

WORTH COUNTY
Northwood, Iowa

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

June 30, 2021

WORTH COUNTY
Northwood, Iowa

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**WORTH COUNTY
Northwood, Iowa**

**OFFICIALS
(Before January 2021)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Supervisors		
A.J. Stone.....	First District.....	January 2023
Mark Smeby	Second District.....	January 2021
Ken Abrams*	Third District	January 2023

Officials

Jacki Backhaus	County Auditor.....	January 2021
Jake Hanson	County Treasurer	January 2023
Teresa Olson	County Recorder	January 2023
Dan Fank.....	County Sheriff	January 2021
Jeffrey Greve.....	County Attorney.....	January 2023
Cindy Thompson	County Assessor.....	Appointed

*Ken Abrams passed away on October 5, 2020. Enos Loberg was elected on January 19, 2021 to fill the vacancy.

(After January 2021)

Board of Supervisors

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



GARDINER+COMPANY

Certified Public Accountants

Independent Auditor's Report

To the Officials of Worth County
Northwood, Iowa

Report on the Financial Statements

We have audited the accompanying 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, 2021, 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.

Management's Responsibility for the Financial Statements

Worth County, Iowa's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above 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, 2021, 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.

Other Matters

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, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 5 - 12 and 58 - 65 be presented to supplement the basic financial statements. Such information, 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 four years ended June 30, 2020 (which are not present herein) and expressed unmodified opinions on those financial statements. The financial statements for the five years ended June 30, 2016 (which are not presented herein) were audited by other auditors in accordance with standards referred to in the third paragraph of this report who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 to 5, is presented for purposes of additional analysis and is 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 30, 2022, 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 Worth County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Worth County, Iowa's internal control over financial reporting and compliance.

Gardner + Company, P.C.

Charles City, Iowa

March 30, 2022

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, 2021. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 3.53% or approximately \$625,841, from fiscal year 2020 to fiscal year 2021. Capital grants, contributions and restricted interest decreased approximately \$2,763,317, charges for services increased approximately \$1,217,257, operating grants, contributions and restricted interest increased approximately \$529,551 and property tax increased approximately \$163,380.
- Program expenses of the County's governmental activities were 3.03%, or approximately \$422,187, less in fiscal year 2021 than in fiscal year 2020. Nonprogram expenses decreased approximately \$443,016 and roads and transportation expenses decreased approximately \$426,301 while county environment and education expenses increased approximately \$306,382.
- The County's governmental activities net position increased 13.18%, or approximately \$3,607,325, over the June 30, 2020 balance.
- Business-type activities net position decreased 1.50%, or approximately \$94,685, from June 30, 2020 to June 30, 2021.

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.

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).

USING THIS ANNUAL REPORT (CONTINUED)

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 and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Custodial Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-Wide Financial Statements

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

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

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

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

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 and the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads. 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 drainage districts, emergency management services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2021	2020
Current and Other Assets	\$21,204	\$20,206
Capital Assets (Net of Accumulated Depreciation/Amortization)	29,412	28,987
Total Assets	50,616	49,193
Deferred Outflows of Resources	970	938
Long-Term Liabilities	12,039	12,903
Other Liabilities	408	1,312
Total Liabilities	12,447	14,215
Deferred Inflows of Resources	8,159	8,543
Net Position:		
Net Investment in Capital Assets	24,245	21,940
Restricted	9,832	8,944
Unrestricted	(3,097)	(3,511)
Total Net Position	\$30,980	\$27,373

Net position of Worth County's governmental activities increased 13.18% (approximately \$30,979,937 compared to \$27,372,612).

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 10.51%, or approximately \$2,305,356, 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 9.93%, or approximately \$888,453, 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 \$3,510,917 at June 30, 2020 to a deficit of \$3,097,401 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,	
	2021	2020
Revenues:		
Program Revenues:		
Charges for Service	\$ 2,228	\$ 1,011
Operating Grants, Contributions and Restricted Interest	3,791	3,261
Capital Grants, Contributions and Restricted Interest	820	3,583
General Revenues:		
Property Tax	4,903	4,740
Penalty and Interest on Property Tax	40	9
State Tax Credits	616	631
Local Option Sales Tax	505	489
Tax Increment Financing	2,953	2,923
Hotel/Motel and Gaming Wager Tax	926	805
Unrestricted Investment Earnings	64	77
Other General Revenues	255	204
Gain on Disposal of Capital Assets	6	0
Total Revenues	17,107	17,733
Program Expenses:		
Public Safety and Legal Services	2,780	2,663
Physical Health and Social Services	1,012	926
Mental Health	221	264
County Environment and Education	1,055	749
Roads and Transportation	5,259	5,685
Governmental Services to Residents	473	442
Administration	1,624	1,639
Non-Program	885	1,328
Interest on Long-Term Debt	191	226
Total Expenses	13,500	13,922
Change in Net Position	3,607	3,811
Net Position Beginning of Year	27,373	23,562
Net Position End of Year	\$30,980	\$27,373

Worth County's governmental activities net position increased \$3,607,325 during the year. Revenues for governmental activities decreased \$625,841 over the prior year, while total expenditures decreased approximately \$422,187.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The cost of all governmental activities this year was \$13,499,852 compared to \$13,922,039 last year. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities was \$6,661,670 because some of the cost was paid by those directly benefited from the programs (approximately \$2,228,415) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,609,767). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2021 from \$7,854,691 to \$6,838,182, principally due to a decrease in contributions received from the Iowa Department of Transportation for roads and bridges.

Worth County's business-type activities net position decreased from \$6,306,988 at June 30, 2020 to \$6,212,303 at June 30, 2021.

INDIVIDUAL MAJOR FUND ANALYSIS

As Worth County completed the year, its governmental funds reported a combined fund balance of \$12,346,460, an increase of \$1,554,692 from last year's total of \$10,791,768. 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 \$366,509 from the prior year to \$1,914,627.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$220,860, a decrease from the prior year. The Mental Health Fund balance at year end increased \$181,374 from the prior year.
- The Rural Services Fund revenues and expenditures increased when compared to the prior year. The ending fund balance increased \$103,474 from the prior year to \$515,798.
- The Secondary Roads Fund revenues increased approximately \$883,103 and expenditures increased approximately \$97,032 from the prior year. This resulted in an increase in the Secondary Roads Fund ending balance of \$488,698.
- There were no significant changes in revenues, expenditures and fund balance of the Highway 105 Trust Fund.
- The Wind Farm TIF Fund showed a decrease in revenues and a decrease in expenditures of \$624,869 compared to the prior year, principally due to the completion of the Top of Iowa Second Addition Project, ending with a balance of \$4,574,846.

BUDGETARY HIGHLIGHTS

Over the course of the year, Worth County amended its budget twice. The amendments were made in February and June 2021. The February amendment resulted in an increase in miscellaneous revenue due to utilizing TIF Revenues for the Highway 105 project, and an increase in revenue from WCDA Grants for a historical document scanning project that did not get finished in the prior fiscal year. February disbursements were related to community program expenses, increase in capital expenditures for bridges/construction/maintenance due to timing of projects, projection of additional medical examiner expenses, costs for the historical document scanning project, an adjustment in contribution to Winn-Worth Betco and a salary change for zoning. The June amendment resulted in increases in revenue due to grants from WCDA, CTCL and the State of Iowa. June disbursements were related to additional election supplies, officials and capital outlay due to grants, conservation vehicle purchase due to grants, additional for data processing services, payment for a study of County buildings, and additional money for fiscal agent fees on the County's loans.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, Worth County had \$48,889,281 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 \$2,448,311 or 5.27%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2021	2020
Land	\$ 1,144	\$ 1,144
Buildings and Improvements	3,307	2,532
Equipment and Vehicles	8,682	8,248
Intangibles	756	597
Infrastructure	1,232	0
Infrastructure, Road Network	33,420	28,789
Construction in Progress	348	5,131
Total	<u>\$48,889</u>	<u>\$46,441</u>
This Year's Major Additions Included (in thousands):		
Infrastructure, Road Network	\$ 4,631	
Top of Iowa Second Addition	2,007	
Secondary Roads Equipment and Vehicles	<u>362</u>	
Total	<u>\$ 7,000</u>	

The County had depreciation/amortization expense of \$2,072,498 in fiscal year 2021 and total accumulated depreciation/amortization of \$19,477,747 at June 30, 2021.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The County's fiscal year 2021 capital budget included \$7,555,000 for capital projects, principally for the Top of Iowa Second Addition Project and 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.

