

CARROLL COUNTY, IOWA

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

JUNE 30, 2023

Carroll County  
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Carroll County

Officials

(Before January, 2023)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Scott Johnson	Board of Supervisors	January, 2025
Dean Schettler	Board of Supervisors	January, 2023
Eugene Meiners	Board of Supervisors	January, 2025
Stephanie Hausman	Board of Supervisors	January, 2023
Richard Ruggles	Board of Supervisors	January, 2025
Kourtney Payer	County Auditor	January, 2025
Lisa Wagner	County Treasurer	January, 2023
Ashten Wittrock	County Recorder	January, 2023
Ken Pingrey	County Sheriff	January, 2025
John Werden	County Attorney	January, 2023
Cindy Heuton	County Assessor	January, 2028

(After January, 2023)

Scott Johnson	Board of Supervisors	January, 2025
Mike Andersen	Board of Supervisors	January, 2027
Eugene Meiners	Board of Supervisors	January, 2025
Stephanie Hausman	Board of Supervisors	January, 2027
Richard Ruggles	Board of Supervisors	January, 2025
Kourtney Payer	County Auditor	January, 2025
Lisa Wagner	County Treasurer	January, 2027
Ashten Wittrock	County Recorder	January, 2027
Ken Pingrey	County Sheriff	January, 2025
John Werden	County Attorney	January, 2027
Cindy Heuton	County Assessor	January, 2028

# Gronewold, Bell, Kyhnn & Co. P.C.

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## INDEPENDENT AUDITOR'S REPORT

To the Officials of Carroll County

### **Report on the Audit of the Financial Statements**

#### **Opinions**

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 Carroll County, Iowa as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carroll County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Carroll County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Officials of Carroll County

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Carroll County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Carroll County's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) and the Schedule of County Contributions on pages 3 through 3h and on pages 45 through 50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Officials of Carroll County

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the six years ended June 30, 2019 (which are not presented herein), were audited by other auditors, whose reports expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 6 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated August 12, 2024 on our consideration of Carroll County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Carroll County's internal control over financial reporting and compliance.

*Brownell, Rees, Fyhn & Co. P.C.*

Atlantic, Iowa  
August 12, 2024

## MANAGEMENT'S DISCUSSION & ANALYSIS

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

### 2023 FINANCIAL HIGHLIGHTS

- The Governor signed Senate File 619 on June 16, 2021 which significantly changed mental health funding. The County was required to transfer the remaining fund balance of the Special Revenue, Mental Health Fund to the Carroll Mental Health Region prior to June 30, 2022.
- Revenues of the County's governmental activities increased 3.0%, or approximately \$704,000, during fiscal year 2023. Capital grants, contributions and restricted interest decreased approximately \$2,147,000, operating grants, contributions and restricted interest increased approximately \$381,000, charges for service decreased approximately \$62,000 and property and other county tax increased approximately \$808,000.
- Governmental activities expenses decreased 0.6%, or approximately \$116,000, during fiscal year 2023. Roads and transportation expenses decreased approximately \$2,256,000, non-program expenses increased approximately \$1,784,000 and administration expenses increased approximately \$420,000.
- Governmental activities net position increased 8.9%, or approximately \$5,241,000, during fiscal year 2023.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Carroll County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental and business type activities services were financed in the short term as well as what remains for future spending. Fund financial statements report Carroll 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 Carroll County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, and the County's proportionate share of the net pension liability (asset) and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Custodial Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## **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 and business type activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities. The County's business type activities include the wastewater treatment systems, which is financed primarily by user charges.



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

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

- 2) Proprietary funds account for the County's Enterprise, Mt. Carmel Sewer and Maple River Sewer Funds and the Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

- 3) Fiduciary funds are used to report assets held in a trust or custodial capacity for others which cannot be used to support the County's own programs. 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 the changes in net position.

Net Position of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities June 30,		Business Type Activities June 30,		Total Activities June 30,	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 30,140	\$ 28,167	\$ 35	\$ 32	\$ 30,175	\$ 28,199
Capital assets	<u>59,588</u>	<u>57,686</u>	<u>720</u>	<u>746</u>	<u>60,308</u>	<u>58,432</u>
Total assets	<u>89,728</u>	<u>85,853</u>	<u>755</u>	<u>778</u>	<u>90,483</u>	<u>86,631</u>
Deferred outflows of resources	<u>985</u>	<u>921</u>	<u>--</u>	<u>--</u>	<u>985</u>	<u>921</u>
Long-term liabilities	12,096	11,492	210	223	12,306	11,715
Other liabilities	<u>2,970</u>	<u>2,109</u>	<u>10</u>	<u>2</u>	<u>2,980</u>	<u>2,111</u>
Total liabilities	<u>15,066</u>	<u>13,601</u>	<u>220</u>	<u>225</u>	<u>15,286</u>	<u>13,826</u>
Deferred inflows of resources	<u>11,253</u>	<u>14,020</u>	<u>--</u>	<u>--</u>	<u>11,253</u>	<u>14,020</u>
Net position:						
Net investment in capital assets	49,173	46,601	510	524	49,683	47,125
Restricted	12,361	10,235	--	--	12,361	10,235
Unrestricted	<u>2,860</u>	<u>2,317</u>	<u>25</u>	<u>29</u>	<u>2,885</u>	<u>2,346</u>
Total net position	<u>\$ 64,394</u>	<u>\$ 59,153</u>	<u>\$ 535</u>	<u>\$ 553</u>	<u>\$ 64,929</u>	<u>\$ 59,706</u>

Net position of Carroll County's governmental activities increased 8.9% (approximately \$59.2 million compared to approximately \$64.4 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased 5.5%, or approximately \$2,572,000.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$2,126,000, or 20.8%. This increase is primarily due to an increase in the amounts held at year end in the Special Revenue, Local Option Sales Tax and Secondary Roads Funds.

Unrestricted governmental activities net position - the part of governmental activities 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 surplus of approximately \$2,317,000 at June 30, 2022 to approximately \$2,860,000 at the end of this year, an increase of 23.4%. This increase is due to an increase in the net pension liability.

Changes in Net Position of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities Year Ended June 30,		Business Type Activities Year Ended June 30,		Total Activities Year Ended June 30,	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for service	\$ 3,327	\$ 3,389	\$ 49	\$ 53	\$ 3,376	\$ 3,442
Operating grants and contributions	5,875	5,494	--	--	5,875	5,494
Capital grants and contributions	1,013	3,160	--	--	1,013	3,160
General revenues:						
Property and other county tax	9,449	8,641	--	--	9,449	8,641
Tax increment financing	--	53	--	--	--	53
American Rescue Plan Act	2,164	332	--	--	2,164	332
Penalty and interest on property tax	49	44	--	--	49	44
State tax credits	561	585	--	--	561	585
Local option sales tax	1,599	1,409	--	--	1,599	1,409
Unrestricted investment earnings	351	85	--	--	351	85
Loss on sale of assets	( 27)	--	--	--	( 27)	--
Other general revenues	--	465	--	--	--	465
Total revenues	<u>24,361</u>	<u>23,657</u>	<u>49</u>	<u>53</u>	<u>24,410</u>	<u>23,710</u>
Program expenses:						
Public safety and legal services	4,626	4,250	--	--	4,626	4,250
Physical health and social services	806	800	--	--	806	800
Mental health	--	553	--	--	--	553
County environment and education	1,437	1,267	--	--	1,437	1,267
Roads and transportation	5,869	8,125	--	--	5,869	8,125
Governmental services to residents	484	494	--	--	484	494
Administration	3,154	2,734	--	--	3,154	2,734
Non-programs	2,295	511	--	--	2,295	511
Interest on long-term debt	449	502	--	--	449	502
Sewer	--	--	67	73	67	73
Total expenses	<u>19,120</u>	<u>19,236</u>	<u>67</u>	<u>73</u>	<u>19,187</u>	<u>19,309</u>
Change in net position	5,241	4,421	( 18)	( 20)	5,223	4,401
Net position beginning of year	<u>59,153</u>	<u>54,732</u>	<u>553</u>	<u>573</u>	<u>59,706</u>	<u>55,305</u>
Net position end of year	<u>\$ 64,394</u>	<u>\$ 59,153</u>	<u>\$ 535</u>	<u>\$ 553</u>	<u>\$ 64,929</u>	<u>\$ 59,706</u>

