

WORTH COUNTY
Northwood, Iowa

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

June 30, 2023

WORTH COUNTY
Northwood, Iowa

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**WORTH COUNTY
Northwood, Iowa**

OFFICIALS

(Before January 2023)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
A.J. Stone.....	First District.....	January 2023
Mark Smeby	Second District.....	January 2025
Enos Loberg	Third District	January 2023

Officials

Jacki Backhaus	County Auditor.....	January 2025
Jake Hanson	County Treasurer	January 2023
Teresa Olson	County Recorder	January 2023
Dan Fank.....	County Sheriff	January 2025
Jeffrey Greve.....	County Attorney.....	January 2023
Cindy Thompson	County Assessor.....	Appointed

(After January 2023)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
A.J. Stone.....	First District.....	January 2027
Mark Smeby	Second District.....	January 2025
Enos Loberg	Third District	January 2027

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GARDINER+COMPANY

Certified Public Accountants

Independent Auditor's Report

To the Officials of Worth County
Northwood, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Worth County, Iowa, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Worth County, Iowa's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Worth County, Iowa as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Worth County, Iowa and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 14 to the financial statements, Worth County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Worth County, Iowa's 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 Worth County, Iowa'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 generally accepted auditing standards 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 generally accepted auditing standards 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 Worth 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 Worth 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 6 - 13 and 63 - 72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 Worth County, Iowa'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 six years ended June 30, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the three years ended June 30, 2016 (which are not presented herein) were audited by other auditors in accordance with the standards referred to in the third paragraph of this report who expressed unmodified opinions on those financial statements. The supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2024, on our consideration of Worth County, Iowa'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 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 Worth County, Iowa's internal control over financial reporting and compliance.

Gardner + Company, P.C.

Charles City, Iowa
March 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2023 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), during fiscal year 2023. The implementation of this standard revised certain asset and liability accounts related to SBITAs, however had no effect on the beginning net position for governmental activities.
- The Governor signed Senate File 619 on June 16, 2021 which significantly changed mental health funding. The County was required to transfer the remaining fund balance of the Special Revenue, Mental Health Fund to the Care Connections of Northern Iowa Mental Health Region prior to June 30, 2022.
- Revenues of the County's governmental activities increased 15.78% or approximately \$2,675,039, from fiscal year 2022 to fiscal year 2023. Capital grants, contributions and restricted interest increased approximately \$550,225, charges for services increased approximately \$578,375 and property tax increased approximately \$612,404.
- Program expenses of the County's governmental activities were 10.20%, or approximately \$1,274,334, more in fiscal year 2023 than in fiscal year 2022. Roads and transportation expenses increased approximately \$1,398,477 and physical health and social services expenses increased approximately \$125,492.
- The County's governmental activities net position increased 16.51%, or approximately \$5,848,700, over the June 30, 2022 balance.
- Business-type activities net position decreased 1.58%, or approximately \$96,563, from June 30, 2022 to June 30, 2023.

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 Worth County as a whole and present an overall view of the County's finances.

USING THIS ANNUAL REPORT (CONTINUED)

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 Worth 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 Worth 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.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES (CONTINUED)

Fund Financial Statements

The County has three kinds of funds:

1. Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund 2) the Special Revenue Funds, such as Rural Services and Secondary Roads and 3) 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. Proprietary funds account for the County's Internal Service, Employee Group Health Fund and Enterprise Wastewater and Water Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to a private business.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2023	2022
Current and Other Assets	\$27,959	\$19,297
Capital Assets	31,977	33,194
Total Assets	59,936	52,491
Deferred Outflows of Resources	647	669
Long-Term Liabilities	7,987	5,292
Other Liabilities	2,404	997
Total Liabilities	10,391	6,289
Deferred Inflows of Resources	8,915	11,443
Net Position:		
Net Investment in Capital Assets	31,977	28,671
Restricted	8,009	7,765
Unrestricted	1,291	(1,008)
Total Net Position	\$41,277	\$35,428

Net position of Worth County's governmental activities increased 16.51% (approximately \$41,276,632 compared to \$35,427,932).

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 11.53%, or approximately \$3,305,808, over the prior year.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased 3.14%, or approximately \$243,799, over the prior year.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from a deficit of \$1,008,151 at June 30, 2022 to \$1,290,942 at the end of this year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year Ended June 30,	
	2023	2022
Revenues:		
Program Revenues:		
Charges for Service	\$ 2,584	\$ 2,006
Operating Grants, Contributions and Restricted Interest	3,475	3,591
Capital Grants, Contributions and Restricted Interest	1,094	544
General Revenues:		
Property Tax	5,650	5,037
Penalty and Interest on Property Tax	26	29
State Tax Credits	605	512
Local Option Sales Tax	587	660
American Rescue Plan Act	350	21
Tax Increment Financing	2,581	2,922
Hotel/Motel and Gaming Wager Tax	1,138	1,158
Unrestricted Investment Earnings	214	52
Other General Revenues	1,313	416
Gain on Disposal of Capital Assets	6	0
Total Revenues	19,623	16,948
Program Expenses:		
Public Safety and Legal Services	2,595	2,608
Physical Health and Social Services	972	847
Mental Health	0	368
County Environment and Education	995	946
Roads and Transportation	6,289	4,891
Governmental Services to Residents	456	401
Administration	1,835	1,791
Non-Program	439	527
Interest on Long-Term Debt	193	121
Total Expenses	13,774	12,500
Change in Net Position	5,849	4,448
Net Position Beginning of Year	35,428	30,980
Net Position End of Year	\$41,277	\$35,428

Worth County's governmental activities net position increased \$5,848,700 during the year. Revenues for governmental activities increased \$2,675,039 over the prior year, while total expenditures increased approximately \$1,274,334.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The cost of all governmental activities this year was \$13,773,870 compared to \$12,499,536 last year. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities was \$6,621,261 because some of the cost was paid by those directly benefited from the programs (approximately \$2,584,017) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,568,592). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2023 from \$6,139,935 to \$7,152,609, principally due to an increase in contributions received from the Iowa Department of Transportation for roads and bridges and an increase in charges for service.

Worth County's business-type activities net position decreased from \$6,114,340 at June 30, 2022 to \$6,017,777 at June 30, 2023.

INDIVIDUAL MAJOR FUND ANALYSIS

As Worth County completed the year, its governmental funds reported a combined fund balance of \$16,021,959, an increase of \$6,540,191 from last year's total of \$9,481,768. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures increased when compared to the prior year. The ending fund balance showed an increase of \$798,980 from the prior year to \$2,892,338.
- The Special Revenue, Rural Services Fund revenues and expenditures increased when compared to the prior year. The ending fund balance increased \$324,893 from the prior year to \$1,124,029.
- The Special Revenue, Secondary Roads Fund revenues decreased approximately \$281,465 and expenditures decreased approximately \$2,147,262 from the prior year. The ending fund balances showed a decrease in the Secondary Roads Fund balance of \$463,301.
- There were no significant changes in revenues, expenditures and fund balance for the Highway 105 Trust Fund.
- The Wind Farm TIF Fund showed an increase in revenues and a decrease in expenditures compared to the prior year, ending with a balance of \$861,056.
- During the year ended June 30, 2023, the County issued \$5,700,000 of general obligation bonds to help finance road, bridge and culvert improvement projects. The proceeds from the bond issue were placed in the Capital Projects Fund to account for these projects.

BUDGETARY HIGHLIGHTS

Over the course of the year, Worth County amended its budget two times. The amendments were made in September 2022 and May 2023. The September 2022 amendment resulted in no revenue changes. September 2022 disbursements were related to Juvenile Justice/medical health and services, General services/miscellaneous-maintenance/repair, Capital Projects/water/sewer structures, Capital Projects/Other-audit/visual equipment and data processing. The May 2023 amendment resulted in increases in revenue due to County Engineer/general obligation loan proceeds and Conservation/grant proceeds. May 2023 disbursement were related to Board of Supervisors/legal and court – related services, County Engineer/roads, Conservation/land improvements, Disaster Service/Emergency/contributions to others-HAZMAT, Medical Examiner/ambulance, Insurance/workmens’ compensation and unemployment compensation, Juvenile Justice/medical and health services, General Services/safety and protective supplies, natural gas, lp, gas, fuel oil; Mental Health Administration/distribution to fiscal agent, Non-Departmental/general obligation bond redemption and fiscal agent fees.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, Worth County had \$55,403,049 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$2,226,041 or 4.19%, over last year.

Capital Assets of Governmental Activities at Year End
(Expressed in Thousands)

	June 30,	
	2023	2022
Land	\$ 1,144	\$ 1,144
Buildings and Improvements	3,694	3,694
Equipment and Vehicles	9,490	8,815
Intangibles	756	756
Infrastructure	1,232	1,232
Infrastructure, Road Network	37,096	33,560
Construction in Progress	1,991	3,976
Total	<u>\$55,403</u>	<u>\$53,177</u>
This Year’s Major Additions Included (in thousands):		
Infrastructure, Road Network	\$ 3,536	
Secondary Roads Equipment and Vehicles	<u>561</u>	
Total	<u>\$ 4,097</u>	

The County had depreciation/amortization expense of \$2,316,338 in fiscal year 2023 and total accumulated depreciation/amortization of \$23,426,024 at June 30, 2023.