Long- Term Debt

At June 30, 2021, Worth County had approximately \$9,125,835 of general obligation bonds and other debt outstanding, compared to approximately \$10,715,317 at June 30, 2020, as shown below:

<u>Outstanding Debt of Governmental Activities at Year End</u> (Expressed in Thousands)		
	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
General Obligation Bonds	\$7,055	\$ 9,140
Capital Lease Purchase Agreement	11	22
Drainage Warrants	1,664	1,200
Compensated Absences	396	353
Total	<u>\$9,126</u>	<u>\$10,715</u>

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 \$56.1 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Amounts available for appropriation in the fiscal 2022 operating budget are \$16,699,586, a decrease of 29.83% over the final 2021 budget.

The County increased property tax rates for 2021 by almost 1%. This increased the County's property tax revenue by approximately \$173,545 in 2021. Property tax revenue is budgeted to increase by an additional \$81,691 next year.

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, 2021**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, Cash Equivalents and Pooled Investments	\$11,700,748	\$ 537,225	\$12,237,973
Receivables:			
Property Tax:			
Delinquent	2,272	0	2,272
Succeeding Year	4,975,922	0	4,975,922
Succeeding Year Tax Increment Financing	3,011,802	0	3,011,802
Interest and Penalty on Property Tax	10	0	10
Accounts	124,176	0	124,176
Accrued Interest	61,771	0	61,771
Drainage Assessments	330,688	0	330,688
Due From Other Governments	597,918	0	597,918
Inventories	353,153	0	353,153
Prepaid Insurance	45,720	0	45,720
Capital Assets (Net of Accumulated Depreciation/Amortization)	29,411,534	5,692,235	35,103,769
TOTAL ASSETS	50,615,714	6,229,460	56,845,174
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	970,660	0	970,660
LIABILITIES			
Accounts Payable	248,744	17,157	265,901
Accrued Interest Payable	115,188	0	115,188
Salaries and Benefits Payable	39,347	0	39,347
Due To Other Governments	4,900	0	4,900
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
General Obligation Bonds	2,120,000	0	2,120,000
Capital Lease Purchase Agreement	11,118	0	11,118
Compensated Absences	395,511	0	395,511
Portion Due or Payable After One Year:			
General Obligation Bonds	4,935,000	0	4,935,000
Drainage Warrants	1,664,206	0	1,664,206
Net Pension Liability	2,705,606	0	2,705,606
Total OPEB Liability	207,800	0	207,800
TOTAL LIABILITIES	12,447,420	17,157	12,464,577

**WORTH COUNTY
Northwood, Iowa**

**STATEMENT OF NET POSITION
June 30, 2021**

	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Unavailable Property Tax Revenue	\$ 4,975,922	\$ 0	\$ 4,975,922
Unavailable Tax Increment Financing Revenue	3,011,802	0	3,011,802
Pension Related Deferred Inflows	166,840	0	166,840
OPEB Related Deferred Inflows	4,453	0	4,453
TOTAL DEFERRED INFLOWS OF RESOURCES	8,159,017	0	8,159,017
NET POSITION			
Net Investment in Capital Assets	24,245,416	5,692,235	29,937,651
Restricted For:			
Supplemental Levy Purposes	774,040	0	774,040
Mental Health Purposes	210,676	0	210,676
Rural Services Purposes	516,179	0	516,179
Secondary Roads Purposes	2,846,918	0	2,846,918
Other Purposes	5,484,109	0	5,484,109
Unrestricted	(3,097,401)	520,068	(2,577,333)
TOTAL NET POSITION	\$30,979,937	\$6,212,303	\$37,192,240

WORTH COUNTY
Northwood, Iowa

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	<u>Program Revenues</u>	
	Expenses	Charges for Service
FUNCTIONS/PROGRAMS:		
Governmental Activities:		
Public Safety and Legal Services	\$ 2,779,609	\$ 466,001
Physical Health and Social Services	1,012,091	233,160
Mental Health	220,860	175,033
County Environment and Education	1,055,136	87,012
Roads and Transportation	5,259,091	129,343
Governmental Services to Residents	472,833	155,830
Administration	1,623,762	221,534
Non-Program	885,212	760,502
Interest on Long-Term Debt	191,258	0
Total Governmental Activities	13,499,852	2,228,415
Business-Type Activities	416,450	318,805
Total	\$13,916,302	\$2,547,220

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
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

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
\$ 2,331	\$ 0	\$ (2,311,277)	\$ 0	\$ (2,311,277)
505,734	0	(273,197)	0	(273,197)
0	0	(45,827)	0	(45,827)
10,064	10,775	(947,285)	0	(947,285)
3,214,772	808,806	(1,106,170)	0	(1,106,170)
15,200	0	(301,803)	0	(301,803)
42,085	0	(1,360,143)	0	(1,360,143)
0	0	(124,710)	0	(124,710)
0	0	(191,258)	0	(191,258)
3,790,186	819,581	(6,661,670)	0	(6,661,670)
0	0	0	(97,645)	(97,645)
<u>\$3,790,186</u>	<u>\$819,581</u>	<u>(6,661,670)</u>	<u>(97,645)</u>	<u>(6,759,315)</u>
		4,903,419	0	4,903,419
		2,953,391	0	2,953,391
		40,359	0	40,359
		616,442	0	616,442
		505,356	0	505,356
		925,506	0	925,506
		63,727	2,960	66,687
		254,849	0	254,849
		5,946	0	5,946
		10,268,995	2,960	10,271,955
		3,607,325	(94,685)	3,512,640
		27,372,612	6,306,988	33,679,600
		<u>\$30,979,937</u>	<u>\$6,212,303</u>	<u>\$37,192,240</u>

WORTH COUNTY
Northwood, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2021

		Special Revenue Funds	
ASSETS	General	Mental Health	Rural Services
Cash, Cash Equivalents and Pooled Investments	\$1,660,463	\$210,598	\$ 452,845
Receivables:			
Property Tax:			
Delinquent	1,810	78	381
Succeeding Year	3,393,632	147,093	1,435,197
Succeeding Year Tax Increment Financing	0	0	0
Interest and Penalty on Property Tax	10	0	0
Accounts	85,337	0	1,616
Accrued Interest	61,681	0	0
Drainage Assessments	0	0	0
Due From Other Funds	0	0	30,000
Due From Other Governments	124,289	0	39,569
Inventories	0	0	0
Prepaid Insurance	45,720	0	0
TOTAL ASSETS	\$5,372,942	\$357,769	\$1,959,608
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 34,779	\$ 0	\$ 5,215
Accrued Interest Payable	0	0	0
Salaries and Benefits Payable	17,166	0	3,017
Due To Other Funds	6,452	0	0
Due To Other Governments	4,493	0	0
Total Liabilities	62,890	0	8,232
Deferred Inflows of Resources:			
Succeeding Year Property Tax	3,393,632	147,093	1,435,197
Succeeding Year Tax Increment Financing	0	0	0
Other	1,793	77	381
Total Deferred Inflows of Resources	3,395,425	147,170	1,435,578

Special Revenue Funds				
Secondary Roads	Highway 105 Trust	Wind Farm TIF	Nonmajor	Total
\$2,408,647	\$1,744,257	\$4,576,595	\$560,343	\$11,613,748
0	0	1	2	2,272
0	0	0	0	4,975,922
0	0	3,006,587	5,215	3,011,802
0	0	0	0	10
133	0	0	0	87,086
0	90	0	0	61,771
0	0	0	330,688	330,688
6,452	0	0	0	36,452
434,060	0	0	0	597,918
353,153	0	0	0	353,153
0	0	0	0	45,720
<u>\$3,202,445</u>	<u>\$1,744,347</u>	<u>\$7,583,183</u>	<u>\$896,248</u>	<u>\$21,116,542</u>

\$ 201,342	\$ 0	\$ 1,750	\$ 277	\$ 243,363
0	0	0	102,637	102,637
19,164	0	0	0	39,347
0	0	0	30,000	36,452
407	0	0	0	4,900
<u>220,913</u>	<u>0</u>	<u>1,750</u>	<u>132,914</u>	<u>426,699</u>
0	0	0	0	4,975,922
0	0	3,006,587	5,215	3,011,802
<u>22,720</u>	<u>0</u>	<u>0</u>	<u>330,688</u>	<u>355,659</u>
<u>22,720</u>	<u>0</u>	<u>3,006,587</u>	<u>335,903</u>	<u>8,343,383</u>