Carroll County's governmental activities net position increased approximately \$5,241,000 during the year. Revenues for governmental activities increased approximately \$704,000 compared to the prior year, with capital grants and contributions decreasing approximately \$2,147,000 over the prior year. The decrease in capital grants and contributions is primarily the result of less road and bridge projects paid for by the Iowa Department of Transportation. The County's operating grants and contributions increased approximately \$381,000 and property and other county tax increased approximately \$808,000.

The cost of all governmental activities this year was approximately \$19.1 million compared to approximately \$19.2 million last year. However, as shown in the Statement of Activities on page 6, the amount taxpayers ultimately financed for these activities was approximately \$8.9 million because some of the cost was paid by those who directly benefitted from the programs (approximately \$3,327,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$6,888,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2023 from approximately \$12,043,000 to approximately \$10,215,000, principally due to a decrease in road and bridge projects paid for by the Iowa Department of Transportation. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

#### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Carroll County completed the year, its governmental funds reported a combined fund balance of \$14.84 million, an increase of approximately \$1,853,000 over last year's total of approximately \$12.99 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$3,200,000, primarily due to the receipt of federal grants for ARPA. Expenditures increased approximately \$2,763,000 due to increased spending in non-program and County environment and education functions. The ending fund balance decreased approximately \$334,000.
- The Special Revenue, Rural Services Fund ending fund balance decreased approximately \$41,000 over the prior year to approximately \$873,000. The amount of local option sales tax (LOST) revenue allocated for rural services was approximately \$800,000, an increase of approximately \$95,000 over the prior year. Rural Services Fund expenditures increased approximately \$66,000 compared to the prior year.
- Special Revenue, Local Option Sales Tax Fund transfers out decreased approximately \$762,000 compared to the prior year. Transfers were made to the General Fund in fiscal year 2023 to offset a decrease to the General supplemental tax levy rates. The Local Option Sales Tax Fund balance increased approximately \$227,000 to approximately \$2,361,000.

- Special Revenue, Secondary Roads Fund revenue increased approximately \$1,061,000. Expenditures decreased approximately \$412,000 over the prior year, primarily due to a decrease in road and bridge projects. The Secondary Roads Fund balance increased approximately \$1,857,000 to approximately \$8,022,000 at year end.
- Debt Service Fund revenues decreased approximately \$4,000. Expenditures increased approximately \$4,000.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Carroll County amended its budget three times. The first amendment was made in October, 2022 and resulted in an increase in budgeted disbursements of approximately \$472,000, related primarily to reporting of Election Equipment purchase, Cell Phone Booster Project, Merchants Park contribution, Jail food preparation costs, IT Department salaries.

The second amendment was made in March, 2023. This amendment was made to increase budgeted disbursements approximately \$476,000. This was primarily due to Ambulance Department Employee Health Insurance, IT Data Processing Equipment, Courthouse Utility Costs, GIS Salaries, County Property Insurance, Conservation Salaries, Conservation Repairs and Maintenance, Sheriff Department Overtime, and Manning Trail Project Contribution.

The third amendment was made in May, 2023. This amendment resulted in an increase in budgeted disbursements of approximately \$141,000, related primarily due to Conservation Department Gas and Repairs, Jail Department Salaries, Public Health pass-thru account.

The County's receipts were approximately \$470,000 more than budgeted. Property and other county tax receipts were approximately \$297,000 more than budgeted, intergovernmental receipts were approximately \$345,000 less than budgeted, use of money and property receipts were approximately \$221,000 more than budgeted and miscellaneous receipts were approximately \$356,000 more than budgeted.

Total disbursements were approximately \$5,740,000 less than the final amended budget. Actual disbursements for County environment and education, capital projects and non-program were approximately \$976,000, \$1,892,000 and \$1,890,000, respectively, less than budgeted.

In the County environment and education function, disbursements were approximately \$976,000 less than budgeted primarily due to Trail Project not being completed.

Capital projects function disbursements were approximately \$1,892,000 less than the amount budgeted, primarily due to Secondary Road project not being completed, Trail Project not being completed, and Ambulance Equipment purchases fewer than projected.

Non-program function disbursements were approximately \$1,890,000 less than budgeted primary due to Courthouse HVAC/Remodel Project not being completed and fewer IEDA Housing Program applicants.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2023, Carroll County had approximately \$60.3 million invested in a broad range of capital assets for governmental and business type activities, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of approximately \$1,876,000, or 3.2%, over last year.

Capital Assets of Governmental and Business Type Activities at Year End (Expressed In Thousands)		
	June 30,	
	2023	2022
Governmental Activities:		
Land	\$ 1,919	\$ 1,919
Buildings	15,587	15,991
Improvements other than buildings	4,468	4,499
Equipment and vehicles	5,541	5,099
Infrastructure	28,292	29,342
Construction in progress	3,781	836
Business Type Activities:		
Land	26	26
Infrastructure	694	720
Total	<u>\$ 60,308</u>	<u>\$ 58,432</u>

The County had governmental activities depreciation expense of approximately \$2,940,000 and business type activities depreciation expense of approximately \$26,000 in fiscal year 2023 and total accumulated depreciation of approximately \$47,748,000 and \$349,000, respectively at June 30, 2023.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### Long-Term Debt

At June 30, 2023, Carroll County had approximately \$10,415,000 of general obligation bonds, compared to \$11,085,000 at June 30, 2022.

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. Carroll County's constitutional debt limit is approximately \$86.3 million. Additional information about the County's long-term liabilities is presented in Note 7 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Carroll County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2024 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County in June, 2023 was approximately 2.5% compared to the State of Iowa of 2.9%. This is an increase from the prior year, which was 2.6%.

These indicators were taken into account when adopting the budget for fiscal year 2024. Amounts available for appropriation in the operating budget are approximately \$10.1 million, an increase of 7.4% from the final fiscal year 2023 budget. This is due to ARPA funding not being expended and capital projects not being completed. Budgeted disbursements are approximately \$33.5 million, a 8% increase from the final fiscal year 2023 budget. The County added no major new programs or initiatives to the fiscal year 2024 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$4,866,018 by the close of fiscal year 2024.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Carroll County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Carroll County Auditor's Office, 114 E. 6<sup>th</sup> Street, Carroll, IA 51401.