The County’s fiscal year 2023 capital budget included \$8,334,155 for capital projects, principally for continued upgrading of secondary roads and bridges. More detailed information about the County’s capital assets is presented in Note 5 to the financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long- Term Debt

At June 30, 2023, Worth County had approximately \$6,985,580 of general obligation bonds and other debt outstanding, compared to approximately \$5,177,619 at June 30, 2022, as shown below:

Outstanding Debt of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2023	2022
General Obligation Bonds	\$5,700	\$3,255
Installment Purchase	27	0
Drainage Warrants	902	1,546
Compensated Absences	356	376
Total	\$6,985	\$5,177

The County continues to carry a general obligation bond rating of A assigned by national rating agencies to the County’s debt since 2009. 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. Worth County’s outstanding general obligation debt is significantly below its constitutional debt limit of \$59.6 million. Additional information about the County’s long-term debt is presented in Note 7 to the financial statements.

NEXT YEAR’S BUDGET AND RATES

Amounts available for appropriation in the fiscal 2024 operating budget are \$17,565,307, a decrease of 35.215% over the final 2023 budget.

The County increased property tax rates for 2024 by 8.234%. This increased the County’s property tax revenue by approximately \$622,064 in 2024.

CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Worth 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 Worth County Auditor’s Office, 1000 Central Avenue, Northwood, Iowa 50459.

**WORTH COUNTY
Northwood, Iowa**

**STATEMENT OF NET POSITION
June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, Cash Equivalents and Pooled Investments	\$17,614,893	\$ 569,890	\$18,184,783
Receivables:			
Property Tax:			
Delinquent	3,654	0	3,654
Succeeding Year	5,919,455	0	5,919,455
Succeeding Year Tax Increment Financing	2,582,914	0	2,582,914
Accounts	211,391	28,190	239,581
Accrued Interest	34,407	0	34,407
Drainage Assessments	541,511	0	541,511
Opioid Settlement	142,652	0	142,652
Due From Other Governments	472,051	0	472,051
Inventories	393,079	0	393,079
Prepaid Insurance	43,244	0	43,244
Capital Assets Not Being Depreciated	3,134,772	0	3,134,772
Capital Assets, Net of Accumulated Depreciation/Amortization	28,842,253	5,423,939	34,266,192
TOTAL ASSETS	59,936,276	6,022,019	65,958,295
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	646,561	0	646,561
LIABILITIES			
Accounts Payable	1,175,371	4,242	1,179,613
Accrued Interest Payable	121,649	0	121,649
Salaries and Benefits Payable	43,343	0	43,343
Due To Other Governments	773	0	773
Unearned Revenues	1,062,724	0	1,062,724
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
General Obligation Bonds	595,000	0	595,000
Installment Purchase	13,721	0	13,721
Compensated Absences	356,103	0	356,103
Portion Due or Payable After One Year:			
General Obligation Bonds	5,105,000	0	5,105,000
Installment Purchase	13,722	0	13,722
Drainage Warrants	902,034	0	902,034
Net Pension Liability	879,844	0	879,844
Total OPEB Liability	122,034	0	122,034
TOTAL LIABILITIES	10,391,318	4,242	10,395,560

**WORTH COUNTY
Northwood, Iowa**

**STATEMENT OF NET POSITION
June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Unavailable Property Tax Revenue	\$ 5,919,455	\$ 0	\$ 5,919,455
Unavailable Tax Increment Financing Revenue	2,582,914	0	2,582,914
Pension Related Deferred Inflows	406,722	0	406,722
OPEB Related Deferred Inflows	5,796	0	5,796
TOTAL DEFERRED INFLOWS OF RESOURCES	8,914,887	0	8,914,887
NET POSITION			
Net Investment in Capital Assets	31,977,025	5,423,939	37,400,964
Restricted For:			
Supplemental Levy Purposes	535,943	0	535,943
Rural Services Purposes	1,129,259	0	1,129,259
Secondary Roads Purposes	3,252,344	0	3,252,344
Opioid Abatement	182,134	0	182,134
Other Purposes	2,908,985	0	2,908,985
Unrestricted	1,290,942	593,838	1,884,780
TOTAL NET POSITION	\$41,276,632	\$6,017,777	\$47,294,409

See Notes to Financial Statements

WORTH COUNTY
Northwood, Iowa

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	<u>Program Revenues</u>	
	Expenses	Charges for Service
FUNCTIONS/PROGRAMS:		
Governmental Activities:		
Public Safety and Legal Services	\$ 2,595,039	\$ 475,637
Physical Health and Social Services	972,342	216,153
County Environment and Education	994,497	21,161
Roads and Transportation	6,289,377	272,800
Governmental Services to Residents	456,230	156,627
Administration	1,835,095	277,883
Non-Program	438,638	1,163,756
Interest on Long-Term Debt	192,652	0
Total Governmental Activities	13,773,870	2,584,017
Business-Type Activities	448,174	345,912
Total	\$14,222,044	\$2,929,929

GENERAL REVENUES:

Property and Other County Tax Levied For:

- General Purposes
- Tax Increment Financing
- Penalty and Interest on Property Tax
- State Tax Credits and Replacements
- Local Option Sales Tax
- American Rescue Plan Act
- Hotel/Motel and Gaming Wager Tax
- Unrestricted Investment Earnings
- Miscellaneous
- Gain on Disposal of Capital Assets
- Total General Revenues

CHANGE IN NET POSITION

NET POSITION BEGINNING OF YEAR

NET POSITION END OF YEAR

See Notes to Financial Statements

Exhibit B

<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
\$ 0	\$ 0	\$(2,119,402)	\$ 0	\$ (2,119,402)
333,166	0	(423,023)	0	(423,023)
8,824	0	(964,512)	0	(964,512)
3,072,819	1,094,010	(1,849,748)	0	(1,849,748)
0	0	(299,603)	0	(299,603)
59,773	0	(1,497,439)	0	(1,497,439)
0	0	725,118	0	725,118
0	0	(192,652)	0	(192,652)
<u>3,474,582</u>	<u>1,094,010</u>	<u>(6,621,261)</u>	<u>0</u>	<u>(6,621,261)</u>
0	0	0	(102,262)	(102,262)
<u>\$3,474,582</u>	<u>\$1,094,010</u>	<u>(6,621,261)</u>	<u>(102,262)</u>	<u>(6,723,523)</u>
		5,649,449	0	5,649,449
		2,581,422	0	2,581,422
		26,042	0	26,042
		604,596	0	604,596
		587,184	0	587,184
		350,111	0	350,111
		1,138,268	0	1,138,268
		214,290	5,699	219,989
		1,312,949	0	1,312,949
		5,650	0	5,650
		<u>12,469,961</u>	<u>5,699</u>	<u>12,475,660</u>
		5,848,700	(96,563)	5,752,137
		<u>35,427,932</u>	<u>6,114,340</u>	<u>41,542,272</u>
		<u>\$41,276,632</u>	<u>\$6,017,777</u>	<u>\$47,294,409</u>

WORTH COUNTY
Northwood, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2023

	Special Revenue Funds	
ASSETS	General	Rural Services
Cash, Cash Equivalents and Pooled Investments	\$3,691,428	\$1,058,204
Receivables:		
Property Tax:		
Delinquent	3,061	593
Succeeding Year	4,285,611	1,633,844
Succeeding Year Tax Increment Financing	0	0
Accounts	90,817	0
Accrued Interest	144,837	0
Drainage Assessments	0	0
Opioid Settlement	0	0
Due From Other Funds	0	30,000
Due From Other Governments	72,889	51,588
Inventories	0	0
Prepaid Insurance	43,244	0
	\$8,331,887	\$2,774,229
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 50,641	\$ 6,002
Accrued Interest Payable	0	0
Salaries and Benefits Payable	19,161	5,124
Due To Other Funds	15,641	0
Due To Other Governments	372	0
Unearned Revenues	1,062,724	0
Compensated Absences	0	0
Total Liabilities	1,148,539	11,126
Deferred Inflows of Resources:		
Succeeding Year Property Tax	4,285,611	1,633,844
Succeeding Year Tax Increment Financing	0	0
Other	5,399	5,230
Total Deferred Inflows of Resources	4,291,010	1,639,074

Special Revenue Funds					
Secondary Roads	Highway 105 Trust	Wind Farm TIF	Capital Projects	Nonmajor	Total
\$3,737,836	\$1,758,828	\$ 861,056	\$5,772,958	\$ 381,845	\$17,262,155
0	0	0	0	0	3,654
0	0	0	0	0	5,919,455
0	0	2,578,550	0	4,364	2,582,914
9,968	0	0	0	94	100,879
0	82	0	0	0	144,919
0	0	0	0	541,511	541,511
0	0	0	0	142,652	142,652
15,641	0	0	0	0	45,641
347,574	0	0	0	0	472,051
393,079	0	0	0	0	393,079
0	0	0	0	0	43,244
\$4,504,098	\$1,758,910	\$3,439,606	\$5,772,958	\$1,070,466	\$27,652,154
\$1,112,263	\$ 0	\$ 0	\$ 0	\$ 4,887	\$ 1,173,793
0	0	0	0	99,045	99,045
19,058	0	0	0	0	43,343
0	0	0	0	30,000	45,641
401	0	0	0	0	773
0	0	0	0	0	1,062,724
7,715	0	0	0	0	7,715
1,139,437	0	0	0	133,932	2,433,034
0	0	0	0	0	5,919,455
0	0	2,578,550	0	4,364	2,582,914
0	0	0	0	684,163	694,792
0	0	2,578,550	0	688,527	9,197,161

WORTH COUNTY
Northwood, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2023

	General	Special Revenue Funds Rural Services
Fund Balances:		
Nonspendable:		
Inventories	\$ 0	\$ 0
Prepaid Insurance	43,244	0
Restricted For:		
Supplemental Levy Purposes	535,015	0
Rural Services Purposes	0	1,124,029
Secondary Roads Purposes	0	0
Drainage	0	0
Opioid Abatement	0	0
Conservation Land Acquisition	39,648	0
Closure	0	0
Capital Projects	0	0
Other Purposes	50,499	0
Assigned for Sheriff	139,120	0
Unassigned	2,084,812	0
Total Fund Balances	2,892,338	1,124,029
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$8,331,887	\$2,774,229