WORTH COUNTY
Northwood, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2021

		Special Revenue Funds	
	General	Mental Health	Rural Services
Fund Balances:			
Nonspendable:			
Inventories	\$ 0	\$ 0	\$ 0
Prepaid Insurance	45,720	0	0
Restricted For:			
Supplemental Levy Purposes	773,420	0	0
Mental Health Purposes	0	210,599	0
Rural Services Purposes	0	0	515,798
Secondary Roads Purposes	0	0	0
Drainage	0	0	0
Conservation Land Acquisition	39,648	0	0
Closure	0	0	0
Other Purposes	0	0	0
Assigned for Sheriff	144,104	0	0
Unassigned	911,735	0	0
Total Fund Balances	1,914,627	210,599	515,798
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$5,372,942	\$357,769	\$1,959,608

See Notes to Financial Statements

Exhibit C (Continued)

<u>Special Revenue Funds</u>				
<u>Secondary Roads</u>	<u>Highway 105 Trust</u>	<u>Wind Farm TIF</u>	<u>Nonmajor</u>	<u>Total</u>
\$353,153	\$ 0	\$ 0	\$ 0	\$ 353,153
0	0	0	0	45,720
0	0	0	0	773,420
0	0	0	0	210,599
0	0	0	0	515,798
2,605,659	0	0	0	2,605,659
0	0	0	376,589	376,589
0	0	0	0	39,648
0	0	0	6,611	6,611
0	1,744,347	4,574,846	42,417	6,361,610
0	0	0	0	144,104
0	0	0	1,814	913,549
<u>2,958,812</u>	<u>1,744,347</u>	<u>4,574,846</u>	<u>427,431</u>	<u>12,346,460</u>
<u>\$3,202,445</u>	<u>\$1,744,347</u>	<u>\$7,583,183</u>	<u>\$896,248</u>	<u>\$21,116,542</u>

**WORTH COUNTY
Northwood, Iowa**

**RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2021**

Total Governmental Fund Balances (Page 20)		\$ 12,346,460
<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 the capital assets is \$48,889,281 and the accumulated depreciation/amortization is \$19,477,747.		29,411,534
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.		355,659
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.		118,709
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	\$ 970,660	
Deferred Inflows of Resources	<u>(171,293)</u>	799,367
Long-term liabilities, including capital lease purchase agreements payable, bonds payable, compensated absences payable, 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>(12,051,792)</u>
Net Position of Governmental Activities (Page 14)		<u><u>\$ 30,979,937</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, 2021**

	Special Revenue Funds		
	General	Mental Health	Rural Services
REVENUES:			
Property and Other County Tax	\$4,248,746	\$211,195	\$ 1,405,030
Tax Increment Financing	0	0	0
Local Option Sales Tax	0	0	505,356
Interest and Penalty on Property Tax	40,359	0	0
Intergovernmental	1,258,835	191,039	122,094
Licenses and Permits	610	0	2,790
Charges for Service	320,886	0	7,799
Use of Money and Property	108,703	0	0
Miscellaneous	307,595	0	824
Total Revenues	6,285,734	402,234	2,043,893
EXPENDITURES:			
Operating:			
Public Safety and Legal Services	2,045,366	0	386,782
Physical Health and Social Services	923,972	0	36,100
Mental Health	0	220,860	0
County Environment and Education	717,807	0	317,534
Roads and Transportation	0	0	0
Governmental Services to Residents	456,034	0	128
Administration	1,707,113	0	873
Non-Program	0	0	0
Debt Service	0	0	0
Capital Projects	0	0	0
Total Expenditures	5,850,292	220,860	741,417
Excess (Deficiency) of Revenues Over (Under) Expenditures	435,442	181,374	1,302,476
OTHER FINANCING SOURCES (USES):			
Sale of Capital Assets	17,002	0	0
Transfers In	0	0	0
Transfers Out	(85,935)	0	(1,199,002)
Drainage Warrants Issued	0	0	0
Total Other Financing Sources (Uses)	(68,933)	0	(1,199,002)

Special Revenue Funds				
Secondary Roads	Highway 105 Trust	Wind Farm TIF	Nonmajor	Total
\$ 0	\$ 0	\$ 0	\$ 2	\$ 5,864,973
0	0	2,948,351	5,040	2,953,391
0	0	0	0	505,356
0	0	0	0	40,359
3,664,775	0	260,099	9,545	5,506,387
20,302	0	0	0	23,702
0	0	0	1,561	330,246
0	8,636	33,440	8	150,787
294,501	0	0	488,616	1,091,536
3,979,578	8,636	3,241,890	504,772	16,466,737
0	0	0	2,797	2,434,945
0	0	0	0	960,072
0	0	0	0	220,860
0	0	0	0	1,035,341
4,050,340	0	0	0	4,050,340
0	0	0	0	456,162
0	0	0	0	1,707,986
0	0	0	1,142,470	1,142,470
0	0	2,279,604	0	2,279,604
808,095	0	682,016	0	1,490,111
4,858,435	0	2,961,620	1,145,267	15,777,891
(878,857)	8,636	280,270	(640,495)	688,846
0	0	0	0	17,002
1,282,332	0	0	2,605	1,284,937
0	0	0	0	(1,284,937)
0	0	0	763,621	763,621
1,282,332	0	0	766,226	780,623

WORTH COUNTY
Northwood, Iowa

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

		<u>Special Revenue Funds</u>	
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>
Change in Fund Balances	\$ 366,509	\$181,374	\$103,474
Fund Balances Beginning of Year	1,548,118	29,225	412,324
Increase in Reserve For Inventories	0	0	0
Fund Balances End of Year	<u>\$1,914,627</u>	<u>\$210,599</u>	<u>\$515,798</u>

See Notes to Financial Statements

<u>Special Revenue Funds</u>				
<u>Secondary Roads</u>	<u>Highway 105 Trust</u>	<u>Wind Farm TIF</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 403,475	\$ 8,636	\$ 280,270	\$125,731	\$ 1,469,469
2,470,114	1,735,711	4,294,576	301,700	10,791,768
85,223	0	0	0	85,223
<u>\$2,958,812</u>	<u>\$1,744,347</u>	<u>\$4,574,846</u>	<u>\$427,431</u>	<u>\$12,346,460</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, 2021

Change in Fund Balances - Total Governmental Funds (Page 25) \$1,469,469

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	\$ 2,142,539	
Capital Assets Contributed by the Iowa Department of Transportation	365,596	
Capital Assets Contributed by Others	10,775	
Depreciation/Amortization Expense	<u>(2,072,498)</u>	446,412

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (11,056)

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	(36,048)	
Other	<u>248,946</u>	212,898

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

Issued	(763,621)	
Repaid	<u>2,384,368</u>	1,620,747

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. 402,951

**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, 2021**

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	\$ (42,040)	
Pension Expense	(538,776)	
OPEB Expense	(97,650)	
Interest on Long-Term Debt	<u>3,346</u>	\$ (675,120)

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. 85,223

The Internal Service Fund is used by management to charge the costs of employee health insurance benefits to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 55,801

Change in Net Position of Governmental Activities (Page 16) \$3,607,325

See Notes to Financial Statements

**WORTH COUNTY
Northwood, Iowa**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021**

	Enterprise			Internal Service Employee Group Health
	Wastewater	Water	Total	
ASSETS				
Current Assets:				
Cash, Cash Equivalents and Pooled Investments	\$ 359,156	\$ 178,069	\$ 537,225	\$ 87,000
Accounts Receivable	0	0	0	37,090
Total Current Assets	359,156	178,069	537,225	124,090
Non-Current Assets:				
Capital Assets, Net of Accumulated Depreciation	4,761,158	931,077	5,692,235	0
TOTAL ASSETS	\$5,120,314	\$1,109,146	\$6,229,460	\$124,090
LIABILITIES				
Accounts Payable	\$ 6,736	\$ 10,421	\$ 17,157	\$ 5,381
NET POSITION				
Invested in Capital Assets	4,761,158	931,077	5,692,235	0
Unrestricted	352,420	167,648	520,068	118,709
Total Net Position	5,113,578	1,098,725	6,212,303	118,709
TOTAL LIABILITIES AND NET POSITION	\$5,120,314	\$1,109,146	\$6,229,460	\$124,090

