances.

Condition – The reconciliation completed by the Public Health Department was not an accurate representation of billings, collections, and delinquent accounts throughout the year.

Cause – Policies have not been established and procedures have not been implemented to maintain delinquent account listings, reconcile billings, collections and receivables, reconcile collections to deposits and adjust and write off uncollectible balances.

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

Recommendation – A listing of delinquent accounts should be prepared on a monthly basis. Procedures should be established to reconcile billings, collections and delinquent accounts for each billing period and to reconcile collections to deposits. The Department should designate an independent person to review the reconciliations and monitor delinquents. The review of the reconciliations should be documented by the signature or initials of the reviewer and the date of the review. In addition, the Department should establish written procedures for write-offs of delinquent account balances.

Response – Monthly reconciliations and review of outstanding bills will include all invoices generated from Nightengale Notes (Public Health Department's billing system).

Conclusion – Response accepted.

Henry County

Schedule of Findings

Year ended June 30, 2024

2024-006 Bank Reconciliations

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

Condition – Bank reconciliations were not prepared for the Conservation's bank account.

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

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

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

Responses – We will do our best to prepare and review monthly bank reconciliations.

Conclusion – Response accepted.

2024-007 Payroll

Criteria – An effective internal control system provides for internal controls related to the preparation of timesheets by all employees. Timesheets support all hours worked and taken as vacation, sick leave, holiday hours and personal days and provide a record of hours worked. Supervisory review of timesheets can help ensure the accuracy of recorded hours worked.

Condition – Although timesheets are prepared, there is no evidence of review and approval of timesheets by independent personnel for department heads.

Cause – Policies have not been established and procedures have not been implemented to require timesheets be reviewed and approved by supervisory personnel.

Effect – The lack of a documented supervisory review process increases the probability staff errors in recording hours or leave time will go undetected.

Recommendation – Timesheets for department heads should be submitted to an appropriate reviewer and approved by someone independent.

Henry County

Schedule of Findings

Year ended June 30, 2024

Response – Henry County will implement a new policy to ensure that all payroll timesheets are reviewed properly and authorized with a signature by the Auditor. This policy will apply to all timesheets, including those submitted by non-elected department heads. The Auditor's signature will serve as an additional layer of oversight to maintain accuracy and accountability in our payroll process. We appreciate everyone's cooperation in adhering to this new procedure.

Conclusion – Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Henry 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 did not exceed the amounts budgeted.

2024-B Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in the 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 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

| Name, Title and Business Connection | Transaction Description | Amount |
|--|----------------------------|--------|
| Derek Wellington, IT coordinator owner of Wellington Electric, Inc. | Electrical work | \$ 442 |
| Robin Detrick, Deputy Auditor spouse of owner of Detrick's Truck & Trailer Service | Tires and parts | 1,580 |

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

2024-E Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2024-F Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be periodically reviewed to ensure coverage is adequate for current operations.

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).

Henry County

Schedule of Findings

Year ended June 30, 2024

- 2024-J County Sheriff – The County Sheriff maintains a bank account for activity related to reserve officers. This account's activity was not reflected in the County's accounting system and has not been included in the County's annual budget or financial report.

Recommendation – Chapter 80D.11 of the Code of Iowa defines reserve peace officers as employees of the governing body. The activity should be included in the County's annual budget and financial statements and disbursements should be charged to the appropriate expenditure account in accordance with the Uniform Chart of Accounts for County Governments in Iowa.

Response – The Sheriff will continue to handle it in the same manner and will not report it for budgeting and financial purposes, as this money is all self-funded and not taxpayer funded.

Conclusion – Response acknowledged. The County Sheriff should work with the County Auditor to ensure compliance with Chapter 80D.11 of the Code of Iowa.

- 2024-K Donations – During the fiscal year, the County donated \$1,340 to Dover Historical Museum and \$7,500 to Main Street Mount Pleasant.

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

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

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

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

Henry County

Schedule of Findings

Year ended June 30, 2024

Response – The Board of Supervisors will discuss these transactions with the County Attorney as the Board of Supervisors feel it is of value to the economic development of the County.

Conclusion – Response acknowledged. The County should cease providing future donations in compliance with the Iowa Constitution. If the nonprofit organization provides a service to the County, the County may enter into a contract for services or the County should follow and comply with Chapter 15A of the Code of Iowa if these payments are considered economic development and creates or maintains jobs. However, the responsibility for accountability of these funds still exists with the County.

Henry County

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Deputy
Suzanne R. Dahlstrom, CPA, Manager
Jesse J. Harthan, Senior II Auditor
David A. Slocum, CPA, Senior Auditor
Jon J. Wilson, Assistant Auditor