See Notes to Financial Statements

Exhibit C (Continued)

Special Revenue Funds					
Secondary Roads	Highway 105 Trust	Wind Farm TIF	Capital Projects	Nonmajor	Total
\$ 393,079	\$ 0	\$ 0	\$ 0	\$ 0	\$ 393,079
0	0	0	0	0	43,244
0	0	0	0	0	535,015
0	0	0	0	0	1,124,029
2,971,582	0	0	0	0	2,971,582
0	0	0	0	103,251	103,251
0	0	0	0	39,482	39,482
0	0	0	0	0	39,648
0	0	0	0	6,611	6,611
0	0	0	5,772,958	0	5,772,958
0	1,758,910	861,056	0	98,663	2,769,128
0	0	0	0	0	139,120
0	0	0	0	0	2,084,812
3,364,661	1,758,910	861,056	5,772,958	248,007	16,021,959
\$4,504,098	\$1,758,910	\$3,439,606	\$5,772,958	\$1,070,466	\$27,652,154

**WORTH COUNTY
Northwood, Iowa**

**RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2023**

Total Governmental Fund Balances (Page 21)		\$16,021,959
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
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 \$55,403,049 and the accumulated depreciation/amortization is \$23,426,024.		31,977,025
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.		694,792
The Internal Service Fund is used by management to charge the costs of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position.		351,160
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	\$ 646,561	
Deferred Inflows of Resources	<u>(412,518)</u>	234,043
Long-term liabilities, including bonds payable, installment purchases, compensated absences, drainage warrants, 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.		<u>(8,002,347)</u>
Net Position of Governmental Activities (Page 15)		<u><u>\$41,276,632</u></u>

See Notes to Financial Statements

WORTH COUNTY
Northwood, Iowa

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

	Special Revenue Funds		
	General	Rural Services	Secondary Roads
REVENUES:			
Property and Other County Tax	\$5,188,806	\$ 1,597,946	\$ 0
Tax Increment Financing	0	0	0
Local Option Sales Tax	0	587,184	0
Interest and Penalty on Property Tax	26,042	0	0
Intergovernmental	1,662,926	173,296	3,073,616
Licenses and Permits	650	4,370	15,360
Charges for Service	348,261	6,389	0
Use of Money and Property	219,390	0	0
Miscellaneous	173,271	671	395,923
Total Revenues	7,619,346	2,369,856	3,484,899
EXPENDITURES:			
Operating:			
Public Safety and Legal Services	2,210,578	428,153	0
Physical Health and Social Services	1,032,314	45,016	0
County Environment and Education	706,599	287,895	0
Roads and Transportation	0	0	5,266,884
Governmental Services to Residents	521,421	206	0
Administration	2,165,626	2,101	0
Non-Program	0	0	0
Debt Service	550	0	0
Capital Projects	141,429	0	106,087
Total Expenditures	6,778,517	763,371	5,372,971
Excess (Deficiency) of Revenues Over (Under) Expenditures	840,829	1,606,485	(1,888,072)
OTHER FINANCING SOURCES (USES):			
Sale of Capital Assets	0	0	5,650
Transfers In	8,689	0	1,370,689
Transfers Out	(91,702)	(1,281,592)	0
Drainage Warrants Issued	0	0	0
Installment Purchase Agreement	41,164	0	0
General Obligation Bonds Issued	0	0	0
Premium on General Obligation Bonds Issued	0	0	0
Total Other Financing Sources (Uses)	(41,849)	(1,281,592)	1,376,339

Exhibit E

Special Revenue Funds				
Highway 105 Trust	Wind Farm TIF	Capital Projects	Nonmajor	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,786,752
0	2,581,422	0	0	2,581,422
0	0	0	0	587,184
0	0	0	0	26,042
0	10,334	0	44,999	4,965,171
0	0	0	0	20,380
0	0	0	1,718	356,368
7,446	36,371	15,691	264	279,162
0	900,000	0	758,770	2,228,635
7,446	3,528,127	15,691	805,751	17,831,116
0	0	0	3,341	2,642,072
0	0	0	0	1,077,330
0	0	0	0	994,494
0	0	0	0	5,266,884
0	0	0	0	521,627
0	0	0	0	2,167,727
0	0	0	1,266,278	1,266,278
0	3,325,477	0	0	3,326,027
0	0	104,802	0	352,318
0	3,325,477	104,802	1,269,619	17,614,757
7,446	202,650	(89,111)	(463,868)	216,359
0	0	0	0	5,650
0	135,627	0	2,605	1,517,610
0	(8,689)	(135,627)	0	(1,517,610)
0	0	0	230,890	230,890
0	0	0	0	41,164
0	0	5,700,000	0	5,700,000
0	0	297,696	0	297,696
0	126,938	5,862,069	233,495	6,275,400

WORTH COUNTY
Northwood, Iowa

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

		Special Revenue Funds	
	General	Rural Services	Secondary Roads
Change in Fund Balances	\$ 798,980	\$ 324,893	\$ (511,733)
Fund Balances Beginning of Year	2,093,358	799,136	3,827,962
Increase in Reserve For Inventories	0	0	48,432
Fund Balances End of Year	\$2,892,338	\$1,124,029	\$3,364,661

See Notes to Financial Statements

Exhibit E (Continued)

<u>Special Revenue Funds</u>				
<u>Highway 105 Trust</u>	<u>Wind Farm TIF</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 7,446	\$329,588	\$5,772,958	\$(230,373)	\$ 6,491,759
1,751,464	531,468	0	478,380	9,481,768
0	0	0	0	48,432
<u>\$1,758,910</u>	<u>\$861,056</u>	<u>\$5,772,958</u>	<u>\$ 248,007</u>	<u>\$16,021,959</u>

**WORTH COUNTY
Northwood, Iowa**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
Year Ended June 30, 2023

Change in Fund Balances - Total Governmental Funds (Page 26) \$ 6,491,759

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

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

Expenditures for Capital Assets	\$ 1,273,933	
Capital Assets Contributed by the Iowa Department of Transportation	1,093,213	
Depreciation/Amortization Expense	<u>(2,316,338)</u>	50,808

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	979	
Other	<u>338,401</u>	339,380

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

Issued	(5,972,054)	
Repaid	<u>4,144,063</u>	(1,827,991)

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources on the Statement of Net Position. 419,525

**WORTH COUNTY
Northwood, Iowa**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
Year Ended June 30, 2023

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 governmental funds, as follows:

Compensated Absences	\$ 27,745	
Pension	93,349	
OPEB	85,138	
Interest on Long-Term Debt	<u>(16,823)</u>	\$ 189,409

Inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities will report these items as expenditures in the period that the corresponding net position is exhausted.

48,432

The Internal Service Fund is used by management to charge the costs of employee health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.

137,378

Change in Net Position of Governmental Activities (Page 17) \$5,848,700

**WORTH COUNTY
Northwood, Iowa**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023**

	Enterprise			Internal Service Employee Group Health
	Wastewater	Water	Total	
ASSETS				
Current Assets:				
Cash, Cash Equivalents and Pooled Investments	\$ 313,703	\$ 256,187	\$ 569,890	\$352,738
Receivables:				
Accounts	0	28,190	28,190	0
Total Current Assets	313,703	284,377	598,080	352,738
Non-Current Assets:				
Capital Assets, Net of Accumulated Depreciation	4,534,244	889,695	5,423,939	0
TOTAL ASSETS	\$4,847,947	\$1,174,072	\$6,022,019	\$352,738
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 2,679	\$ 1,563	\$ 4,242	\$ 1,578
Total Current Liabilities	2,679	1,563	4,242	1,578
NET POSITION				
Invested in Capital Assets	4,534,244	889,695	5,423,939	0
Unrestricted	311,024	282,814	593,838	351,160
Total Net Position	4,845,268	1,172,509	6,017,777	351,160
TOTAL LIABILITIES AND NET POSITION	\$4,847,947	\$1,174,072	\$6,022,019	\$352,738

See Notes to Financial Statements

**WORTH COUNTY
Northwood, Iowa**

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2023**

	Enterprise			Internal Service Employee Group Health
	Wastewater	Water	Total	
OPERATING REVENUES:				
Reimbursements from Operating Funds	\$ 0	\$ 0	\$ 0	\$870,441
Reimbursements from Employees and Others	0	0	0	95,093
Miscellaneous	0	0	0	10,480
Charges for Service	175,071	170,841	345,912	0
Total Operating Revenues	<u>175,071</u>	<u>170,841</u>	<u>345,912</u>	<u>976,014</u>
OPERATING EXPENSES:				
Cost of Sales and Service	198,584	115,442	314,026	0
Depreciation	113,457	20,691	134,148	0
Medical Claims	0	0	0	45,161
Insurance Premiums	0	0	0	784,890
Administrative Fees	0	0	0	8,365
Miscellaneous	0	0	0	220
Total Operating Expenses	<u>312,041</u>	<u>136,133</u>	<u>448,174</u>	<u>838,636</u>
Operating Income (Loss)	(136,970)	34,708	(102,262)	137,378
NON-OPERATING REVENUES:				
Interest on Investments	2,850	2,849	5,699	0
Total Non-Operating Revenues	<u>2,850</u>	<u>2,849</u>	<u>5,699</u>	<u>0</u>
Net Income (Loss)	(134,120)	37,557	(96,563)	137,378
Net Position Beginning of Year	<u>4,979,388</u>	<u>1,134,952</u>	<u>6,114,340</u>	<u>213,782</u>
Net Position End of Year	<u>\$4,845,268</u>	<u>\$1,172,509</u>	<u>\$6,017,777</u>	<u>\$351,160</u>