Carroll County  
Statement of Net Position  
June 30, 2023

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments			
County Treasurer	\$ 14,286,155	\$ 33,120	\$ 14,319,275
Conservation Foundation	414,462	--	414,462
Receivables:			
Property tax:			
Delinquent	6,877	--	6,877
Succeeding year	10,564,000	--	10,564,000
Interest and penalty on property tax	102,354	--	102,354
Accounts, net of allowance for doubtful accounts of \$103,588	501,756	1,487	503,243
Accrued interest	3,782	--	3,782
Internal balances	210,084	( 210,084)	--
Due from other funds	34,642	--	34,642
Due from other governments	786,255	--	786,255
Inventories	2,961,262	--	2,961,262
Prepaid insurance	268,585	--	268,585
Capital assets not being depreciated	5,700,129	25,500	5,725,629
Capital assets (net of accumulated depreciation)	<u>53,887,548</u>	<u>694,677</u>	<u>54,582,225</u>
Total assets	<u>89,727,891</u>	<u>544,700</u>	<u>90,272,591</u>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	<u>985,048</u>	<u>--</u>	<u>985,048</u>
<b>Liabilities</b>			
Accounts payable	1,471,144	10,149	1,481,293
Accrued interest payable	35,699	--	35,699
Salaries and benefits payable	31,429	--	31,429
Due to other governments	11,112	--	11,112
Unearned revenue	1,420,575	--	1,420,575
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds	690,000	--	690,000
Compensated absences	353,942	--	353,942
Portion due or payable after one year:			
General obligation bonds	9,725,000	--	9,725,000
Compensated absences	98,893	--	98,893
Net pension liability	<u>1,228,355</u>	<u>--</u>	<u>1,228,355</u>
Total liabilities	<u>15,066,149</u>	<u>10,149</u>	<u>15,076,298</u>

(continued next page)



Carroll County  
Statement of Net Position - continued  
June 30, 2023

	Governmental Activities	Business Type Activities	Total
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 10,564,000	\$ --	\$ 10,564,000
Pension related deferred inflows	689,191	--	689,191
Total deferred inflows of resources	11,253,191	--	11,253,191
Net Position			
Net investment in capital assets	49,172,677	510,093	49,682,770
Restricted for:			
Supplemental levy purposes	127,971	--	127,971
Rural services purposes	828,532	--	828,532
Secondary roads purposes	7,857,131	--	7,857,131
Debt service	109,756	--	109,756
Capital projects	51,416	--	51,416
Opioid abatement	101,698	--	101,698
Other purposes	3,284,063	--	3,284,063
Unrestricted	2,860,355	24,458	2,884,813
Total net position	\$ 64,393,599	\$ 534,551	\$ 64,928,150

See notes to financial statements.

Carroll County  
Statement of Activities  
Year ended June 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Service</u>
Functions/Programs:		
Governmental activities:		
Public safety and legal services	\$ 4,625,892	\$ 1,848,616
Physical health and social services	805,826	103,864
County environment and education	1,437,227	381,998
Roads and transportation	5,868,947	35,741
Governmental services to residents	483,876	506,798
Administration	3,154,437	9,665
Non-program	2,294,523	439,916
Interest on long-term debt	449,334	--
Total governmental activities	<u>19,120,062</u>	<u>3,326,598</u>
Business type activities:		
Sewer	<u>67,535</u>	<u>49,306</u>
Total	<u>\$ 19,187,597</u>	<u>\$ 3,375,904</u>
General Revenues:		
Property and other county tax levied for:		
General purposes		
Debt service		
Penalty and interest on property tax		
State tax credits and replacements		
Local option sales tax		
American Rescue Plan Act		
Unrestricted investment earnings		
Loss on sale of assets		
Total general revenues		
Change in net position		
Net position beginning of year		
Net position end of year		

See notes to financial statements.

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
\$ 20,015	\$ --	\$( 2,757,261)	\$ --	\$( 2,757,261)
388,587	--	( 313,375)	--	( 313,375)
242,267	--	( 812,962)	--	( 812,962)
5,202,196	1,012,986	381,976	--	381,976
3,720	--	26,642	--	26,642
17,740	--	( 3,127,032)	--	( 3,127,032)
--	--	( 1,854,607)	--	( 1,854,607)
--	--	( 449,334)	--	( 449,334)
<u>5,874,525</u>	<u>1,012,986</u>	<u>( 8,905,953)</u>	<u>--</u>	<u>( 8,905,953)</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>( 18,229)</u>	<u>( 18,229)</u>
<u>\$ 5,874,525</u>	<u>\$ 1,012,986</u>	<u>( 8,905,953)</u>	<u>( 18,229)</u>	<u>( 8,924,182)</u>
		8,379,493	--	8,379,493
		1,069,970	--	1,069,970
		48,884	--	48,884
		560,955	--	560,955
		1,599,306	--	1,599,306
		2,164,269	--	2,164,269
		350,611	6	350,617
		( 26,626)	--	( 26,626)
		<u>14,146,862</u>	<u>6</u>	<u>14,146,868</u>
		5,240,909	( 18,223)	5,222,686
		<u>59,152,690</u>	<u>552,774</u>	<u>59,705,464</u>
		<u>\$ 64,393,599</u>	<u>\$ 534,551</u>	<u>\$ 64,928,150</u>

Carroll County  
Balance Sheet  
Governmental Funds

June 30, 2023

	General	Special Revenue Rural Services
<b>Assets</b>		
Cash, cash equivalents, and pooled investments:		
County Treasurer	\$ 4,054,606	\$ 742,142
Conservation Foundation	--	--
Receivables:		
Property tax:		
Delinquent	5,835	4
Succeeding year	6,501,000	2,960,000
Interest and penalty on property tax	102,354	--
Accounts	118,198	--
Opioid settlement	--	--
Accrued interest	3,782	--
Due from other funds	33,825	--
Due from other governments	137,800	133,969
Inventories	--	--
Prepaid insurance	265,330	--
Non-current assets:		
Advances to other funds	--	--
<b>Total assets</b>	<b>\$ 11,222,730</b>	<b>\$ 3,836,115</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 553,328	\$ 1,633
Salaries and benefits payable	29,696	1,418
Due to other funds	4,083	--
Due to other governments	7,734	--
Unearned revenue	1,420,575	--
<b>Total liabilities</b>	<b>2,015,416</b>	<b>3,051</b>
<b>Deferred inflows of resources:</b>		
Unavailable revenues:		
Succeeding year property tax	6,501,000	2,960,000
Other	225,350	4
<b>Total deferred inflows of resources</b>	<b>6,726,350</b>	<b>2,960,004</b>

(continued next page)

<u>Special Revenue</u>				
<u>Local Option Sales Tax</u>	<u>Secondary Roads</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 2,030,713	\$ 4,921,076	\$ 108,718	\$ 1,146,363	\$ 13,003,618
--	--	--	414,462	414,462
--	--	1,038	--	6,877
--	--	1,103,000	--	10,564,000
--	--	--	--	102,354
--	3,659	--	--	121,857
--	--	--	363,478	363,478
--	--	--	--	3,782
12,830	4,083	--	817	51,555
120,494	393,992	--	--	786,255
--	2,961,262	--	--	2,961,262
--	3,255	--	--	268,585
<u>197,254</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>197,254</u>
<u>\$ 2,361,291</u>	<u>\$ 8,287,327</u>	<u>\$ 1,212,756</u>	<u>\$ 1,925,120</u>	<u>\$ 28,845,339</u>
\$ --	\$ 262,160	\$ --	\$ 565,924	\$ 1,383,045
--	--	--	315	31,429
--	--	--	--	4,083
--	3,378	--	--	11,112
--	--	--	--	1,420,575
<u>--</u>	<u>265,538</u>	<u>--</u>	<u>566,239</u>	<u>2,850,244</u>
--	--	1,103,000	--	10,564,000
<u>--</u>	<u>--</u>	<u>1,038</u>	<u>363,478</u>	<u>589,870</u>
<u>--</u>	<u>--</u>	<u>1,104,038</u>	<u>363,478</u>	<u>11,153,870</u>

Carroll County  
 Balance Sheet  
 Governmental Funds - continued

June 30, 2023

	General	Special Revenue Rural Services
Fund balances:		
Nonspendable:		
Inventories	\$       --	\$       --
Prepaid insurance	265,330	--
Restricted for:		
Supplemental levy purposes	169,058	--
Rural services purposes	--	873,060
Secondary roads purposes	--	--
Debt service	--	--
Opioid abatement	--	--
Other purposes	--	--
Assigned for:		
County Attorney fine collections	28,594	--
Capital projects and equipment	--	--
Unassigned	<u>2,017,982</u>	<u>--</u>
Total fund balances	<u>2,480,964</u>	<u>873,060</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,222,730</u>	<u>\$ 3,836,115</u>

See notes to financial statements.