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, 2021**

	Enterprise			Internal Service Employee Group Health
	Wastewater	Water	Total	
OPERATING REVENUES:				
Reimbursements from Operating Funds	\$ 0	\$ 0	\$ 0	\$736,210
Reimbursements from Employees and Others	0	0	0	65,723
Miscellaneous	0	0	0	10,908
Charges for Service	175,296	143,509	318,805	0
Total Operating Revenues	<u>175,296</u>	<u>143,509</u>	<u>318,805</u>	<u>812,841</u>
OPERATING EXPENSES:				
Cost of Sales and Service	157,124	125,178	282,302	0
Depreciation	113,457	20,691	134,148	0
Medical Claims	0	0	0	39,279
Insurance Premiums	0	0	0	712,680
Administrative Fees	0	0	0	5,093
Total Operating Expenses	<u>270,581</u>	<u>145,869</u>	<u>416,450</u>	<u>757,052</u>
Operating Income (Loss)	(95,285)	(2,360)	(97,645)	55,789
NON-OPERATING REVENUES:				
Interest on Investments	1,480	1,480	2,960	12
Net Income (Loss)	(93,805)	(880)	(94,685)	55,801
Net Position Beginning of Year	<u>5,207,383</u>	<u>1,099,605</u>	<u>6,306,988</u>	<u>62,908</u>
Net Position End of Year	<u>\$5,113,578</u>	<u>\$1,098,725</u>	<u>\$6,212,303</u>	<u>\$118,709</u>

See Notes to Financial Statements

WORTH COUNTY
Northwood, Iowa

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Enterprise			Internal Service Employee Group Health
	Wastewater	Water	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers and Others	\$ 184,948	\$ 150,042	\$ 334,990	\$ 0
Cash Received from Operating Fund Reimbursements	0	0	0	699,120
Cash Received from Employees and Others	0	0	0	76,631
Cash Paid to Suppliers For Services	(155,106)	(132,547)	(287,653)	0
Cash Paid for Insurance Premiums	0	0	0	(751,671)
Net Cash Provided by Operating Activities	<u>29,842</u>	<u>17,495</u>	<u>47,337</u>	<u>24,080</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Investments	<u>1,480</u>	<u>1,480</u>	<u>2,960</u>	<u>12</u>
Net Increase in Cash, Cash Equivalents and Pooled Investments	31,322	18,975	50,297	24,092
Cash, Cash Equivalents and Pooled Investments Beginning of Year	<u>327,834</u>	<u>159,094</u>	<u>486,928</u>	<u>62,908</u>
Cash, Cash Equivalents and Pooled Investments End of Year	<u>\$ 359,156</u>	<u>\$ 178,069</u>	<u>\$ 537,225</u>	<u>\$ 87,000</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ (95,285)	\$ (2,360)	\$ (97,645)	\$ 55,789
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	113,457	20,691	134,148	0
(Increase) Decrease in Accounts Receivable	9,652	6,533	16,185	(37,090)
Increase (Decrease) in Accounts Payable	2,018	(7,369)	(5,351)	5,381
Net Cash Provided by Operating Activities	<u>\$ 29,842</u>	<u>\$ 17,495</u>	<u>\$ 47,337</u>	<u>\$ 24,080</u>

See Notes to Financial Statements

**WORTH COUNTY
Northwood, Iowa**

**STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS**

June 30, 2021

ASSETS

Cash, Cash Equivalents and Pooled Investments:

County Treasurer \$ 2,145,704
Other County Officials 17,272

Receivables:

Property Tax:
Delinquent 7,111
Succeeding Year 11,153,537
Assessments 10,476

Due From Other Governments 52,472

TOTAL ASSETS 13,386,572

LIABILITIES

Accounts Payable 3,663

Due To Other Governments 425,351

Trusts Payable 63,204

Compensated Absences 12,889

TOTAL LIABILITIES 505,107

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenues 11,160,476

NET POSITION

Restricted for Individuals, Organizations and Other Governments \$ 1,720,989

See Notes to Financial Statements

WORTH COUNTY
Northwood, Iowa

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

Year Ended June 30, 2021

ADDITIONS:

Property and Other County Tax	\$10,915,038
911 Surcharge	189,132
State Tax Credits	935,921
Office Fees and Collections	394,731
Auto Licenses, Use Tax and Postage	3,211,732
Assessments	20,155
Trusts	163,190
Miscellaneous	68,574
Total Additions	<u>15,898,473</u>

DEDUCTIONS:

Agency Remittances:	
To Other Funds	151,764
To Other Governments	15,329,556
Trusts Paid Out	261,661
Total Deductions	<u>15,742,981</u>

CHANGES IN NET POSITION 155,492

NET POSITION BEGINNING OF YEAR 1,565,497

NET POSITION END OF YEAR \$ 1,720,989

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 Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

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

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

The 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.

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 become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2020.

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.

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, 2021, 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.

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

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$50,000
Land, Buildings and Improvements	25,000
Intangibles	25,000
Equipment and Vehicles	5,000

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 (Continued)

Land and construction in progress are not depreciated. The other tangible and intangible property, plant and equipment 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
Equipment and Vehicles	2 – 20

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.

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, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

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)

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred 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.

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.

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 (Continued)

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, 2021, disbursements exceeded the amounts budgeted in the debt service function, and disbursements in certain departments exceeded the amounts appropriated.

Note 2: Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County 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 \$200,000. There were no limitations or restrictions on withdrawal for the IPAIT investments. The County's investment in IPAIT is unrated.

Notes to Financial Statements (Continued)

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

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, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Rural Services	Special Revenue: New Heaven TIF	\$30,000
Special Revenue: Secondary Roads	General	6,452
		\$36,452

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

Note 4: Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

Transfer To	Transfer From	Amount
Special Revenue: Secondary Roads	General	\$ 83,330
	Special Revenue: Rural Services	1,199,002
Special Revenue: Emergency Medical Services	General	2,605
Total		\$1,284,937

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

Notes to Financial Statements (Continued)

Note 5: Capital Assets

Capital assets activity for the year ended June 30, 2021 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	5,131,438	1,854,105	6,637,938	347,605
Total Capital Assets Not Being Depreciated/Amortized	6,275,446	1,854,105	6,637,938	1,491,613
Capital Assets Being Depreciated/ Amortized				
Buildings	1,711,646	0	0	1,711,646
Improvements Other Than Buildings	820,576	774,950	0	1,595,526
Machinery and Equipment	6,913,900	356,182	32,449	7,237,633
Vehicles	1,333,857	138,668	27,375	1,445,150
Intangibles	596,500	159,180	0	755,680
Infrastructure	0	1,231,740	0	1,231,740
Infrastructure, Road Network	28,789,045	4,631,248	0	33,420,293
Total Capital Assets Being Depreciated/Amortized	40,165,524	7,291,968	59,824	47,397,668
Less Accumulated Depreciation/ Amortization for:				
Buildings	669,520	38,006	0	707,526
Improvements Other Than Buildings	267,171	25,111	0	292,282
Machinery and Equipment	3,374,522	499,689	21,849	3,852,362
Vehicles	788,210	121,979	26,919	883,270
Intangibles	231,715	44,723	0	276,438
Infrastructure	0	2,566	0	2,566
Infrastructure, Road Network	12,122,879	1,340,424	0	13,463,303
Total Accumulated Depreciation/ Amortization	17,454,017	2,072,498	48,768	19,477,747
Total Capital Assets Being Depreciated/ Amortized, Net	22,711,507	5,219,470	11,056	27,919,921
Governmental Activities Capital Assets, Net	\$28,986,953	\$7,073,575	\$6,648,994	\$29,411,534

Notes to Financial Statements (Continued)

Note 5: Capital Assets (Continued)

Depreciation/amortization expense was charged to the following functions:

Governmental Activities:

Public Safety and Legal Services	\$ 318,343
Physical Health and Social Services	15,752
County Environment and Education	57,461
Roads and Transportation	1,617,004
Governmental Services to Residents	2,000
Administration	<u>61,938</u>

Total Depreciation/Amortization Expense – Governmental Activities \$2,072,498

Capital assets activity for the year ended June 30, 2021 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>	<u>0</u>	<u>0</u>	<u>6,707,390</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	481,507	87,148	0	568,655
Infrastructure	399,500	47,000	0	446,500
Total Accumulated Depreciation	<u>881,007</u>	<u>134,148</u>	<u>0</u>	<u>1,015,155</u>
Total Capital Assets Being Depreciated, Net	<u>5,826,383</u>	<u>(134,148)</u>	<u>0</u>	<u>5,692,235</u>
Business–Type Activities Capital Assets, Net	<u>\$5,826,383</u>	<u>\$(134,148)</u>	<u>\$0</u>	<u>\$5,692,235</u>