See Notes to Financial Statements

**WORTH COUNTY
Northwood, Iowa**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2023**

	Enterprise			Internal Service Employee Group Health
	Wastewater	Water	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers and Others	\$ 175,072	\$ 142,651	\$ 317,723	\$ 0
Cash Received from Operating Fund Reimbursements	0	0	0	870,441
Cash Received from Employees and Others	0	0	0	105,573
Cash Paid to Suppliers For Services	(215,834)	(118,664)	(334,498)	0
Cash Paid for Insurance Premiums	0	0	0	(847,996)
Net Cash Provided by (Used in) Operating Activities	(40,762)	23,987	(16,775)	128,018
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Investments	2,850	2,850	5,700	0
Net Increase (Decrease) in Cash, Cash Equivalents and Pooled Investments	(37,912)	26,837	(11,075)	128,018
Cash, Cash Equivalents and Pooled Investments Beginning of Year	351,615	229,350	580,965	224,720
Cash, Cash Equivalents and Pooled Investments End of Year	\$ 313,703	\$ 256,187	\$ 569,890	\$ 352,738
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating Income (Loss)	\$(136,970)	\$ 34,708	\$(102,262)	\$ 137,378
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	113,457	20,691	134,148	0
Increase in Accounts Receivable	0	(28,190)	(28,190)	0
Decrease in Accounts Payable	(17,249)	(3,222)	(20,471)	(9,360)
Net Cash Provided by (Used in) Operating Activities	\$ (40,762)	\$ 23,987	\$ (16,775)	\$ 128,018

See Notes to Financial Statements

**WORTH COUNTY
Northwood, Iowa**

**STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS**

June 30, 2023

ASSETS

Cash, Cash Equivalents and Pooled Investments:

County Treasurer \$ 1,952,830
Other County Officials 9,633

Receivables:

Property Tax:
Delinquent 10,523
Succeeding Year 11,664,738
Accounts 8,373
Assessments 19,215

Due From Other Governments 38,997

Prepaid Insurance 1,243

TOTAL ASSETS 13,705,552

LIABILITIES

Accounts Payable 4,352

Due To Other Governments 378,812

Due To Individuals and Private Entities 102,585

Compensated Absences 9,158

TOTAL LIABILITIES 494,907

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenues 11,694,476

NET POSITION

Restricted for Individuals, Organizations and Other Governments \$ 1,516,169

See Notes to Financial Statements

WORTH COUNTY
Northwood, Iowa

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

Year Ended June 30, 2023

ADDITIONS:

Property and Other County Tax	\$11,401,608
911 Surcharge	130,555
State Tax Credits	790,515
Office Fees and Collections	278,954
Auto Licenses, Use Tax and Postage	3,305,028
Assessments	18,083
Trusts	261,243
Miscellaneous	166,798
Total Additions	<u>16,352,784</u>

DEDUCTIONS:

Agency Remittances:	
To Other Funds	213,414
To Other Governments	15,939,435
To Individuals and Private Entities	261,500
Total Deductions	<u>16,414,349</u>

CHANGE IN NET POSITION (61,565)

NET POSITION BEGINNING OF YEAR 1,577,734

NET POSITION END OF YEAR \$ 1,516,169

See Notes to Financial Statements

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

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

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

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

Seventy-nine drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Worth County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Worth County Auditor's office.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

A. REPORTING ENTITY (CONTINUED)

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 Worth County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Worth County Assessor's Conference Board, Worth County Emergency Management Commission and Worth 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.

B. BASIS OF PRESENTATION

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

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

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

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

B. BASIS OF PRESENTATION (CONTINUED)

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Highway 105 Trust Fund is used to account for certain secondary roads construction and maintenance.

The Wind Farm TIF Fund is used to account for revenues to be used for the payment of interest and principal on the County's tax increment financing obligations.

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

Additionally, the County reports the following funds:

Proprietary Funds – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis. Enterprise Funds are used to account for the operations of the wastewater and water facilities and are reported as major business-type 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.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax and tax increment financing receivables represent taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax and tax increment financing receivables have been recorded, the related revenue is reported as deferred inflows 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 becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2022.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION (CONTINUED)

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

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

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

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, 2023, 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. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION (CONTINUED)

Capital Assets - Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), are reported in the applicable governmental and business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under "Leases" below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$50,000
Land, Buildings and Improvements	25,000
Intangibles	25,000
Right-to-Use Lease Assets	50,000
Right-to-Use Subscription Assets	100,000
Equipment and Vehicles	5,000

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use lease 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 and Improvements	20 – 50
Infrastructure	30 – 50
Intangibles	5 – 20
Right-to-Use Lease Assets	2 – 20
Right-to-Use Subscription Assets	2 – 20
Equipment and Vehicles	2 – 20

Leases – County as Lessee: Worth County is not a lessee for any noncancelable leases during the fiscal year ended June 30, 2023. The County recognizes lease liabilities with an initial, individual value of \$50,000 or more.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION (CONTINUED)

Leases – County as Lessee

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

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

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

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

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

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

Leases – County as Lessor: Worth County is not a lessor for any noncancelable leases during the fiscal year ended June 30, 2023. The County recognizes a lease receivable and a deferred inflow of resources in the government-side 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 Worth County determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION (CONTINUED)

Leases – County as Lessor:

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

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

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

Subscription-Based Information Technology Arrangements (SBITA) – Worth County has not entered into any contracts that conveys control of the right-to-use information technology software at June 30, 2023. Worth County recognized IT subscription liabilities with an initial, individual value of \$100,000, or more.

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

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION (CONTINUED)

Subscription-Based Information Technology Arrangements (SBITA) (Continued) - The County monitors changes in circumstances that would require a remeasurement of its IT subscription and will remeasure the right-to-use IT subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use IT subscription assets are reported with other capital assets and IT subscription liabilities are reported with long-term debt on the Statement of Net Position.

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

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

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

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION (CONTINUED)

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

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

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION (CONTINUED)

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.

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2023, disbursements did not exceed the amounts budgeted, however, disbursements in the Disaster Services department exceeded the amount appropriated during the year.

Note 2: Cash, Cash Equivalents and Pooled Investments

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

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

Notes to Financial Statements (Continued)

Note 2: Cash, Cash Equivalents and Pooled Investments (Continued)

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

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$4,450,000. There were no limitations or restrictions on withdrawal for the IPAIT investments. The County's investment in IPAIT is unrated.

Interest Rate Risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit Risk – The investment in the Iowa Public Agency Investment Trust is unrated.

Note 3: Due from and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2023 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Rural Services	Special Revenue: New Heaven TIF	\$30,000
Special Revenue: Secondary Roads	General	15,641
		\$45,641

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

Notes to Financial Statements (Continued)

Note 4: Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2023 is as follows:

Transfer To	Transfer From	Amount
General	Special Revenue: Wind Farm TIF	\$ 8,689
Special Revenue: Secondary Roads	General	89,097
	Special Revenue: Rural Services	1,281,592
Special Revenue: Windfarm TIF	Capital Projects	135,627
Special Revenue: Emergency Medical Services	General	<u>2,605</u>
Total		<u><u>\$1,517,610</u></u>

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

Note 5: Capital Assets

Capital assets activity for the year ended June 30, 2023 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital Assets Not Being Depreciated/ Amortized:				
Land	\$ 1,144,008	\$ 0	\$ 0	\$ 1,144,008
Construction in Progress	3,975,912	1,551,079	3,536,227	1,990,764
Total Capital Assets Not Being Depreciated/Amortized	<u>5,119,920</u>	<u>1,551,079</u>	<u>3,536,227</u>	<u>3,134,772</u>
Capital Assets Being Depreciated/Amortized				
Buildings	1,749,136	0	0	1,749,136
Improvements Other Than Buildings	1,944,656	0	0	1,944,656
Machinery and Equipment	7,326,704	679,445	65,000	7,941,149
Vehicles	1,489,285	142,943	82,426	1,549,802
Intangibles	755,680	0	0	755,680
Infrastructure	1,231,740	0	0	1,231,740
Infrastructure, Road Network	33,559,887	3,536,227	0	37,096,114
Total Capital Assets Being Depreciated/Amortized	<u>48,057,088</u>	<u>4,358,615</u>	<u>147,426</u>	<u>52,268,277</u>

Notes to Financial Statements (Continued)

Note 5: Capital Assets (Continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Less Accumulated Depreciation/ Amortization for:				
Buildings	\$ 746,626	\$ 39,880	\$ 0	\$ 786,506
Improvements Other Than Buildings	356,637	67,265	0	423,902
Machinery and Equipment	3,988,904	501,344	65,000	4,425,248
Vehicles	930,440	135,706	76,105	990,041
Intangibles	334,087	57,649	0	391,736
Infrastructure	33,360	30,793	0	64,153
Infrastructure, Road Network	14,860,737	1,483,701	0	16,344,438
Total Accumulated Depreciation/ Amortization	21,250,791	2,316,338	141,105	23,426,024
Total Capital Assets Being Depreciated/ Amortized, Net	26,806,297	2,042,277	6,321	28,842,253
Governmental Activities Capital Assets, Net	\$31,926,217	\$3,593,356	\$3,542,548	\$31,977,025

Depreciation/amortization expense was charged to the following functions:

Governmental Activities:

Public Safety and Legal Services	\$ 299,244
Physical Health and Social Services	14,395
County Environment and Education	77,885
Roads and Transportation	1,806,636
Administration	118,178

Total Depreciation/Amortization Expense – Governmental Activities \$2,316,338

Notes to Financial Statements (Continued)