<u>Special Revenue</u>					
<u>Local Option</u>	<u>Secondary</u>	<u>Debt</u>	<u>Nonmajor</u>	<u>Total</u>	
<u>Sales Tax</u>	<u>Roads</u>	<u>Service</u>			
\$ --	\$ 2,961,262	\$ --	\$ --	\$ 2,961,262	
--	3,255	--	--	268,585	
--	--	--	--	169,058	
--	--	--	--	873,060	
--	5,057,272	--	--	5,057,272	
--	--	108,718	--	108,718	
--	--	--	101,698	101,698	
2,361,291	--	--	617,815	2,979,106	
--	--	--	--	28,594	
--	--	--	275,890	275,890	
--	--	--	--	2,017,982	
<u>2,361,291</u>	<u>8,021,789</u>	<u>108,718</u>	<u>995,403</u>	<u>14,841,225</u>	
<u>\$ 2,361,291</u>	<u>\$ 8,287,327</u>	<u>\$ 1,212,756</u>	<u>\$ 1,925,120</u>	<u>\$ 28,845,339</u>	

## Carroll County

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

June 30, 2023

Total governmental fund balances (page 8)		\$ 14,841,225
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$107,335,199 and the accumulated depreciation is \$47,747,522.		59,587,677
Other long-term assets are not available to pay for current year expenditures, and therefore, are recognized as deferred inflows of resources in the governmental funds.		589,870
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position.		1,210,859
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 985,048	
Deferred inflows of resources	<u>( 689,191)</u>	295,857
Long-term liabilities, including bonds payable, compensated absences payable, net pension liability and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the government funds.		<u>( 12,131,889)</u>
Net position of governmental activities (page 5)		<u>\$ 64,393,599</u>

See notes to financial statements.



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

Year ended June 30, 2023

	<u>General</u>	<u>Special Revenue Rural Services</u>
<b>Revenues:</b>		
Property and other county tax	\$ 5,773,333	\$ 2,623,599
Local option sales tax	--	799,653
Interest and penalty on property tax	41,180	--
Intergovernmental	3,222,744	204,110
Licenses and permits	39,970	1,320
Charges for service	2,366,848	--
Use of money and property	325,414	--
Miscellaneous	52,073	1,550
Total revenues	<u>11,821,562</u>	<u>3,630,232</u>
<b>Expenditures:</b>		
Operating:		
Public safety and legal services	4,498,698	806,671
Physical health and social services	995,865	--
County environment and education	1,398,862	174,041
Roads and transportation	--	25,000
Governmental services to residents	645,110	--
Administration	2,110,447	--
Non-program	2,294,523	--
Debt service	--	--
Capital projects	--	--
Total expenditures	<u>11,943,505</u>	<u>1,005,712</u>
Excess (deficiency) of revenues over (under) expenditures	<u>( 121,943)</u>	<u>2,624,520</u>

(continued next page)

<u>Special Revenue</u>					
<u>Local Option</u>	<u>Secondary</u>	<u>Debt</u>	<u>Nonmajor</u>	<u>Total</u>	
<u>Sales Tax</u>	<u>Roads</u>	<u>Service</u>			
\$ --	\$ --	\$ 1,069,970	\$ --	\$ 9,466,902	
799,653	--	--	--	1,599,306	
--	--	--	--	41,180	
5,074	5,389,329	71,087	151,966	9,044,310	
--	8,600	--	--	49,890	
--	--	--	165,207	2,532,055	
2,170	--	--	57,219	384,803	
<u>1,320</u>	<u>611,094</u>	<u>--</u>	<u>379,538</u>	<u>1,045,575</u>	
<u>808,217</u>	<u>6,009,023</u>	<u>1,141,057</u>	<u>753,930</u>	<u>24,164,021</u>	
84,525	--	--	--	5,389,894	
--	--	--	--	995,865	
20,000	--	--	87,672	1,680,575	
--	6,611,879	--	--	6,636,879	
112,041	--	--	2,300	759,451	
42,929	--	--	--	2,153,376	
--	--	--	--	2,294,523	
--	--	1,121,350	--	1,121,350	
<u>100,000</u>	<u>483,659</u>	<u>--</u>	<u>695,377</u>	<u>1,279,036</u>	
<u>359,495</u>	<u>7,095,538</u>	<u>1,121,350</u>	<u>785,349</u>	<u>22,310,949</u>	
<u>448,722</u>	<u>( 1,086,515)</u>	<u>19,707</u>	<u>( 31,419)</u>	<u>1,853,072</u>	

Carroll County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - continued  
Governmental Funds

Year ended June 30, 2023

	General	Special Revenue Rural Services
Other financing sources (uses):		
Transfers in	\$ 200,000	\$ --
Transfers out	( 412,550)	( 2,665,921)
Total other financing sources (uses)	( 212,550)	( 2,665,921)
Change in fund balances	( 334,493)	( 41,401)
Fund balances beginning of year	2,815,457	914,461
Fund balances end of year	\$ 2,480,964	\$ 873,060

See notes to financial statements.

<u>Special Revenue</u>					
<u>Local Option</u>	<u>Secondary</u>	<u>Debt</u>	<u>Nonmajor</u>	<u>Total</u>	
<u>Sales Tax</u>	<u>Roads</u>	<u>Service</u>			
\$ --	\$ 2,943,471	\$ --	\$ 156,466	\$ 3,299,937	
( 221,466)	--	--	--	( 3,299,937)	
<u>( 221,466)</u>	<u>2,943,471</u>	<u>--</u>	<u>156,466</u>	<u>--</u>	
227,256	1,856,956	19,707	125,047	1,853,072	
<u>2,134,035</u>	<u>6,164,833</u>	<u>89,011</u>	<u>870,356</u>	<u>12,988,153</u>	
<u>\$ 2,361,291</u>	<u>\$ 8,021,789</u>	<u>\$ 108,718</u>	<u>\$ 995,403</u>	<u>\$ 14,841,225</u>	

## Carroll County

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

Year ended June 30, 2023

Change in fund balances - Total governmental funds (page 11) \$ 1,853,072

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

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

Expenditures for capital assets	\$ 4,867,633	
Depreciation expense	<u>( 2,939,568)</u>	1,928,065

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas in the governmental funds report the proceeds from the disposition as an increase financial resources ( 26,626)

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:

Principal paid	670,000
----------------	---------

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 and other	( 111,283)
------------------------	------------

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position 662,562

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	( 45,661)	
Pension income	168,824	
Interest on long-term debt	<u>2,016</u>	125,179

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 139,940

Change in net position of governmental activities (page 6) \$ 5,240,909

See notes to financial statements.