Depreciation expense was charged to the following functions:

Business–Type Activities:

Wastewater	\$ 113,457
Water	<u>20,691</u>

Total Depreciation Expense – Business–Type Activities \$ 134,148

Notes to Financial Statements (Continued)

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, 2021 is as follows:

Fund	Description	Amount
General	Services	\$ 4,493
Special Revenue:		
Secondary Roads	Services	407
Total for Governmental Funds		<u>\$ 4,900</u>
Custodial:		
County Offices	Collections	\$ 2,089
Agricultural Extension Education		2,405
Schools		87,887
Community Colleges		7,636
Corporations		31,877
Townships		1,829
City Special Assessments		28,391
Auto License and Use Tax		263,074
All Other		163
Total for Custodial Funds		<u>\$425,351</u>

Note 7: Long-Term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2021 is as follows:

	Capital Lease Purchase Agreement	General Obligation Bonds	Drainage Warrants	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance Beginning of Year	\$21,893	\$9,140,000	\$1,199,953	\$353,471	\$1,994,818	\$192,793	\$12,902,928
Increases	0	0	763,621	395,511	710,788	23,146	1,893,066
Decreases	10,775	2,085,000	299,368	353,471	0	8,139	2,756,753
Balance End of Year	\$11,118	\$7,055,000	\$1,664,206	\$395,511	\$2,705,606	\$207,800	\$12,039,241
Due Within One Year	\$11,118	\$2,120,000	\$ 0	\$395,511	\$ 0	\$ 0	\$ 2,526,629

Notes to Financial Statements (Continued)

Note 7: Long-Term Liabilities (Continued)

Capital Lease Purchase Agreement

The County has entered into a capital lease purchase agreement to lease conservation equipment with a historical cost of \$127,365. The following is a schedule of the future minimum lease payments, including interest and the present value of net minimum lease payments under the agreement in effect at June 30, 2021:

Year Ending June 30	Amount
2022	\$11,473
Less amount representing interest	(355)
Present value of net minimum lease payments	<u>\$11,118</u>

Bonds Payable

A summary of the County's June 30, 2021 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Urban Renewal Bonds, Series 2012A			Year Ending June 30,	Urban Renewal County Refunding Bonds, Series 2014A		
	Interest Rate	Principal	Interest		Interest Rate	Principal	Interest
2022	2.00%	\$ 220,000	\$ 42,715	2022	2.05%	<u>\$1,050,000</u>	<u>\$21,525</u>
2023	2.00	225,000	38,315				
2024	2.00	230,000	33,815				
2025	2.10	235,000	29,215				
2026	2.30	240,000	24,280				
2027-2029	2.40-2.60	750,000	38,270				
Total		<u>\$1,900,000</u>	<u>\$206,610</u>				

Year Ending June 30,	Refunding Bonds, Series 2015A		
	Interest Rate	Principal	Interest
2022	2.00%	\$ 850,000	\$ 86,373
2023	2.00	875,000	69,373
2024	2.05	895,000	51,872
2025	2.20	915,000	33,525
2026	2.35	570,000	13,395
Total		<u>\$4,105,000</u>	<u>\$254,538</u>

The County was in compliance with all bond resolutions.

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 Fund solely for 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)

Pension Benefits (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 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.26% of covered payroll, for a total rate of 18.52%. Protection occupation members contributed 6.41% of covered payroll and the County contributed 9.61% of covered payroll, for a total rate of 16.02%.

The County’s contributions to IPERS for the year ended June 30, 2021 totaled \$402,951.

Notes to Financial Statements (Continued)

Note 8: Pension Plan (Continued)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the County reported a liability of \$2,705,606 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the County’s proportion was 0.0385154%, which was an increase of 0.004067% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$538,776. At June 30, 2021, 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	\$ 14,135	\$ 72,551
Changes of assumptions	191,775	73,649
Net difference between projected and actual earnings on IPERS’ investments	236,271	0
Changes in proportion and differences between County contributions and the County’s proportionate share of contributions	125,528	20,640
County contributions subsequent to the measurement date	402,951	0
Total	\$970,660	\$166,840

\$402,951 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ 51,360
2023	87,992
2024	103,994
2025	153,476
2026	4,047
Total	\$400,869

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, 2020 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, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.00%	4.43%
International Equity	17.50	5.15
Global Smart Beta Equity	6.00	4.87
Core Plus Fixed Income	28.00	(0.29)
Public Credit	4.00	2.29
Cash	1.00	(0.78)
Private Equity	11.00	6.54
Private Real Assets	7.50	4.48
Private Credit	3.00	3.11
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	\$5,322,723	\$2,705,606	\$511,802

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, 2021.

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, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	1
Active Employees	78
	<hr/>
Total	79
	<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 \$207,800 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions – The total OPEB liability in the July 1, 2019 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, 2019)	2.75% per Annum.
Rates of Salary Increase (effective July 1, 2019)	0.00% per Annum.
Discount Rate (effective July 1, 2020)	2.70% Compounded Annually, Including Inflation.
Healthcare Cost Trend Rate (effective July 1, 2019)	6.00% Initial Rate.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.70% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA 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.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB Liability Beginning of Year	\$192,793
Changes for the Year:	
Service Cost	17,492
Interest	5,654
Differences Between Expected and Actual Experiences	(4,886)
Changes in Assumptions	0
Benefit Payments	(3,253)
Net Changes	<u>15,007</u>
Total OPEB Liability End of Year	<u><u>\$207,800</u></u>

Sensitivity of the County’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.70%) or 1% higher (3.70%) than the current discount rate.

	1% Decrease (1.70%)	Discount Rate (2.70%)	1% Increase (3.70%)
Total OPEB Liability	\$241,199	\$207,800	\$180,618

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	\$171,374	\$207,800	\$253,836

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized an OPEB expense of \$97,650. At June 30, 2021, the County reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$(4,453)

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

Year Ending June 30,	Amount
2022	\$ (433)
2023	(433)
2024	(433)
2025	(433)
2026	(433)
Thereafter	(2,288)
	<u>\$(4,453)</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 785 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, public officials liability, police professional liability, property, inland marine and boiler/machinery. 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, 2021 were \$100,739.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, 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, 2021, no liability has been recorded in the County's financial statements. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

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

Notes to Financial Statements (Continued)

Note 10: Risk Management (Continued)

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, 2021 was \$736,210.

Amounts payable from the Employee Group Health Fund at June 30, 2021 total \$5,381, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$118,709 at June 30, 2021 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 0
Incurred claims (including claims incurred but not reported at June 30, 2021)	39,279
Payments on claims during the fiscal year	<u>33,898</u>
Unpaid claims end of year	<u><u>\$ 5,381</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, 2021, 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, 2021 under agreements entered into by the other entities.

Note 13: Commitments

The County has entered into contracts totaling \$1,214,638 for bridge and roadway construction projects. As of June 30, 2021, no costs have been incurred. The balances remaining on the contracts at June 30, 2021 will be paid as work on the projects progress.

The County has entered into a contract for a campground improvement project. As of June 30, 2021, costs of \$347,605 have been incurred. The project will be completed and paid for in the fiscal year ending June 30, 2022.

Note 14: Worth County Financial Information Included in the Care Connections of Northern Iowa Mental Health Region

Care Connections of Northern Iowa, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Clay County, Kossuth County, Osceola County, Palo Alto County, Winnebago County, and Worth County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Care Connections of Northern Iowa Mental Health Region for the year ended June 30, 2021 as follows:

Notes to Financial Statements (Continued)

Note 14: Worth County Financial Information Included in the Care Connections of Northern Iowa Mental Health Region (Continued)

Revenues:		
Property and Other County Tax		\$211,195
Intergovernmental Revenues:		
State Tax Credits	\$ 16,007	
Payments from Regional Fiscal Agent	175,032	191,039
Total Revenues		<u>402,234</u>
Expenditures:		
General Administration:		
Distribution to Regional Fiscal Agent		<u>220,860</u>
Excess of Revenues Over Expenditures		181,374
Fund Balance, Beginning of Year		<u>29,225</u>
Fund Balance, End of Year		<u><u>\$210,599</u></u>

Note 15: COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of Worth County remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Worth County. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Worth County.