Note 5: Capital Assets (Continued)

Capital assets activity for the year ended June 30, 2023 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-Type Activities:				
Capital Assets Being Depreciated:				
Buildings and Improvements	\$4,357,390	\$ 0	\$0	\$4,357,390
Infrastructure	2,350,000	0	0	2,350,000
Total Capital Assets Being Depreciated	<u>6,707,390</u>	0	0	<u>6,707,391</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	655,803	87,148	0	742,951
Infrastructure	493,500	47,000	0	540,500
Total Accumulated Depreciation	<u>1,149,303</u>	134,148	0	<u>1,283,451</u>
Total Capital Assets Being Depreciated, Net	<u>5,558,087</u>	(134,148)	0	<u>5,423,939</u>
Business Type Activities Capital Assets, Net	<u>\$5,558,087</u>	<u>\$(134,148)</u>	<u>\$0</u>	<u>\$5,423,939</u>

Depreciation expense was charged to the following functions:

Business-Type Activities:	
Wastewater	\$ 113,457
Water	<u>20,691</u>
	<u>\$ 134,148</u>

Note 6: Due to Other Governments

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

Fund	Description	Amount
General	Services	\$372
Special Revenue:		
Secondary Roads	Services	<u>401</u>
Total for Governmental Funds		<u><u>\$773</u></u>

Notes to Financial Statements (Continued)

Note 6: Due to Other Governments (Continued)

Fund	Description	Amount
Custodial:		
County Offices	Collections	\$ 1,798
Agricultural Extension Education		2,042
Schools		72,476
Community Colleges		7,168
Corporations		29,351
Townships		1,632
City Special Assessments		1,258
Auto License and Use Tax		262,880
All Other		207
Total for Custodial Funds		<u>\$378,812</u>

Note 7: Long-Term Liabilities

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

	General Obligation Bonds	Installment Purchase Agreement	Drainage Warrants	Compensated Absences	Net Pension Liability (Asset)	Total OPEB Liability	Total
Balance Beginning of Year	\$3,255,000	\$ 0	\$1,546,486	\$376,133	\$(1,267,601)	\$114,050	\$4,024,068
Increases	5,700,000	41,164	230,890	356,103	2,147,445	16,526	8,492,128
Decreases	3,255,000	13,721	875,342	376,133	0	8,542	4,528,738
Balance End of Year	<u>\$5,700,000</u>	<u>\$27,443</u>	<u>\$ 902,034</u>	<u>\$356,103</u>	<u>\$ 879,844</u>	<u>\$122,034</u>	<u>\$7,987,458</u>
Due Within One Year	<u>\$ 595,000</u>	<u>\$13,721</u>	<u>\$ 0</u>	<u>\$356,103</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 964,824</u>

Notes to Financial Statements (Continued)

Note 7: Long-Term Liabilities (Continued)

Bonds Payable

During the fiscal year ended June 30, 2023, the County retired the remaining \$3,255,000 of principal on the general obligation refunding bonds, series 2015A, paying the obligation in full.

On May 24, 2023, the County issued \$5,700,000 of general obligation urban renewal bonds, series 2023A, with interest rates ranging from 4.00%-5.00% per annum. The bonds were issued to provide funds for the purpose of paying the cost, to that extent, of undertaking aspects of the Worth County Road, Bridge and Culvert Improvement Projects. During the year ended June 30, 2023, the County made no principal or interest payments.

A summary of the County's June 30, 2023 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Urban Renewal Bonds, Series 2023A			
	Interest Rate	Principal	Interest	Total
2024	5.00%	\$ 595,000	\$ 266,177	\$ 861,177
2025	5.00	630,000	231,350	861,350
2026	5.00	660,000	199,850	859,850
2027	5.00	695,000	166,850	861,850
2028	5.00	730,000	132,100	862,100
2029-2031	4.00	2,390,000	193,800	2,583,800
Total		<u>\$5,700,000</u>	<u>\$1,190,127</u>	<u>\$6,890,127</u>

Installment Purchases

During the year ended June 30, 2023, the County entered into an installment purchase contract for the purchase of election equipment to be paid over three installments. The first installment was due on delivery of the equipment with the final two installments due in each of the two subsequent years with interest free financing.

A summary of the debt outstanding is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2024	0.00%	\$13,721	\$0	\$13,721
2025	0.00%	13,722	0	13,722
		<u>\$27,443</u>	<u>\$0</u>	<u>\$27,443</u>

Notes to Financial Statements (Continued)

Note 7: Long-Term Liabilities (Continued)

Drainage Warrants

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

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

Note 8: Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. 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 age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

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

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

Notes to Financial Statements (Continued)

Note 8: Pension Plan (Continued)

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 that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

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

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

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

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

The County's contributions to IPERS for the year ended June 30, 2023 totaled \$419,525.

Notes to Financial Statements (Continued)

Note 8: Pension Plan (Continued)

Net Pension Liability, Pension Income, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the County reported a net pension liability of \$879,844 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the County’s proportion was 0.023288%, which was a decrease of 0.343891% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension income of \$93,349. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$172,891	\$ 20,498
Changes of assumptions	1,172	92,770
Net difference between projected and actual earnings on IPERS’ investments	0	208,985
Changes in proportion and differences between County contributions and the County’s proportionate share of contributions	52,973	84,469
County contributions subsequent to the measurement date	419,525	0
Total	<u>\$646,561</u>	<u>\$406,722</u>

\$419,525 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$(199,855)
2025	(152,702)
2026	(296,272)
2027	476,502
2028	(7,359)
Total	<u>\$(179,686)</u>

There were no non–employer contributing entities to IPERS.

Notes to Financial Statements (Continued)

Note 8: Pension Plan (Continued)

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

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of Salary Increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-Term Investment Rate of Return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage Growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

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

Mortality rates used in the 2022 valuation were based on the PubG-20-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.00%	3.57%
International Equity	17.50	4.79
Global Smart Beta Equity	6.00	4.16
Core Plus Fixed Income	20.00	1.66
Public Credit	4.00	3.77
Cash	1.00	0.77
Private Equity	13.00	7.57
Private Real Assets	8.50	3.55
Private Credit	8.00	3.63
Total	<u>100.00%</u>	

Notes to Financial Statements (Continued)

Note 8: Pension Plan (Continued)

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 to Changes in the Discount Rate – The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 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:	\$2,743,663	\$879,844	\$(759,116)

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

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

Note 9: Other Post Employment 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 Worth 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 subsidy and an OPEB liability.

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

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	1
Active Employees	76
	<hr/>
Total	77
	<hr/> <hr/>

Notes to Financial Statements (Continued)

Note 9: Other Post Employment Benefits (OPEB) (Continued)

Total OPEB Liability – The County’s total OPEB liability of \$122,034 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

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

Rate of Inflation (effective July 1, 2021)	2.75% per Annum.
Rates of Salary Increase (effective July 1, 2021)	0.00% per Annum.
Discount Rate (effective July 1, 2022)	4.55% Compounded Annually, Including Inflation.
Healthcare Cost Trend Rate (effective July 1, 2021)	6.00% Initial Rate.

Discount Rate – The discount rate used to measure the total OPEB liability was 4.55% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP2014 Annuity Mortality Table. Annual retirement probabilities are based on varying rates by age and turnover probabilities that mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB Liability Beginning of Year	\$114,050
Changes for the Year:	
Service Cost	10,887
Interest	5,639
Differences Between Expected and Actual Experiences	(6,367)
Changes in Assumptions	0
Benefit Payments	(2,175)
Net Changes	<u>7,984</u>
Total OPEB Liability End of Year	<u>\$122,034</u>

Sensitivity of the County’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.55%) or 1% higher (5.55%) than the current discount rate.

	1% Decrease (3.55%)	Discount Rate (4.55%)	1% Increase (5.55%)
Total OPEB Liability	\$134,756	\$122,034	\$110,693

Notes to Financial Statements (Continued)

Note 9: Other Post Employment Benefits (OPEB) (Continued)

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB Liability	\$104,959	\$122,034	\$142,522

OPEB Income and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the County recognized an OPEB income of \$85,138. At June 30, 2023, the County reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$(5,796)
Changes in Assumptions	0
	<u>\$(5,796)</u>

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

Year Ending June 30,	Amount
2024	\$ (571)
2025	(571)
2026	(571)
2027	(571)
2028	(571)
Thereafter	<u>(2,941)</u>
	<u>\$(5,796)</u>

Note 10: Risk Management

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

Notes to Financial Statements (Continued)

Note 10: Risk Management (Continued)

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2023 were \$166,062.

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

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

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

Notes to Financial Statements (Continued)

Note 10: Risk Management (Continued)

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 bonds in the amount of \$1,000,000 and \$50,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11: Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Auxiant.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative service agreement, monthly payments of service fees and claims processed are paid to Auxiant from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2023 was \$870,441.

Amounts payable from the Employee Group Health Fund at June 30, 2023 total \$1,578 which is based on actual but unpaid claims at the end of the year. The amount of claims incurred but not reported is based on the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$351,160 at June 30, 2023 and is reported as a designation of the Internal Service, Employee Group Health Fund total net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$10,938
Incurred claims (including claims incurred but not reported at June 30, 2023)	35,801
Payments on claims during the fiscal year	<u>45,161</u>
Unpaid claims end of year	<u><u>\$ 1,578</u></u>

Notes to Financial Statements (Continued)

Note 12: Tax Abatements

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

County Tax Abatements

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

For the year ended June 30, 2023, no property tax was diverted from the County under the urban renewal and economic development projects.

Tax Abatements of Other Entities

Other entities within the County also provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa.

Property tax revenues of the County were not reduced for the year ended June 30, 2023 under agreements entered into by the other entities.