Carroll County  
Statement of Net Position  
Proprietary Funds

June 30, 2023

	Business Type Activities	
	Enterprise	
	Mt. Carmel Sewer	Maple River Sewer
<b>Assets</b>		
Cash, cash equivalents and pooled investments	\$ 23,078	\$ 10,042
Receivables:		
Accounts	495	992
Capital assets, net of accumulated depreciation	259,362	460,815
Total assets	282,935	471,849
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	7,846	2,303
Due to other funds	7,665	5,165
Long-term liabilities:		
Advances from other funds	115,756	81,498
Total liabilities	131,267	88,966
<b>Net Position</b>		
Net investment in capital assets	135,941	374,152
Restricted for employee health	--	--
Unrestricted	15,727	8,731
Total net position	\$ 151,668	\$ 382,883

See notes to financial statements.

<u>Business Type Activities</u>	<u>Governmental Activities</u>
<u>Enterprise</u>	Internal Service - Employee Group Health
<u>Total</u>	
\$ 33,120	\$ 1,282,537
1,487	16,421
<u>720,177</u>	<u>--</u>
754,784	1,298,958
10,149	88,099
12,830	--
<u>197,254</u>	<u>--</u>
<u>220,233</u>	<u>88,099</u>
510,093	--
--	1,210,859
<u>24,458</u>	<u>--</u>
<u>\$ 534,551</u>	<u>\$ 1,210,859</u>

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

Year ended June 30, 2023

	Business Type Activities	
	Enterprise	
	Mt. Carmel Sewer	Maple River Sewer
Operating revenues:		
Reimbursements from operating funds	\$       --	\$       --
Reimbursements from others	--	--
Reimbursements from employees	--	--
Charges for service	20,722	27,344
Special assessments	441	799
Total operating revenues	21,163	28,143
Operating expenses:		
Medical claims	--	--
Administrative fees	--	--
Interest expense	1,275	894
Depreciation	9,495	16,665
Miscellaneous	14,940	24,266
Total operating expenses	25,710	41,825
Operating income (loss)	(       4,547)	(       13,682)
Non-operating revenues		
Interest income	4	2
Total non-operating revenues	4	2
Net income (loss)	(       4,543)	(       13,680)
Net position beginning of year	156,211	396,563
Net position end of year	\$   151,668	\$   382,883

See notes to financial statements.



<u>Business Type Activities</u>	<u>Governmental Activities</u>
<u>Enterprise</u>	<u>Internal Service - Employee Group Health</u>
<u>Total</u>	
\$ --	\$ 2,036,344
--	28,568
--	281,094
48,066	--
<u>1,240</u>	<u>--</u>
<u>49,306</u>	<u>2,346,006</u>
--	2,227,669
--	3,594
2,169	--
26,160	--
<u>39,206</u>	<u>--</u>
<u>67,535</u>	<u>2,231,263</u>
( 18,229)	114,743
<u>6</u>	<u>25,197</u>
<u>6</u>	<u>25,197</u>
( 18,223)	139,940
<u>552,774</u>	<u>1,070,919</u>
<u>\$ 534,551</u>	<u>\$ 1,210,859</u>

Carroll County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2023

	Business Type Activities	
	Enterprise	
	Mt. Carmel Sewer	Maple River Sewer
Cash flows from operating activities:		
Cash received from operating fund reimbursements	\$       --	\$       --
Cash received from employees and others	--	--
Cash received from sewer fees	21,248	29,893
Cash paid to suppliers for services	( 7,104)	( 24,242)
Net cash provided by operating activities	14,144	5,651
Cash flows from investing activities:		
Interest on investments	4	2
Cash flows from capital and related financing activities:		
Principal paid on interfund loan	( 7,589)	( 5,114)
Interest paid on interfund loan	( 1,275)	( 894)
Net cash used in capital and related financing activities	( 8,864)	( 6,008)
Net increase (decrease) in cash and cash equivalents	5,284	( 355)
Cash and cash equivalents at beginning of year	17,794	10,397
Cash and cash equivalents at end of year	\$ 23,078	\$ 10,042
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$( 4,547)	\$( 13,682)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	9,495	16,665
Interest expense	1,275	894
(Increase) decrease in accounts receivable	85	1,750
Increase (decrease) in accounts payable	7,836	24
Net cash provided by operating activities	\$ 14,144	\$ 5,651

See notes to financial statements.

<u>Business Type Activities</u>	<u>Governmental Activities</u>
<u>Enterprise</u>	<u>Internal Service - Employee Group Health</u>
<u>Total</u>	
\$ --	\$ 2,036,344
--	293,241
51,141	--
<u>( 31,346)</u>	<u>( 2,269,712)</u>
19,795	59,873
<u>6</u>	<u>25,197</u>
( 12,703)	--
<u>( 2,169)</u>	<u>--</u>
( 14,872)	--
4,929	85,070
<u>28,191</u>	<u>1,197,467</u>
<u>\$ 33,120</u>	<u>\$ 1,282,537</u>
\$( 18,229)	\$ 114,743
26,160	--
2,169	--
1,835	( 16,421)
<u>7,860</u>	<u>( 38,449)</u>
<u>\$ 19,795</u>	<u>\$ 59,873</u>

Carroll County  
Statement of Fiduciary Net Position  
Custodial Funds

June 30, 2023

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,884,626
Other County officials	59,772
Receivables:	
Property tax:	
Delinquent	39,185
Succeeding year	27,070,000
Accounts	15,604
Special assessments	22,995
Due from other funds	292
Due from other governments	55,631
Prepaid expenditures	9,655
Total assets	<u>29,157,760</u>

Liabilities

Accounts payable	4,729
Due to other funds	34,934
Due to other governments	1,073,147
Trusts payable	7,035
Compensated absences	6,735
Total liabilities	<u>1,126,580</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>27,070,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 961,180</u>
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See notes to financial statements.

Carroll County  
Statement of Changes in Fiduciary Net Position  
Custodial Funds

Year ended June 30, 2023

Additions:	
Property and other county tax	\$ 28,241,367
E911 surcharge	270,665
State tax credits	1,843,699
Office fees and collections	1,112,729
Auto licenses, use tax and postage	10,593,964
Assessments	6,282
Trusts	452,527
Miscellaneous	<u>62,861</u>
Total additions	42,584,094
Deductions:	
Agency Remittances:	
To other funds	1,006,642
To other governments	41,296,932
Trusts paid out	<u>448,944</u>
Total deductions	<u>42,752,518</u>
Change in net position	( 168,424)
Net position beginning of year	<u>1,129,604</u>
Net position end of year	<u>\$ 961,180</u>

See notes to financial statements.

Carroll County

Notes to Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Carroll 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, Carroll 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 Carroll 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.

Certain 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 Carroll 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 Carroll County Auditor's office.

Carroll County  
Notes to Financial Statements  
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Carroll County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Carroll County Conservation Board. The financial transactions of this component unit have been reported as a Special Revenue Fund.

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

In addition, the County Board of Supervisors are members of or appoint representatives to: West Central Iowa Sheltered Workshop (WESCO), Carroll County Solid Waste Management Commission, Region XII Council of Governments, Youth Emergency Services (Y.E.S.), Ambulance Board and Conservation Board.

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.

Carroll County  
Notes to Financial Statements  
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

The Local Option Sales Tax Fund is used to account for local option sales tax authorized by referendum and used in accordance with the referendum.

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

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

The County reports the following major proprietary funds:

Enterprise Funds - Sewer Funds are utilized to account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.



Carroll County  
Notes to Financial Statements  
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

Carroll County

Notes to Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, interest and depreciation on capital assets. The principal operating revenues of the County's Internal Service Fund is reimbursements from operating funds and employees. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

Carroll County

Notes to Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as 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, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2022.

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.

Accounts Receivable - Accounts receivable are shown at the amount expected to be collected after determining the allowance for doubtful accounts based on current year delinquent balances.