Note 16: Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, *Leases*. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement require reporting of certain potentially significant lease liabilities that are not currently reported.

Note 17: Subsequent Events

Management evaluated subsequent events through March 30, 2022, the date the financial statements were available to be issued.

On November 1, 2021, the County issued noncurrent debt in the form of an internal advance of funds totaling \$2,000,000 for the payment of costs of the Highway 105 Project and shall be repaid in one or more annual installments on or before June 1, 2022. The Highway 105 Project is being undertaken as an urban renewal project in the Worth County Consolidated Urban Renewal Area.

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, 2021

	Actual	Less	Net	Budgeted Amounts		Final to Net Variance
		Funds Not Required to Be Budgeted		Original	Final	
RECEIPTS:						
Property and Other County Tax	\$ 9,295,537	\$ 0	\$ 9,295,537	\$ 9,111,108	\$ 9,111,108	\$ 184,429
Interest and Penalty on Property Tax	40,882	0	40,882	29,794	29,794	11,088
Intergovernmental	5,413,426	0	5,413,426	4,331,654	4,331,654	1,081,772
Licenses and Permits	25,132	0	25,132	25,487	25,487	(355)
Charges for Service	321,201	0	321,201	296,094	296,094	25,107
Use of Money and Property	118,238	0	118,238	210,653	210,653	(92,415)
Miscellaneous	1,102,471	482,270	620,201	8,800	4,261,849	(3,641,648)
Total Receipts	16,316,887	482,270	15,834,617	14,013,590	18,266,639	(2,432,022)
DISBURSEMENTS:						
Public Safety and Legal Services	2,433,563	0	2,433,563	2,593,756	2,604,212	170,649
Physical Health and Social Services	958,542	0	958,542	1,109,859	1,109,859	151,317
Mental Health	220,860	0	220,860	220,860	220,860	0
County Environment and Education	1,047,289	0	1,047,289	1,012,164	1,134,670	87,381
Roads and Transportation	4,041,036	0	4,041,036	4,909,274	5,259,274	1,218,238
Governmental Services to Residents	456,335	0	456,335	467,609	480,609	24,274
Administration	1,858,112	0	1,858,112	1,747,325	1,964,968	106,856
Non-Program	1,115,083	1,115,083	0	0	0	0
Debt Service	2,279,604	0	2,279,604	2,278,010	2,279,010	(594)
Capital Projects	2,285,937	0	2,285,937	2,955,000	7,555,000	5,269,063
Total Disbursements	16,696,361	1,115,083	15,581,278	17,293,857	22,608,462	7,027,184
Excess (Deficiency) of Receipts Over (Under) Disbursements	(379,474)	(632,813)	253,339	(3,280,267)	(4,341,823)	4,595,162
Other Financing Sources, Net	780,623	763,621	17,002	0	0	17,002
Change in Fund Balances	401,149	130,808	270,341	(3,280,267)	(4,341,823)	4,612,164
Balance Beginning of Year	11,212,599	348,695	10,863,904	9,786,049	9,786,049	1,077,855
Balance End of Year	\$11,613,748	\$ 479,503	\$11,134,245	\$ 6,505,782	\$ 5,444,226	\$ 5,690,019

See Accompanying Independent Auditor's Report

WORTH COUNTY
Northwood, Iowa

BUDGETARY COMPARISON SCHEDULE –
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2021

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$16,316,887	\$ 149,850	\$16,466,737
Expenditures	16,696,361	(918,470)	15,777,891
Net	(379,474)	1,068,320	688,846
Other Financing Sources, Net	780,623	0	780,623
Beginning Fund Balances	11,212,599	(420,831)	10,791,768
Increase in Reserve For Inventories	0	85,223	85,223
Ending Fund Balances	<u>\$11,613,748</u>	<u>\$ 732,712</u>	<u>\$12,346,460</u>

See Accompanying Independent Auditor's Report

WORTH COUNTY
Northwood, Iowa

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2021

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 ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund and Special Revenue Funds. 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 \$5,314,605. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2021, disbursements exceeded the amounts budgeted in the debt service function, and disbursements in certain departments exceeded the amounts appropriated.

WORTH COUNTY
Northwood, Iowa

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

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

REQUIRED SUPPLEMENTARY INFORMATION

	2021	2020	2019	2018	2017	2016	2015
County's Proportion of the Net Pension Liability	0.0385154%	0.0344489%	0.0348682%	0.0371288%	0.0384595%	0.0346345%	0.0868110%
County's Proportionate Share of the Net Pension Liability	\$2,706	\$1,995	\$2,207	\$2,473	\$2,420	\$1,711	\$1,560
County's Covered Payroll	\$4,166	\$3,981	\$3,800	\$3,610	\$3,620	\$3,371	\$3,572
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	64.95%	50.11%	58.08%	68.50%	66.85%	50.76%	40.87%
IPERS' Net Position as a Percentage of the Total Pension Liability	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

* 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.

See Accompanying Independent Auditor's Report

WORTH COUNTY
Northwood, Iowa

SCHEDULE OF COUNTY CONTRIBUTIONS

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

REQUIRED SUPPLEMENTARY INFORMATION

	2021	2020	2019	2018
Statutorily Required Contribution	\$ 403	\$ 396	\$ 382	\$ 347
Contributions in Relation to the Statutorily Required Contributions	(403)	(396)	(382)	(347)
Contribution Deficiency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
County's Covered Payroll	\$4,275	\$4,166	\$3,981	\$3,800
Contributions as a Percentage of Covered Payroll	9.43%	9.51%	9.59%	9.13%

See Accompanying Independent Auditor's Report

2017	2016	2015	2014	2013	2012
\$ 331	\$ 334	\$ 323	\$ 344	\$ 301	\$ 280
(331)	(334)	(323)	(344)	(301)	(280)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$3,610	\$3,620	\$3,371	\$3,572	\$3,219	\$3,157
9.18%	9.23%	9.58%	9.63%	9.36%	8.86%

WORTH COUNTY
Northwood, Iowa

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

Year Ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

WORTH COUNTY
Northwood, Iowa

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

REQUIRED SUPPLEMENTARY INFORMATION

	2021	2020	2019	2018
Service Cost	\$ 17,492	\$ 17,492	\$ 9,360	\$ 9,355
Interest Cost	5,654	5,239	3,659	4,020
Difference Between Expected and Actual Experiences	(4,886)	61,613	(4,705)	(4,917)
Changes in Assumptions	0	24,219	0	0
Benefit Payments	(3,253)	(4,830)	(17,108)	(18,098)
Net Change in Total OPEB Liability	15,007	103,733	(8,794)	(9,640)
Total OPEB Liability Beginning of Year	192,793	89,060	97,854	107,494
 Total OPEB Liability End of Year	 \$207,800	 \$ 192,793	 \$ 89,060	 \$ 97,854
 Covered-Employee Payroll	 \$3,981,078	 \$3,860,018	 \$3,606,603	 \$3,447,704
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 5.22%	 4.99%	 2.47%	 2.84%

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

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

See Accompanying Independent Auditor's Report

WORTH COUNTY
Northwood, Iowa

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue		
	REAP	Recorder's Records Management	Emergency Medical Services
ASSETS			
Cash, Cash Equivalents and Pooled Investments	\$22,398	\$12,967	\$1,121
Receivables:			
Property Tax:			
Delinquent	0	0	0
Succeeding Year Tax Increment Financing	0	0	0
Drainage Assessments	0	0	0
TOTAL ASSETS	\$22,398	\$12,967	\$1,121
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
Closure	0	0	0
Other Purposes	22,398	12,967	1,121
Unassigned	0	0	0
Total Fund Balances	22,398	12,967	1,121
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$22,398	\$12,967	\$1,121