Note 13: Commitments

The Iowa Department of Transportation has entered into contracts totaling \$4,242,755 on behalf of Worth County for bridge replacement and roadway paving projects. As of June 30, 2023, costs of \$1,613,251 on the projects have been incurred. The balances remaining on the contracts at June 30, 2023 will be paid as work on the projects progress.

The County has entered into a contract for Conservation Electronic Control and Surveillance project. As of June 30, 2023, costs of \$45,956 have been incurred. Payments will be made as work on the project progresses.

The County has entered into a contract for Courthouse Electronic Control and Surveillance project. As of June 30, 2023, costs of \$331,557 have been incurred. Payments will be made as work on the project progresses.

Notes to Financial Statements (Continued)

Note 14: Accounting Change

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, was implemented during the fiscal year ended June 30, 2023. The new requirements require the reporting of certain right-to-use subscription-based IT arrangements and liabilities which were not previously reported. The result of these changes had no effect on the beginning net position. No arrangements met the reporting requirements resulting in no restatement to be presented in the financial statements.

Note 15: Subsequent Events

Management evaluated subsequent events through March 25, 2024, the date the financial statements were available to be issued.

WORTH COUNTY
Northwood, Iowa

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN BALANCES
BUDGET AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION**
Year Ended June 30, 2023

	Actual	Less Funds Not Required to Be Budgeted	Net	Budgeted Amounts		Final to Net Variance
				Original	Final	
RECEIPTS:						
Property and Other County Tax	\$ 9,973,480	\$ 0	\$ 9,973,480	\$ 9,604,879	\$ 9,604,879	\$ 368,601
Interest and Penalty on Property Tax	26,042	0	26,042	40,882	40,882	(14,840)
Intergovernmental	5,325,264	0	5,325,264	4,680,871	4,680,871	644,393
Licenses and Permits	22,215	0	22,215	218,968	218,968	(196,753)
Charges for Service	351,503	0	351,503	321,201	415,356	(63,853)
Use of Money and Property	202,921	0	202,921	118,238	118,238	84,683
Miscellaneous	2,099,387	719,288	1,380,099	40,000	40,000	1,340,099
Total Receipts	18,000,812	719,288	17,281,524	15,025,039	15,119,194	2,162,330
DISBURSEMENTS:						
Public Safety and Legal Services	2,631,105	0	2,631,105	2,754,506	2,779,706	148,601
Physical Health and Social Services	1,092,747	0	1,092,747	1,332,087	1,332,087	239,340
Mental Health	0	0	0	0	2,000	2,000
County Environment and Education	992,534	0	992,534	1,123,626	1,123,626	131,092
Roads and Transportation	4,244,908	0	4,244,908	4,815,743	4,815,743	570,835
Governmental Services to Residents	480,981	0	480,981	518,071	518,071	37,090
Administration	2,168,173	0	2,168,173	1,971,492	3,386,084	1,217,911
Non-Program	1,230,926	1,230,926	0	0	0	0
Debt Service	3,326,727	0	3,326,727	945,373	3,448,275	121,548
Capital Projects	352,318	0	352,318	2,330,000	8,334,155	7,981,837
Total Disbursements	16,520,419	1,230,926	15,289,493	15,790,898	25,739,747	10,450,254
Excess (Deficiency) of Receipts Over (Under) Disbursements	1,480,393	(511,638)	1,992,031	(765,859)	(10,620,553)	12,612,584
Other Financing Sources, Net	6,234,236	230,890	6,003,346	17,002	6,017,002	(13,656)
Change in Balances	7,714,629	(280,748)	7,995,377	(748,857)	(4,603,551)	12,598,928
Balance Beginning of Year	9,547,526	487,931	9,059,595	4,206,658	9,062,748	(3,153)
Balance End of Year	\$17,262,155	\$ 207,183	\$17,054,972	\$ 3,457,801	\$ 4,459,197	\$12,595,775

See Accompanying Independent Auditor's Report

WORTH COUNTY
Northwood, Iowa

BUDGETARY COMPARISON SCHEDULE –
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2023

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$18,000,812	\$ (169,696)	\$17,831,116
Expenditures	16,520,419	1,094,338	17,614,757
Net	1,480,393	(1,264,034)	216,359
Other Financing Sources, Net	6,234,236	41,164	6,275,400
Beginning Fund Balances	9,547,526	(65,758)	9,481,768
Increase in Reserve For Inventories	0	48,432	48,432
Ending Fund Balances	<u>\$17,262,155</u>	<u>\$(1,240,196)</u>	<u>\$16,021,959</u>

See Accompanying Independent Auditor's Report

WORTH COUNTY
Northwood, Iowa

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2023

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

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

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund. These nine functions are: public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Capital Project Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$9,948,849. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2023, disbursements did not exceed the amounts budgeted, however, disbursements in the Disaster Services department exceeded the amount appropriated during the year.

WORTH COUNTY
Northwood, Iowa

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)**

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST NINE YEARS
(In Thousands)

REQUIRED SUPPLEMENTARY INFORMATION

	2023	2022	2021	2020
County's Proportion of the Net Pension Liability (Asset)	0.0232880%	0.3671791%**	0.0385154%	0.0344489%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 880	\$(1,268)	\$2,706	\$1,995
County's Covered Payroll	\$4,313	\$ 4,275	\$4,166	\$3,981
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	20.40%	(29.66)%	64.95%	50.11%
IPERS' Net Position as a Percentage of the Total Pension Liability (Asset)	91.40%	100.81%	82.90%	85.45%

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

** Overall plan net pension asset

See Accompanying Independent Auditor's Report

2019	2018	2017	2016	2015
0.0348682%	0.0371288%	0.0384595%	0.0346345%	0.0868110%
\$2,207	\$2,473	\$2,420	\$1,711	\$1,560
\$3,800	\$3,610	\$3,620	\$3,371	\$3,572
58.08%	68.50%	66.85%	50.76%	43.67%
83.62%	82.21%	81.82%	85.19%	87.61%

WORTH COUNTY
Northwood, Iowa

SCHEDULE OF COUNTY CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS
(In Thousands)

REQUIRED SUPPLEMENTARY INFORMATION

	2023	2022	2021	2020
Statutorily Required Contribution	\$ 420	\$ 403	\$ 403	\$ 396
Contributions in Relation to the Statutorily Required Contributions	(420)	(403)	(403)	(396)
Contribution Deficiency	\$ 0	\$ 0	\$ 0	\$ 0
County's Covered Payroll	\$4,538	\$4,313	\$4,275	\$4,166
Contributions as a Percentage of Covered Payroll	9.26%	9.34%	9.43%	9.51%

See Accompanying Independent Auditor's Report

2019	2018	2017	2016	2015	2014
\$ 382	\$ 347	\$ 331	\$ 334	\$ 323	\$ 344
(382)	(347)	(331)	(334)	(323)	(344)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$3,981	\$3,800	\$3,610	\$3,620	\$3,371	\$3,572
9.59%	9.13%	9.18%	9.23%	9.58%	9.63%

WORTH COUNTY
Northwood, Iowa

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

Year Ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

- Changed mortality assumptions to the PubG-2020 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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

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

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

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

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

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

WORTH COUNTY
Northwood, Iowa

**SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY, RELATED RATIOS
AND NOTES FOR THE LAST SIX YEARS**

REQUIRED SUPPLEMENTARY INFORMATION

	2023	2022	2021	2020	2019	2018
Service Cost	\$ 10,887	\$ 10,930	\$ 17,492	\$ 17,492	\$ 9,360	\$ 9,355
Interest Cost	5,639	5,264	5,654	5,239	3,659	4,020
Difference Between Expected and Actual Experiences	(6,367)	(26,642)	(4,886)	61,613	(4,705)	(4,917)
Changes in Assumptions	0	(81,546)	0	24,219	0	0
Benefit Payments	(2,175)	(1,756)	(3,253)	(4,830)	(17,108)	(18,098)
Net Change in Total OPEB Liability	7,984	(93,750)	15,007	103,733	(8,794)	(9,640)
Total OPEB Liability Beginning of Year	114,050	207,800	192,793	89,060	97,854	107,494
Total OPEB Liability End of Year	\$ 122,034	\$ 114,050	\$ 207,800	\$ 192,793	\$ 89,060	\$ 97,854
Covered-Employee Payroll	\$4,173,208	\$4,017,197	\$3,981,078	\$3,860,018	\$3,606,603	\$3,447,704
Total OPEB Liability as a Percentage of Covered Employee Payroll	2.92%	2.84%	5.22%	4.99%	2.47%	2.84%

See Accompanying Independent Auditor's Report

**WORTH COUNTY
Northwood, Iowa**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB LIABILITY

Year Ended June 30, 2023

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

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

Year Ended June 30, 2023	4.55%
Year Ended June 30, 2022	4.55%
Year Ended June 30, 2021	2.70%
Year Ended June 30, 2020	2.70%
Year Ended June 30, 2019	3.72%
Year Ended June 30, 2018	3.72%

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

OPEB schedules in the required supplementary information are intended to show information for ten years. The additional year's information will be displayed as it becomes available.