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

Due from/Advances to and Due to/Advances from Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2023, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Carroll County

Notes to Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets - Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the applicable governmental or 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 initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land and buildings	25,000
Land improvements	10,000
Intangibles	50,000
Equipment and vehicles	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	30 - 50
Land improvements	10 - 30
Infrastructure	15 - 65
Intangibles	5 - 20
Equipment	2 - 40
Vehicles	4 - 10

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to 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.

Carroll County

Notes to Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

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

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

Carroll County

Notes to Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension expense 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.

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 Enterprise, Sewer Funds is designated for the operation and maintenance of the sewer facilities. The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

Carroll County  
Notes to Financial Statements  
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

NOTE 2 - CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

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

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

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$200,496. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

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

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

Concentration of credit risk. The County places no limit on the amount which may be invested in any one issuer.

Carroll County  
Notes to Financial Statements  
June 30, 2023

NOTE 3 - DUE FROM/ADVANCES TO AND DUE TO/ADVANCES FROM OTHER FUNDS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Custodial: County Recorder	\$ 33,825
Special Revenue: Local Option Sales Tax	Enterprise: Mt. Carmel Sewer Maple River Sewer	7,665 <u>5,165</u> 12,830
Special Revenue: Secondary Roads	General	4,083
Special Revenue: County Recorder's Records Management	Custodial: County Recorder	<u>817</u>
Total		<u>\$ 51,555</u>

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

Not included above, and not expected to be repaid within one year, are interfund advances of \$115,756, with interest rates ranging from 1% to 3.375% over 25 years, and \$81,498, with an interest rate of 1.00% over 15 years, due from the Enterprise, Mt. Carmel Sewer and Maple River Sewer Funds, respectively, to the Special Revenue, Local Option Sales Tax Fund for repayment of long term interfund loans. The interfund advances will be repaid from user fees. During the year ended June 30, 2023, the Enterprise, Mt. Carmel Sewer and Maple River Sewer Funds repaid \$12,703 on these advances.



Carroll County  
Notes to Financial Statements  
June 30, 2023

NOTE 4 - INTERFUND TRANSFERS

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Local Option Sales Tax	\$ 200,000
Special Revenue: Secondary Roads	General	277,550
	Special Revenue: Rural Services	<u>2,665,921</u>
		2,943,471
Special Revenue: Tax Increment Financing	Special Revenue: Local Option Sales Tax	21,466
Capital Projects	General	<u>135,000</u>
Total		<u>\$ 3,299,937</u>

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

Carroll County

Notes to Financial Statements

June 30, 2023

NOTE 5 - CAPITAL ASSETS

Governmental activities capital assets activity for the year ended June 30, 2023 was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,919,381	\$ --	\$ --	\$ 1,919,381
Construction in progress	<u>836,020</u>	<u>3,734,502</u>	<u>789,774</u>	<u>3,780,748</u>
Total capital assets not being depreciated	<u>2,755,401</u>	<u>3,734,502</u>	<u>789,774</u>	<u>5,700,129</u>
Capital assets being depreciated:				
Buildings	19,323,038	--	--	19,323,038
Improvements other than buildings	4,705,832	--	--	4,705,832
Equipment and vehicles	13,459,088	1,133,131	514,735	14,077,484
Infrastructure, road network	61,100,705	789,774	--	61,890,479
Infrastructure, other	<u>1,638,237</u>	<u>--</u>	<u>--</u>	<u>1,638,237</u>
Total capital assets being depreciated	<u>100,226,900</u>	<u>1,922,905</u>	<u>514,735</u>	<u>101,635,070</u>
Less accumulated depreciation for:				
Buildings	3,332,277	404,224	--	3,736,501
Improvements other than buildings	206,391	31,218	--	237,609
Equipment and vehicles	8,360,489	664,672	488,109	8,537,052
Infrastructure, road network	32,960,043	1,803,049	--	34,763,092
Infrastructure, other	<u>436,863</u>	<u>36,405</u>	<u>--</u>	<u>473,268</u>
Total accumulated depreciation	<u>45,296,063</u>	<u>2,939,568</u>	<u>488,109</u>	<u>47,747,522</u>
Total capital assets being depreciated, net	<u>54,930,837</u>	<u>( 1,016,663)</u>	<u>26,626</u>	<u>53,887,548</u>
Governmental activities capital assets, net	<u>\$ 57,686,238</u>	<u>\$ 2,717,839</u>	<u>\$ 816,400</u>	<u>\$ 59,587,677</u>

Carroll County  
Notes to Financial Statements  
June 30, 2023

NOTE 5 - CAPITAL ASSETS - continued

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 411,029
Physical health and social services	325
County environment and education	153,052
Roads and transportation	2,322,000
Governmental service to residents	9,729
Administration	<u>43,433</u>

Total depreciation expense - governmental activities \$2,939,568

Business type activities capital assets activity for the year ended June 30, 2023 was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 25,500	\$ --	\$ --	\$ 25,500
Capital assets being depreciated:				
Infrastructure	1,044,140	--	--	1,044,140
Less accumulated depreciation for:				
Infrastructure	<u>323,303</u>	<u>26,160</u>	<u>--</u>	<u>349,463</u>
Total capital assets being depreciated, net	<u>720,837</u>	<u>( 26,160)</u>	<u>--</u>	<u>694,677</u>
Business type activities capital assets, net	<u>\$ 746,337</u>	<u>\$( 26,160)</u>	<u>\$ --</u>	<u>\$ 720,177</u>
Total depreciation expense - business type activities				<u>\$ 26,160</u>

Carroll County  
Notes to Financial Statements  
June 30, 2023

NOTE 6 - DUE TO OTHER GOVERNMENTS

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 7,734
Special Revenue:		
Secondary Roads	Services	<u>3,378</u>
Total for governmental funds		<u>\$ 11,112</u>
Custodial:		
County Sheriff	Collections	\$ 17,395
Schools		65,017
Corporations		42,956
Auto License and Use Tax		939,947
All Other		<u>7,832</u>
Total for custodial funds		<u>\$ 1,073,147</u>

Carroll County  
Notes to Financial Statements  
June 30, 2023

NOTE 7 - LONG-TERM LIABILITIES

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

	General Obligation Bonds	Compensated Absences	Net Pension Liability	Total
Balance beginning of year	\$ 11,085,000	\$ 407,174	\$ --	\$ 11,492,174
Increases	--	346,242	1,228,355	1,574,597
Decreases	<u>670,000</u>	<u>300,581</u>	<u>--</u>	<u>970,581</u>
Balance end of year	<u>\$ 10,415,000</u>	<u>\$ 452,835</u>	<u>\$ 1,228,355</u>	<u>\$ 12,096,190</u>
Due within one year	<u>\$ 690,000</u>	<u>\$ 353,942</u>	<u>\$ --</u>	<u>\$ 1,043,942</u>

Bonds Payable

On October 30, 2019, the County issued \$8,950,000 of general obligation bonds, Series 2019, with an interest rate of 5.00% per annum. The bonds were issued to provide funds to help defray the costs associated with the jail project. During the year ended June 30, 2023, the County paid \$310,000 of principle and \$401,250 of interest on the bonds. The bonds mature in fiscal year 2039.

On October 14, 2020, the County issued \$3,375,000 of general obligation refunding bonds, Series 2020, with interest rates ranging from 1.00-2.00% per annum. The bonds were issued to refund the Motorola ISICS Radio System Lease. During the year ended June 30, 2023, the County paid \$360,000 of principle and \$49,200 of interest on the bonds. The bonds mature in fiscal year 2030.