See Accompanying Independent Auditor's Report

Schedule 1

Special Revenue						
County Disposal Closure	Hartland Township TIF	Forfeiture	New Heaven TIF	Reserve Deputy	Drainage	Total
\$6,611	\$0	\$5,929	\$17,730	\$14,084	\$479,503	\$560,343
0	2	0	0	0	0	2
0	0	0	5,215	0	0	5,215
0	0	0	0	0	330,688	330,688
\$6,611	\$2	\$5,929	\$22,945	\$14,084	\$810,191	\$896,248
\$ 0	\$0	\$ 0	\$ 0	\$ 0	\$ 277	\$ 277
0	0	0	0	0	102,637	102,637
0	0	0	30,000	0	0	30,000
0	0	0	30,000	0	102,914	132,914
0	0	0	5,215	0	0	5,215
0	0	0	0	0	330,688	330,688
0	0	0	5,215	0	330,688	335,903
0	0	0	0	0	376,589	376,589
6,611	0	0	0	0	0	6,611
0	2	5,929	0	0	0	42,417
0	0	0	(12,270)	14,084	0	1,814
6,611	2	5,929	(12,270)	14,084	376,589	427,431
\$6,611	\$2	\$5,929	\$22,945	\$14,084	\$810,191	\$896,248

WORTH COUNTY
Northwood, Iowa

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
Year Ended June 30, 2021

	Special Revenue			
	REAP	Recorder's Records Management	Emergency Medical Services	County Disposal Closure
REVENUES:				
Property and Other County Tax	\$ 0	\$ 0	\$ 0	\$ 0
Tax Increment Financing	0	0	0	0
Intergovernmental	9,086	0	0	0
Charges for Service	0	1,561	0	0
Use of Money and Property	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	9,086	1,561	0	0
EXPENDITURES:				
Operating:				
Public Safety and Legal Services	0	0	2,682	0
Non-Program	0	0	0	0
Total Expenditures	0	0	2,682	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,086	1,561	(2,682)	0
Other Financing Sources:				
Transfers In	0	0	2,605	0
Drainage Warrants Issued	0	0	0	0
Total Other Financing Sources	0	0	2,605	0
Change in Fund Balances	9,086	1,561	(77)	0
Fund Balances Beginning of Year	13,312	11,406	1,198	6,611
Fund Balances End of Year	\$22,398	\$12,967	\$ 1,121	\$6,611

See Accompanying Independent Auditor's Report

Schedule 2

Special Revenue					
Hartland Township TIF	Forfeiture	New Heaven TIF	Reserve Deputy	Drainage	Total
\$2	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2
0	0	5,040	0	0	5,040
0	0	459	0	0	9,545
0	0	0	0	0	1,561
0	0	8	0	0	8
0	0	0	6,346	482,270	488,616
2	0	5,507	6,346	482,270	504,772
0	0	0	115	0	2,797
0	0	0	0	1,142,470	1,142,470
0	0	0	115	1,142,470	1,145,267
2	0	5,507	6,231	(660,200)	(640,495)
0	0	0	0	0	2,605
0	0	0	0	763,621	763,621
0	0	0	0	763,621	766,226
2	0	5,507	6,231	103,421	125,731
0	5,929	(17,777)	7,853	273,168	301,700
\$2	\$5,929	\$(12,270)	\$14,084	\$ 376,589	\$ 427,431

WORTH COUNTY
Northwood, Iowa

COMBINING SCHEDULE OF FIDUCIARY
NET POSITION
CUSTODIAL FUNDS
June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor
ASSETS			
Cash, Cash Equivalents and Pooled Investments:			
County Treasurer	\$ 0	\$ 2,402	\$ 724,109
Other County Officials	17,272	0	0
Receivables:			
Property Tax:			
Delinquent	0	109	208
Succeeding Year	0	199,723	321,945
Assessments	0	0	0
Due From Other Governments	0	0	0
TOTAL ASSETS	17,272	202,234	1,046,262
LIABILITIES			
Accounts Payable	0	0	2,737
Due To Other Governments	2,089	2,405	0
Trusts Payable	15,183	0	0
Compensated Absences	0	0	6,633
TOTAL LIABILITIES	17,272	2,405	9,370
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues	0	199,829	322,115
NET POSITION			
Restricted for Individuals Organizations and Other Governments	\$ 0	\$ 0	\$ 714,777

See Accompanying Independent Auditor's Report

Schedule 3

Schools	Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
\$ 87,887	\$ 7,636	\$ 31,781	\$ 1,829	\$17,915	\$263,074	\$1,009,071	\$ 2,145,704
0	0	0	0	0	0	0	17,272
3,595	355	2,716	92	0	0	36	7,111
7,813,799	705,809	1,968,828	141,784	0	0	1,649	11,153,537
0	0	0	0	10,476	0	0	10,476
0	0	0	0	0	0	52,472	52,472
7,905,281	713,800	2,003,325	143,705	28,391	263,074	1,063,228	13,386,572
0	0	0	0	0	0	926	3,663
87,887	7,636	31,877	1,829	28,391	263,074	163	425,351
0	0	0	0	0	0	48,021	63,204
0	0	0	0	0	0	6,256	12,889
87,887	7,636	31,877	1,829	28,391	263,074	55,366	505,107
7,817,394	706,164	1,971,448	141,876	0	0	1,650	11,160,476
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$1,006,212	\$ 1,720,989

WORTH COUNTY
Northwood, Iowa

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

Year Ended June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools
ADDITIONS:				
Property and Other County Tax	\$ 0	\$195,918	\$324,105	\$7,735,982
911 Surcharge	0	0	0	0
State Tax Credits	0	14,849	24,561	591,023
Office Fees and Collections	394,731	0	0	0
Auto Licenses, Use Tax and Postage Assessments	0	0	0	0
Trusts	47,751	0	0	0
Miscellaneous	0	0	370	0
Total Additions	442,482	210,767	349,036	8,327,005
DEDUCTIONS:				
Agency Remittances:				
To Other Funds	151,764	0	0	0
To Other Governments	144,496	210,767	298,658	8,327,005
Trusts Paid Out	146,222	0	0	0
Total Deductions	442,482	210,767	298,658	8,327,005
Changes in Net Position	0	0	50,378	0
Net Position Beginning of Year	0	0	664,399	0
Net Position End of Year	\$ 0	\$ 0	\$714,777	\$ 0

See Accompanying Independent Auditor's Report

Schedule 4

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
\$651,870	\$1,868,444	\$136,234	\$ 0	\$ 0	\$ 2,485	\$10,915,038
0	0	0	0	0	189,132	189,132
49,948	247,174	8,239	0	0	127	935,921
0	0	0	0	0	0	394,731
0	0	0	0	3,211,732	0	3,211,732
0	0	0	20,155	0	0	20,155
0	0	0	0	0	115,439	163,190
0	0	0	0	0	68,204	68,574
<u>701,818</u>	<u>2,115,618</u>	<u>144,473</u>	<u>20,155</u>	<u>3,211,732</u>	<u>375,387</u>	<u>15,898,473</u>
0	0	0	0	0	0	151,764
701,818	2,115,618	144,473	20,155	3,211,732	154,834	15,329,556
0	0	0	0	0	115,439	261,661
<u>701,818</u>	<u>2,115,618</u>	<u>144,473</u>	<u>20,155</u>	<u>3,211,732</u>	<u>270,273</u>	<u>15,742,981</u>
0	0	0	0	0	105,114	155,492
0	0	0	0	0	901,098	1,565,497
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,006,212</u>	<u>\$ 1,720,989</u>

WORTH COUNTY
Northwood, Iowa

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

For the Last Ten Years

	Modified Accrual Basis		
	2021	2020	2019
REVENUES:			
Property and Other County Tax	\$ 5,864,973	\$ 5,508,247	\$ 5,501,328
Tax Increment Financing	2,953,391	2,922,809	2,917,816
Local Option Sales Tax	505,356	489,051	444,745
Interest and Penalty on Property Tax	40,359	9,112	29,984
Intergovernmental	5,506,387	4,342,819	4,210,915
Licenses and Permits	23,702	34,345	24,322
Charges For Service	330,246	266,832	304,762
Use of Money and Property	150,787	182,763	177,298
Miscellaneous	1,091,536	1,552,012	3,187,814
	<hr/>		
Total	\$16,466,737	\$15,307,990	\$16,798,984
	<hr/>		
EXPENDITURES:			
Operating:			
Public Safety and Legal Services	\$ 2,434,945	\$ 2,354,949	\$ 2,327,428
Physical Health and Social Services	960,072	894,390	961,304
Mental Health	220,860	263,738	331,909
County Environment and Education	1,035,341	954,398	904,612
Roads and Transportation	4,050,340	4,384,405	4,147,829
Governmental Services to Residents	456,162	432,199	403,711
Administration	1,707,986	1,662,434	1,481,984
Non-Program	1,142,470	1,689,371	1,959,665
Debt Service	2,279,604	2,275,546	2,274,775
Capital Projects	1,490,111	1,699,857	2,386,182
	<hr/>		
Total	\$15,777,891	\$16,611,287	\$17,179,399
	<hr/>		