WORTH COUNTY
Northwood, Iowa

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Special Revenue		
	REAP	Recorder's Records Management	Emergency Medical Services
ASSETS			
Cash, Cash Equivalents and Pooled Investments	\$40,008	\$16,229	\$1,110
Receivables:			
Property Tax:			
Succeeding Year Tax Increment Financing	0	0	0
Accounts	0	94	0
Drainage Assessments	0	0	0
Opioid Settlement	0	0	0
TOTAL ASSETS	\$40,008	\$16,323	\$1,110
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Interest Payable	0	0	0
Due To Other Funds	0	0	0
Total Liabilities	0	0	0
Deferred Inflows of Resources:			
Succeeding Year Tax Increment Financing	0	0	0
Other	0	0	0
Total Deferred Inflows of Resources	0	0	0
Fund Balances:			
Restricted For:			
Drainage	0	0	0
Opioid Abatement	0	0	0
Closure	0	0	0
Other Purposes	40,008	16,323	1,110
Total Fund Balances	40,008	16,323	1,110
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$40,008	\$16,323	\$1,110

See Accompanying Independent Auditor's Report

Schedule 1

Special Revenue						
County Disposal Closure	Forfeiture	New Heaven TIF	Reserve Deputy	Opioid Settlement	Drainage	Total
\$6,611	\$5,847	\$59,688	\$5,687	\$ 39,482	\$207,183	\$ 381,845
0	0	4,364	0	0	0	4,364
0	0	0	0	0	0	94
0	0	0	0	0	541,511	541,511
0	0	0	0	142,652	0	142,652
<u>\$6,611</u>	<u>\$5,847</u>	<u>\$64,052</u>	<u>\$5,687</u>	<u>\$182,134</u>	<u>\$748,694</u>	<u>\$1,070,466</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,887	\$ 4,887
0	0	0	0	0	99,045	99,045
0	0	30,000	0	0	0	30,000
<u>0</u>	<u>0</u>	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>103,932</u>	<u>133,932</u>
0	0	4,364	0	0	0	4,364
0	0	0	0	142,652	541,511	684,163
<u>0</u>	<u>0</u>	<u>4,364</u>	<u>0</u>	<u>142,652</u>	<u>541,511</u>	<u>688,527</u>
0	0	0	0	0	103,251	103,251
0	0	0	0	39,482	0	39,482
6,611	0	0	0	0	0	6,611
0	5,847	29,688	5,687	0	0	98,663
<u>6,611</u>	<u>5,847</u>	<u>29,688</u>	<u>5,687</u>	<u>39,482</u>	<u>103,251</u>	<u>248,007</u>
<u>\$6,611</u>	<u>\$5,847</u>	<u>\$64,052</u>	<u>\$5,687</u>	<u>\$182,134</u>	<u>\$748,694</u>	<u>\$1,070,466</u>

WORTH COUNTY
Northwood, Iowa

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
Year Ended June 30, 2023

	Special Revenue			
	REAP	Recorder's Records Management	Emergency Medical Services	County Disposal Closure
REVENUES:				
Intergovernmental	\$ 8,824	\$ 0	\$ 0	\$ 0
Charges for Service	0	1,718	0	0
Use of Money and Property	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	8,824	1,718	0	0
EXPENDITURES:				
Operating:				
Public Safety and Legal Services	0	0	2,614	0
Non-Program	0	0	0	0
Total Expenditures	0	0	2,614	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,824	1,718	(2,614)	0
Other Financing Sources:				
Transfers In	0	0	2,605	0
Drainage Warrants Issued	0	0	0	0
Total Other Financing Sources (Uses)	0	0	2,605	0
Change in Fund Balances	8,824	1,718	(9)	0
Fund Balances Beginning of Year	31,184	14,605	1,119	6,611
Fund Balances End of Year	\$40,008	\$16,323	\$ 1,110	\$6,611

See Accompanying Independent Auditor's Report

Schedule 2

Special Revenue					
Forfeiture	New Heaven TIF	Reserve Deputy	Opioid Settlement	Drainage	Total
\$ 0	\$36,175	\$ 0	\$ 0	\$ 0	\$ 44,999
0	0	0	0	0	1,718
0	264	0	0	0	264
0	0	0	39,482	719,288	758,770
0	36,439	0	39,482	719,288	805,751
0	0	727	0	0	3,341
0	0	0	0	1,266,278	1,266,278
0	0	727	0	1,266,278	1,269,619
0	36,439	(727)	39,482	(546,990)	(463,868)
0	0	0	0	0	2,605
0	0	0	0	230,890	230,890
0	0	0	0	230,890	233,495
0	36,439	(727)	39,482	(316,100)	(230,373)
5,847	(6,751)	6,414	0	419,351	478,380
\$5,847	\$29,688	\$5,687	\$39,482	\$ 103,251	\$ 248,007

WORTH COUNTY
Northwood, Iowa

COMBINING STATEMENT OF FIDUCIARY
NET POSITION
CUSTODIAL FUNDS
June 30, 2023

	County Offices	Agricultural Extension Education	County Assessor
ASSETS			
Cash, Cash Equivalents and Pooled Investments:			
County Treasurer	\$ 0	\$ 2,042	\$359,218
Other County Officials	9,633	0	0
Receivables:			
Property Tax:			
Delinquent	0	156	259
Succeeding Year	0	206,961	338,611
Accounts	0	0	0
Assessments	0	0	0
Due From Other Governments	0	0	0
Prepaid Insurance	0	0	0
TOTAL ASSETS	9,633	209,159	698,088
LIABILITIES			
Accounts Payable	0	0	1,241
Due To Other Governments	1,798	2,042	0
Due To Individuals and Private Entities	7,835	0	0
Compensated Absences	0	0	9,158
TOTAL LIABILITIES	9,633	2,042	10,399
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues	0	207,117	338,870
NET POSITION			
Restricted for Individuals Organizations and Other Governments	\$ 0	\$ 0	\$348,819

See Accompanying Independent Auditor's Report

Schedule 3

Schools	Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
\$ 72,476	\$ 7,168	\$ 29,351	\$ 1,632	\$ 1,258	\$262,880	\$1,216,805	\$ 1,952,830
0	0	0	0	0	0	0	9,633
5,587	596	3,819	105	0	0	1	10,523
7,960,641	853,211	2,152,283	151,807	0	0	1,224	11,664,738
0	0	0	0	0	0	8,373	8,373
0	0	0	0	19,215	0	0	19,215
0	0	0	0	0	0	38,997	38,997
0	0	0	0	0	0	1,243	1,243
8,038,704	860,975	2,185,453	153,544	20,473	262,880	1,266,643	13,705,552
0	0	0	0	0	0	3,111	4,352
72,476	7,168	29,351	1,632	1,258	262,880	207	378,812
0	0	0	0	0	0	94,750	102,585
0	0	0	0	0	0	0	9,158
72,476	7,168	29,351	1,632	1,258	262,880	98,068	494,907
7,966,228	853,807	2,156,102	151,912	19,215	0	1,225	11,694,476
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$1,167,350	\$ 1,516,169

WORTH COUNTY
Northwood, Iowa

**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
NET POSITION
CUSTODIAL FUNDS**

Year Ended June 30, 2023

	County Offices	Agricultural Extension Education	County Assessor	Schools
ADDITIONS:				
Property and Other County Tax	\$ 0	\$206,856	\$ 343,366	\$7,943,101
911 Surcharge	0	0	0	0
State Tax Credits	0	15,571	32,104	451,800
Office Fees and Collections	278,954	0	0	0
Auto Licenses, Use Tax and Postage Assessments	0	0	0	0
Trusts	137,749	0	0	0
Miscellaneous	0	0	429	0
Total Additions	416,703	222,427	375,899	8,394,901
DEDUCTIONS:				
Agency Remittances:				
To Other Funds	125,788	0	0	0
To Other Governments	153,054	222,427	519,898	8,394,901
To Individuals and Private Entities	137,861	0	0	0
Total Deductions	416,703	222,427	519,898	8,394,901
Changes in Net Position	0	0	(143,999)	0
Net Position Beginning of Year	0	0	492,818	0
Net Position End of Year	\$ 0	\$ 0	\$ 348,819	\$ 0

See Accompanying Independent Auditor's Report

Schedule 4

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
\$751,231	\$2,004,211	\$151,250	\$ 0	\$ 0	\$ 1,593	\$11,401,608
0	0	0	0	0	130,555	130,555
42,904	238,719	9,278	0	0	139	790,515
0	0	0	0	0	0	278,954
0	0	0	0	3,305,028	0	3,305,028
0	0	0	18,083	0	0	18,083
0	0	0	0	0	123,494	261,243
0	0	0	0	0	166,369	166,798
794,135	2,242,930	160,528	18,083	3,305,028	422,150	16,352,784
0	0	0	0	87,626	0	213,414
794,135	2,242,930	160,528	18,083	3,217,402	216,077	15,939,435
0	0	0	0	0	123,639	261,500
794,135	2,242,930	160,528	18,083	3,305,028	339,716	16,414,349
0	0	0	0	0	82,434	(61,565)
0	0	0	0	0	1,084,916	1,577,734
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$1,167,350	\$ 1,516,169

WORTH COUNTY
Northwood, Iowa

**SCHEDULE OF REVENUES BY SOURCE AND
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS**

For the Last Ten Years

	Modified Accrual Basis		
	2023	2022	2021
REVENUES:			
Property and Other County Tax	\$ 6,786,752	\$ 6,194,677	\$ 5,864,973
Tax Increment Financing	2,581,422	2,921,546	2,953,391
Local Option Sales Tax	587,184	659,783	505,356
Interest and Penalty on Property Tax	26,042	29,596	40,359
Intergovernmental	4,965,171	4,570,981	5,506,387
Licenses and Permits	20,380	28,019	23,702
Charges For Service	356,368	327,965	330,246
Use of Money and Property	279,162	90,315	150,787
Miscellaneous	2,228,635	2,852,344	1,091,536
	<hr/>		
Total	\$17,831,116	\$17,675,226	\$16,466,737
	<hr/>		
EXPENDITURES:			
Operating:			
Public Safety and Legal Services	\$ 2,642,072	\$ 2,539,350	\$ 2,434,945
Physical Health and Social Services	1,077,330	940,393	960,072
Mental Health	0	367,624	220,860
County Environment and Education	994,494	938,378	1,035,341
Roads and Transportation	5,266,884	3,950,497	4,050,340
Governmental Services to Residents	521,627	456,662	456,162
Administration	2,167,727	1,813,911	1,707,986
Non-Program	1,266,278	992,997	1,142,470
Debt Service	3,326,027	5,227,968	2,279,604
Capital Projects	352,318	3,698,924	1,490,111
	<hr/>		
Total	\$17,614,757	\$20,926,704	\$15,777,891
	<hr/>		