Carroll County  
Notes to Financial Statements  
June 30, 2023

NOTE 7 - LONG-TERM LIABILITIES - Continued

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

Year Ending June 30,	Jail Project Issued October 30, 2019			Motorola ISICS Radio System Issued October 14, 2020		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	5.00%	\$ 325,000	\$ 385,750	2.00%	\$ 365,000	\$ 42,000
2025	5.00%	345,000	369,500	2.00%	370,000	34,700
2026	5.00%	360,000	352,250	2.00%	380,000	27,300
2027	5.00%	380,000	334,250	2.00%	385,000	19,700
2028	5.00%	395,000	315,250	1.00%	395,000	12,000
2029-2033	5.00%	2,295,000	1,259,250	1.00%	805,000	12,100
2034-2038	5.00%	2,935,000	624,500		--	--
2039	5.00%	680,000	34,000		--	--
		<u>\$7,715,000</u>	<u>\$3,674,750</u>		<u>\$2,700,000</u>	<u>\$ 147,800</u>
				<u>Totals</u>		
Year Ending June 30,				<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024				\$ 690,000	\$ 427,750	\$ 1,117,750
2025				715,000	404,200	1,119,200
2026				740,000	379,550	1,119,550
2027				765,000	353,950	1,118,950
2028				790,000	327,250	1,117,250
2029-2033				3,100,000	1,271,350	4,371,350
2034-2038				2,935,000	624,500	3,559,500
2039				680,000	34,000	714,000
				<u>\$10,415,000</u>	<u>\$3,822,550</u>	<u>\$14,237,550</u>

Carroll County

Notes to Financial Statements

June 30, 2023

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 the 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](http://www.ipers.org).

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

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

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

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

The formula used to calculate a sheriff's, deputy's 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.

Carroll County

Notes to Financial Statements

June 30, 2023

NOTE 8 - PENSION PLAN - Continued

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

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

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

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

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

The County's contributions to IPERS for the year ended June 30, 2023 totaled \$662,562.



Carroll County

Notes to Financial Statements

June 30, 2023

NOTE 8 - PENSION PLAN - Continued

Net Pension Liability, Pension Expense (Income), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the County reported a liability of \$1,228,355 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the County's proportion was 0.032512%, which was a decrease of 0.515941% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense (income) of \$(168,824). At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 289,641	\$ 28,955
Changes of assumptions	1,699	145,681
Net difference between projected and actual earnings on IPERS' investments	--	333,438
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	31,146	181,117
County contributions subsequent to the measurement date	<u>662,562</u>	<u>--</u>
	<u>\$ 985,048</u>	<u>\$ 689,191</u>

Carroll County  
Notes to Financial Statements  
June 30, 2023

NOTE 8 - PENSION PLAN - Continued

The \$662,562 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2024	\$( 339,839)
2025	( 268,583)
2026	( 459,512)
2027	706,462
2028	( 5,233)
	\$( 366,705)

There were no non-employer contributing entities to IPERS.

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

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

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

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

Carroll County

Notes to Financial Statements

June 30, 2023

NOTE 8 - PENSION PLAN - Continued

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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	<u>100%</u>	

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

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$ 3,974,968	\$ 1,228,355	\$( 1,186,919)

Carroll County

Notes to Financial Statements

June 30, 2023

NOTE 8 - PENSION PLAN - Continued

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

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

NOTE 9 - RISK MANAGEMENT

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

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2023 were \$328,122.

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

Carroll County  
Notes to Financial Statements  
June 30, 2023

NOTE 9 - RISK MANAGEMENT - Continued

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$20,000, 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 10 - 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 Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2023 was \$2,036,344.

Carroll County

Notes to Financial Statements

June 30, 2023

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN - Continued

Accounts payable from the Employee Group Health Fund at June 30, 2023 total \$88,099, 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 \$1,210,859 at June 30, 2023 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:

Estimated unpaid claims beginning of year	\$ 126,548
Incurred claims (including claims incurred but not reported at June 30, 2023)	2,227,669
Payments on claims during the year	<u>2,266,118</u>
Estimated unpaid claims end of year	<u>\$ 88,099</u>

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The County administers a single-employer benefit plan which provides medical and prescription drug 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 Carroll 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 and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	<u>104</u>
Total	<u>112</u>

Net OPEB Obligation: Management of the County considers any OPEB obligation, which may exist, to be immaterial. Therefore, no OPEB liability has been recorded in these financial statements.

Carroll County  
Notes to Financial Statements  
June 30, 2023

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.

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

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2023 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Manning	Urban renewal and economic development projects	\$ 4,205
City of Coon Rapids	Urban renewal and economic development projects	20,596
City of Templeton	Urban renewal and economic development projects	20,568
City of Halbur	Urban renewal and economic development projects	1,293
City of Carroll	Urban renewal and economic development projects	2,905
City of Arcadia	Urban renewal and economic development projects	1,660

Carroll County  
Notes to Financial Statements

June 30, 2023

NOTE 13 - HOSPITAL REVENUE BONDS

The County has issued a total of \$6.0 million of Hospital Revenue Bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$5.2 million is outstanding at June 30, 2023. The bonds and related interest are payable solely from the revenues of the St. Anthony Regional Hospital and the bond principal and interest do not constitute liabilities of the County.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Construction

The County has entered into contracts totaling approximately \$6,830,000, primarily for HVAC replacement and interior building improvement and for bridge replacement and road paving to be completed during fiscal year 2024. As of June 30, 2023, the County has incurred \$3,780,748 on these projects. The projects will be financed with existing funds, contributions and debt proceeds.

Subsequent Events

The County has evaluated all subsequent events through August 12, 2024, the date the financial statements were available to be issued.

NOTE 15 - DEFERRED COMPENSATION PLAN

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

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

\* \* \*



REQUIRED SUPPLEMENTARY INFORMATION

Carroll County

Budgetary Comparison Schedule of Receipts, Disbursements and  
Changes in Balances - Budget and Actual (Cash Basis)  
All Governmental Funds

Required Supplementary Information

Year ended June 30, 2023

	<u>Actual</u>	<u>Less Funds not Required to be Budgeted</u>	<u>Net</u>
<b>Receipts:</b>			
Property and other County tax	\$ 11,051,923	\$ --	\$ 11,051,923
Interest and penalty on property tax	41,180	--	41,180
Intergovernmental	8,916,217	8,719	8,907,498
Licenses and permits	48,179	--	48,179
Charges for service	2,553,486	--	2,553,486
Use of money and property	395,401	6,072	389,329
Miscellaneous	1,072,360	177,990	894,370
Total receipts	<u>24,078,746</u>	<u>192,781</u>	<u>23,885,965</u>
<b>Disbursements:</b>			
Public safety and legal services	5,366,730	--	5,366,730
Physical health and social services	1,004,808	--	1,004,808
County environment and education	1,478,777	74,032	1,404,745
Roads and transportation	7,248,570	--	7,248,570
Governmental services to residents	758,532	--	758,532
Administration	2,216,258	--	2,216,258
Non-program	2,124,772	--	2,124,772
Debt service	1,121,350	--	1,121,350
Capital projects	710,232	--	710,232
Total disbursements	<u>22,030,029</u>	<u>74,032</u>	<u>21,955,997</u>
Excess (deficiency) of receipts over (under) disbursements	2,048,717	118,749	1,929,968
Other financing sources, net	<u>--</u>	<u>--</u>	<u>--</u>
Change in balances	2,048,717	118,749	1,929,968
Balance beginning of year	<u>11,369,363</u>	<u>376,676</u>	<u>10,992,687</u>
Balance end of year	<u>\$ 13,418,080</u>	<u>\$ 495,425</u>	<u>\$ 12,922,655</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to</u>
<u>Original</u>	<u>Final</u>	<u>Net</u>
		<u>Variance</u>
\$ 10,755,050	\$ 10,755,050	\$ 296,873
--	--	41,180
8,900,240	9,252,340	( 344,842)
47,200	47,200	979
2,546,153	2,654,639	( 101,153)
168,449	168,449	220,880
532,880	538,315	356,055
<u>22,949,972</u>	<u>23,415,993</u>	<u>469,972</u>
5,592,935	5,951,079	584,349
1,062,404	1,076,390	71,582
2,263,453	2,380,893	976,148
7,353,950	7,353,950	105,380
723,224	836,422	77,890
2,157,952	2,359,005	142,747
3,730,000	4,015,000	1,890,228
1,121,350	1,121,350	--
2,601,848	2,601,848	1,891,616
<u>26,607,116</u>	<u>27,695,937</u>	<u>5,739,940</u>
( 3,657,144)	( 4,279,944)	6,209,912
<u>3,000</u>	<u>3,000</u>	<u>( 3,000)</u>
( 3,654,144)	( 4,276,944)	6,206,912
<u>9,457,803</u>	<u>9,457,803</u>	<u>1,534,884</u>
<u>\$ 5,803,659</u>	<u>\$ 5,180,859</u>	<u>\$ 7,741,796</u>