See Accompanying Independent Auditor's Report

Schedule 5

Modified Accrual Basis						
2018	2017	2016	2015	2014	2013	2012
\$ 5,337,502	\$ 5,025,959	\$ 7,355,524	\$ 6,978,236	\$ 6,654,560	\$ 7,193,038	\$ 5,616,857
2,898,628	5,366,434	0	0	0	0	0
413,759	386,428	371,230	374,063	348,699	338,523	307,085
34,417	18,793	21,502	21,466	23,217	25,914	23,635
4,118,578	4,201,341	4,198,340	3,615,247	4,486,333	3,912,826	4,668,953
116,089	29,063	78,715	33,237	27,020	13,895	18,819
306,101	290,657	280,309	310,653	287,886	304,346	292,826
145,656	179,239	45,372	54,555	78,883	85,733	88,645
1,446,817	786,811	1,993,138	933,052	1,481,628	797,127	472,137
\$14,817,547	\$16,284,725	\$14,344,130	\$12,320,509	\$13,388,226	\$12,671,402	\$11,488,957
\$ 2,293,138	\$ 2,203,096	\$ 2,155,651	\$ 2,095,565	\$ 2,546,765	\$ 2,087,278	\$ 1,942,278
920,280	908,951	1,222,873	868,609	847,575	855,672	913,467
329,133	266,748	291,240	375,891	279,074	586,020	933,217
921,297	3,884,773	846,457	845,026	791,661	735,599	782,149
3,717,655	3,232,033	3,564,205	4,310,312	3,231,062	2,342,770	3,065,856
374,591	367,337	369,067	321,449	341,498	349,489	326,019
1,416,655	1,345,406	1,366,126	1,244,469	1,323,906	1,198,691	1,082,024
2,080,617	769,215	1,096,355	542,639	290,614	149,420	147,213
8,755,739	2,339,593	2,160,150	1,800,787	1,560,095	1,262,699	1,184,042
776,921	974,614	1,948,200	575,407	1,701,470	2,177,157	3,086,172
\$21,586,026	\$16,291,766	\$15,020,324	\$12,980,154	\$12,913,720	\$11,744,795	\$13,462,437



GARDINER+COMPANY

Certified Public Accountants

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, 2021, 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 30, 2022.

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 A, C and D 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 B to be a significant deficiency.

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, 2021 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

Worth County, Iowa's responses to the findings identified in our audit are 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 30, 2022

WORTH COUNTY
Northwood, Iowa

SCHEDULE OF FINDINGS
Year Ended June 30, 2021

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

A 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 – We have reviewed procedures as suggested and plan to make improvements to internal control.

Conclusion – Response accepted.

B 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.

WORTH COUNTY
Northwood, Iowa

SCHEDULE OF FINDINGS (CONTINUED)
Year Ended June 30, 2021

Findings Related to the Financial Statements:(Continued)

B Preparation of Full Disclosure Financial Statements:(Continued)

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

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.

C 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 accounts receivable and road use taxes 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.

WORTH COUNTY
Northwood, Iowa

SCHEDULE OF FINDINGS (CONTINUED)
Year Ended June 30, 2021

Findings Related to the Financial Statements:(Continued)

C Financial Reporting:(Continued)

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 accounts receivable and revenues are identified and properly reported in the County’s financial statements.

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

Conclusion – Response accepted.

D County Conservation – Receipt Deposits

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

Condition – Receipts are not always deposited and recorded in the County’s financial statements. One state warrant issued to the Worth County Treasurer was not deposited or recorded in the County’s financial statements. The state warrant was deposited by the Conservation Foundation and did not pass through the County.

Cause – Policies and procedures have not been designed and implemented to ensure all incoming checks are deposited with the County Treasurer and recorded in the County’s financial statements.

Effect – The condition resulted in unrecorded revenues and expenditures.

Recommendation – The County Conservation Board should establish procedures to ensure all receipts are deposited with the County Treasurer timely and recorded in the County’s financial statements.

Response – We will deposit all revenues with the County Treasurer in the future.

Conclusion – Response accepted.

WORTH COUNTY
Northwood, Iowa

SCHEDULE OF FINDINGS (CONTINUED)
Year Ended June 30, 2021

Other Findings Related to Required Statutory Reporting:

1. **Certified Budget** – Disbursements during the year ended June 30, 2021 exceeded the amounts budgeted in the debt service function and disbursements in certain departments exceeded the amounts appropriated.

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

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

Response – We will amend the budget when required and appropriations will be watched more closely by the departments.

Conclusion – Response accepted.

2. **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. Certain 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. These expenditures are detailed as follows:

Paid to	Purpose	Amount
Dean Moretz	Project Reimbursement – Sales Tax Paid	\$ 59
Visa	Interest Charged	3
Fallgatter’s Market Inc.	Food for Conservation Board Budget Meeting	139

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The Board of Supervisors should determine and document the public purpose served by these types of expenditures prior to authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including requirements for proper documentation.

WORTH COUNTY
Northwood, Iowa

SCHEDULE OF FINDINGS (CONTINUED)
Year Ended June 30, 2021

Other Findings Related to Required Statutory Reporting: (Continued)

2. Questionable Expenditures (Continued)

Response – We will document this in the future.

Conclusion – Response accepted.

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

4. Business Transactions – The following business transactions between the County and County officials or employees were noted:

<u>Name, Title and Business Connection</u>	<u>Description</u>	<u>Amount</u>
Dawn Knudtson, Jailer		
Knudtson Automotive Service Owned by husband	Motor vehicle repairs and maintenance	\$11,517
Lori Springer, Public Health		
Kevin Springer Construction Owned by husband	Repairs/snow removal	2,365
Jamie Luckason, Conservation		
Luckason Tractor Repair	Batteries/truck maintenance	1,068

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

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

5. 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.

6. 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, 2021

Other Findings Related to Required Statutory Reporting: (Continued)

7. **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 June 7, 2021 to discuss matters relating to the County. The minutes record did not include documentation of the vote of each member on the question of holding the closed session as required by Chapter 21.5(2) 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 – Roll call vote will be properly documented going forward.

Conclusion – Response accepted.

8. **Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

9. **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).

10. **Tax Increment Financing**– For the year ended June 30, 2021, the County Auditor prepared reconciliations for each City reconciling TIF receipts with total outstanding TIF debt.

Payments from the Special Revenue, Tax Increment Financing funds included payments for TIF obligations, not all obligations were previously certified. Also, Worth County properly completed the Tax Increment Debt Forms 1, 2, and 3, as appropriate, to certify TIF obligations, to decertify TIF obligations or to request a reduced distribution of TIF.

Recommendation – TIF obligations should be certified with the County Auditor before payments are made from TIF collections.

Response – We will comply with this requirement.

Conclusion – Response accepted.

WORTH COUNTY
Northwood, Iowa

SCHEDULE OF FINDINGS (CONTINUED)
Year Ended June 30, 2021

Other Findings Related to Required Statutory Reporting: (Continued)

11. **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, however, it appears it was not approved by the Board of Supervisors.

Recommendation – The Annual Urban Renewal Report should be approved by the Board of Supervisors and the approval should be documented in the minutes record.

Response – We will comply with this requirement.

Conclusion – Response accepted.

12. **Interfund Transfers** – During the year ended June 30, 2021, it was noted that transfers exceeded the amount authorized by the Board of Supervisors.

Recommendation – The County should only transfer funds up to the amount approved by the Board.

Response – We will comply with this requirement.

Conclusion – Response accepted.

13. **Financial Position** – The Special Revenue, New Heaven TIF Fund had a deficit fund balance of \$12,270 at June 30, 2021.

Recommendation – The County should monitor this fund to keep a sound financial condition.

Response – The County is aware of the deficit balance and will monitor this fund in the future.

Conclusion – Response accepted.

14. **Code of Ordinances** – The Board of Supervisors has not compiled a Code of Ordinances containing all of the County's ordinances in effect within the five year time frame allowed by the Code of Iowa.

Recommendation – Chapter 331.302(10) of the Code of Iowa requires the Board of Supervisors to compile a Code of Ordinances containing all of the County's ordinances in effect at least once every five years.

Response – We will compile the Code of Ordinances as required.

Conclusion – Response accepted.