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Schedule 5

Modified Accrual Basis						
2020	2019	2018	2017	2016	2015	2014
\$ 5,508,247	\$ 5,501,328	\$ 5,337,502	\$ 5,025,959	\$ 7,355,524	\$ 6,978,236	\$ 6,654,560
2,922,809	2,917,816	2,898,628	5,366,434	0	0	0
489,051	444,745	413,759	386,428	371,230	374,063	348,699
9,112	29,984	34,417	18,793	21,502	21,466	23,217
4,342,819	4,210,915	4,118,578	4,201,341	4,198,340	3,615,247	4,486,333
34,345	24,322	116,089	29,063	78,715	33,237	27,020
266,832	304,762	306,101	290,657	280,309	310,653	287,886
182,763	177,298	145,656	179,239	45,372	54,555	78,883
1,552,012	3,187,814	1,446,817	786,811	1,993,138	933,052	1,481,628
\$15,307,990	\$16,798,984	\$14,817,547	\$16,284,725	\$14,344,130	\$12,320,509	\$13,388,226
\$ 2,354,949	\$ 2,327,428	\$ 2,293,138	\$ 2,203,096	\$ 2,155,651	\$ 2,095,565	\$ 2,546,765
894,390	961,304	920,280	908,951	1,222,873	868,609	847,575
263,738	331,909	329,133	266,748	291,240	375,891	279,074
954,398	904,612	921,297	3,884,773	846,457	845,026	791,661
4,384,405	4,147,829	3,717,655	3,232,033	3,564,205	4,310,312	3,231,062
432,199	403,711	374,591	367,337	369,067	321,449	341,498
1,662,434	1,481,984	1,416,655	1,345,406	1,366,126	1,244,469	1,323,906
1,689,371	1,959,665	2,080,617	769,215	1,096,355	542,639	290,614
2,275,546	2,274,775	8,755,739	2,339,593	2,160,150	1,800,787	1,560,095
1,699,857	2,386,182	776,921	974,614	1,948,200	575,407	1,701,470
\$16,611,287	\$17,179,399	\$21,586,026	\$16,291,766	\$15,020,324	\$12,980,154	\$12,913,720



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 Worth County
Northwood, Iowa

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, the business-type activities, each major fund, and the aggregate remaining fund information of Worth County, Iowa, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Worth County, Iowa’s basic financial statements, and have issued our report thereon dated March 25, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting 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 have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Worth County, Iowa'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 non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Worth County, Iowa's Responses to Findings

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

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 Worth 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.

Gardner + Company, P.C.

Charles City, Iowa
March 25, 2024

WORTH COUNTY
Northwood, Iowa

SCHEDULE OF FINDINGS
Year Ended June 30, 2023

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2023-001 Segregation of Duties:

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

Condition – Various functions of the County Offices are performed by the same person.

Cause – Limited staff available to segregate duties.

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned – We have reviewed procedures as suggested and plan to make improvements to internal control.

Conclusion – Response accepted.

2023-002 Preparation of Full Disclosure Financial Statements:

Criteria – Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements for external reporting in conformity with U.S. generally accepted accounting principles.

Condition – During the audit, we noted that Worth County does not have the internal resources to prepare the full disclosure financial statements required by generally accepted accounting principles.

Cause – The County does not have the internal resources to prepare the full disclosure financial statements required by generally accepted accounting principles.

WORTH COUNTY
Northwood, Iowa

SCHEDULE OF FINDINGS (CONTINUED)
Year Ended June 30, 2023

Findings Related to the Financial Statements:(Continued)

2023-002 Preparation of Full Disclosure Financial Statements:(Continued)

Effect – Gardiner + Company assists in the preparation of the full disclosure financial statements. Management of Worth County thoroughly reviews them and accepts full responsibility for their completeness and accuracy.

Recommendation – We realize that with a limited number of office employees, gaining sufficient knowledge and expertise to properly select and apply accounting principles and prepare full disclosure financial statements for external reporting is difficult. However, we recommend that County officials continue to review operating procedures and obtain the internal expertise needed to handle all aspects of external financial reporting, rather than rely on external assistance.

Response – We recognize our limitations, however it is not fiscally responsible to add additional staff at this time.

Conclusion – Response acknowledged.

2023-003 Financial Reporting:

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

Condition – Material amounts of revenues, expenditures, accounts receivable and opioid settlement amounts were not properly recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

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

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

WORTH COUNTY
Northwood, Iowa

SCHEDULE OF FINDINGS (CONTINUED)
Year Ended June 30, 2023

Findings Related to the Financial Statements:(Continued)

2023-003 Financial Reporting:(Continued)

Response – We will review our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

Other Findings Related to Required Statutory Reporting:

2023-A Certified Budget – Disbursements during the year ended June 30, 2023 did not exceed the amounts budgeted, however, disbursements in the Disaster Services department exceeded the amounts appropriated during the year.

Worth County continued to budget expenditures from the Mental Health service area during the fiscal year ended June 30, 2023 even though Senate File 619 eliminated the Mental Health Fund at June 30, 2022.

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

Senate File 619 eliminated the Mental Health Fund at June 30, 2022. The County should not budget or pay any expenditures from the mental health service area after this date.

Response – We will watch the appropriations more closely. The Mental Health Fund and Service Area will be eliminated.

Conclusion – Response accepted.

2023-B Questionable Expenditures – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General’s opinion dated April 25, 1979, public funds may only be spent for public benefit. No expenditures were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion since the public benefits to be derived have not yet been clearly documented.

WORTH COUNTY
Northwood, Iowa

SCHEDULE OF FINDINGS (CONTINUED)
Year Ended June 30, 2023

Other Findings Related to Required Statutory Reporting: (Continued)

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

2023-D **Business Transactions** – The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Description	Amount
Dawn Knudtson, Jailer		
Knudtson Automotive Service Owned by husband	Motor vehicle repairs and maintenance	\$37,866
Lori Springer, Public Health		
Kevin Springer Construction Owned by husband	Repairs/snow removal/ landscaping	31,989
Jamie Luckason, Conservation		
Luckason Tractor Repair	Repairs/maintenance	2,084

In accordance with Chapter 331.342 of the Code of Iowa, the transactions over \$6,000 with Knudtson Automotive Service and Kevin Springer Construction do not appear to represent a conflict of interest since it appears Dawn Knudtson and Lori Springer did not participate in acquiring the above services.

In accordance with Chapter 331.342 of the Code of Iowa, the transactions with Luckason Tractor Repair does not appear to represent conflicts of interest since total transactions were less than \$6,000.

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

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

WORTH COUNTY
Northwood, Iowa

SCHEDULE OF FINDINGS (CONTINUED)
Year Ended June 30, 2023

Other Findings Related to Required Statutory Reporting: (Continued)

2023-G **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not. However, the Board went into closed session on December 15, 2022 to discuss matters relating to the County. No minutes were taken for these meetings. The closed session did not comply with Chapter 21.5 of the Code of Iowa.

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

Response – All meetings will be documented going forward.

Conclusion – Response accepted.

2023-H **Deposits and Investments** – It was noted that the County’s investment policy does not comply with Chapters 12B and 12C of the Code of Iowa and the policy does not identify stamped drainage warrants as an approved investment.

Recommendation – The County should update the investment policy to comply with Chapters 12B and 12C of the Code of Iowa and should include stamped drainage warrants as an approved investment.

Response – We will update the investment policy to comply with Chapters 12B and 12C of the Code of Iowa and to include stamped drainage warrants as an approved investment.

Conclusion – Response accepted.

2023-I **Resource Enhancement and Protection Certification** – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

2023-J **Tax Increment Financing**– For the year ended June 30, 2023, the County Auditor prepared reconciliations for each City and the County reconciling TIF receipts with total outstanding TIF debt. The December 2022 TIF reconciliation resulted in a negative indebtedness amount for the Worth County Consolidated Urban Renewal Area.

Payments from the Special Revenue, Tax Increment Financing Funds included payments for continuing disclosure fees and publications, which is not allowable.

WORTH COUNTY
Northwood, Iowa

SCHEDULE OF FINDINGS (CONTINUED)
Year Ended June 30, 2023

Other Findings Related to Required Statutory Reporting: (Continued)

2023-J Tax Increment Financing (Continued)

Recommendation – The County should maintain a positive TIF indebtedness position and should reduce tax increment financing to be collected if projected TIF indebtedness is a negative amount. Only allowable TIF obligations should be paid with TIF collections.

Response – We will comply with these requirements.

Conclusion – Response accepted.

2023-K Annual Urban Renewal Report – The Annual Urban Renewal Report was properly certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

2023-L Public Hearing – During the year ended June 30, 2023, the County entered into an installment purchase agreement for election equipment, however, a public hearing was not held prior to the authorization of the obligation as required by Chapter 331.443 of the Code of Iowa.

Recommendation – The County should consult legal counsel for the disposition of this matter. In the future, the County should hold a public hearing prior to the authorization of non-current debt in accordance with Chapter 331.443 of the Code of Iowa.

Response – We will consult legal counsel and this will be compiled with in the future.

Conclusion – Response accepted.