Carroll County

Budgetary Comparison Schedule -Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2023

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 24,078,746	\$( 85,275)	\$ 24,164,021
Expenditures	<u>22,030,029</u>	<u>280,920</u>	<u>22,310,949</u>
Net	2,048,717	( 195,645)	1,853,072
Beginning fund balances	<u>11,369,363</u>	<u>1,618,790</u>	<u>12,988,153</u>
Ending fund balances	<u>\$ 13,418,080</u>	<u>\$ 1,423,145</u>	<u>\$ 14,841,225</u>

See accompanying independent auditor's report.

## Carroll County

### Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2023

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

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

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund. These nine functions are: public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects 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, three budget amendments increased budgeted disbursements by \$1,088,821. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

Carroll County

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

Iowa Public Employees' Retirement System  
For the Last Nine Years

Required Supplementary Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
County's proportion of the net pension liability (asset)	0.032512%	0.548453%*	0.055398%	0.053399%
County's proportionate share of the net pension liability (asset)	\$ 1,228,000	\$(1,893,000)	\$ 3,892,000	\$ 3,092,000
County's covered payroll	\$ 6,465,000	\$ 6,278,000	\$ 6,077,000	\$ 5,928,000
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	18.99%	(30.15)%	64.04%	52.16%
IPERS' net position as a percentage of the total pension liability (asset)	91.40%	100.81%	82.90%	85.45%

Note: 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. Amounts reported are rounded.

\* Overall plan net pension asset

See accompanying independent auditor's report.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.053838%	0.057296%	0.058641%	0.053890%	0.048499%
\$ 3,407,000	\$ 3,817,000	\$ 3,690,000	\$ 2,662,000	\$ 1,923,000
\$ 5,619,000	\$ 5,634,000	\$ 5,483,000	\$ 5,258,000	\$ 5,026,000
60.63%	67.75%	67.30%	50.63%	38.26%
83.62%	82.21%	81.82%	85.19%	87.61%

Carroll County  
 Schedule of County Contributions  
 Iowa Public Employees' Retirement System  
 For the Last Ten Years

Required Supplementary Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 663,000	\$ 605,000	\$ 594,000	\$ 580,000
Contributions in relation to the statutorily required contribution	<u>( 663,000)</u>	<u>( 605,000)</u>	<u>( 594,000)</u>	<u>( 580,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
County's covered payroll	\$ 7,101,000	\$ 6,465,000	\$ 6,278,000	\$ 6,077,000
Contributions as a percentage of covered payroll	9.34%	9.36%	9.46%	9.54%

Note: Amounts reported are rounded.

See accompanying independent auditor's report.



<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 570,000	\$ 514,000	\$ 509,000	\$ 502,000	\$ 487,000	\$ 464,000
<u>( 570,000)</u>	<u>( 514,000)</u>	<u>( 509,000)</u>	<u>( 502,000)</u>	<u>( 487,000)</u>	<u>( 464,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 5,928,000	\$ 5,619,000	\$ 5,634,000	\$ 5,483,000	\$ 5,258,000	\$ 5,026,000
9.62%	9.15%	9.16%	9.26%	9.23%	9.10%

Carroll County

Notes to Required Supplementary Information - Pension Liability

Year Ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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.

\* \* \*

SUPPLEMENTARY INFORMATION

Carroll County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2023

	Special Revenue	
	Resource Enhancement & Protection	County Recorder's Records Management
Assets		
Cash, cash equivalents and pooled investments		
County Treasurer	\$ 31,295	\$ 39,177
Conservation Foundation		
Receivables:		
Opioid settlement	--	--
Due from other funds	--	817
Total assets	\$ 31,295	\$ 39,994
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts payable	\$ --	\$ --
Salaries and benefits payable	--	315
Total liabilities	--	315
Deferred inflows of resources:		
Unavailable revenues:		
Other	--	--
Total deferred inflows of resources	--	--
Fund balances:		
Restricted for:		
Opioid abatement	--	--
Other purposes	31,295	39,679
Assigned for:		
Capital projects and equipment	--	--
Total fund balances	31,295	39,679
Total liabilities, deferred inflows of resources, and fund balances	\$ 31,295	\$ 39,994

See accompanying independent auditor's report.

<u>Special Revenue</u>				
<u>Local Government Opioid Abatement</u>	<u>Conservation Foundation</u>	<u>Drainage Districts</u>	<u>Capital Projects</u>	<u>Total</u>
\$ 101,698	\$ --	\$ 80,963	\$ 893,230	\$ 1,146,363
--	414,462	--	--	414,462
363,478	--	--	--	363,478
--	--	--	--	817
<u>\$ 465,176</u>	<u>\$ 414,462</u>	<u>\$ 80,963</u>	<u>\$ 893,230</u>	<u>\$ 1,925,120</u>
\$ --	\$ --	\$ --	\$ 565,924	\$ 565,924
--	--	--	--	315
--	--	--	565,924	566,239
363,478	--	--	--	363,478
363,478	--	--	--	363,478
101,698	--	--	--	101,698
--	414,462	80,963	51,416	617,815
--	--	--	275,890	275,890
<u>101,698</u>	<u>414,462</u>	<u>80,963</u>	<u>327,306</u>	<u>995,403</u>
<u>\$ 465,176</u>	<u>\$ 414,462</u>	<u>\$ 80,963</u>	<u>\$ 893,230</u>	<u>\$ 1,925,120</u>

Carroll County  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
Year ended June 30, 2023

	<u>Special Revenue</u>	
	<u>Resource Enhancement &amp; Protection</u>	<u>County Recorder's Records Management</u>
Revenues:		
Intergovernmental	\$ 11,787	\$ --
Charges for service	--	3,473
Use of money and property	130	55
Miscellaneous	--	--
Total revenues	<u>11,917</u>	<u>3,528</u>
Expenditures:		
Operating:		
County environment and education	13,640	--
Governmental services to residents	--	2,300
Capital projects	--	--
Total expenditures	<u>13,640</u>	<u>2,300</u>
Excess (deficiency) of revenues over (under) expenditures	( 1,723)	1,228
Other financing sources:		
Transfers in	--	--
Total other financing sources	<u>--</u>	<u>--</u>
Change in fund balances	( 1,723)	1,228
Fund balances beginning of year	<u>33,018</u>	<u>38,451</u>
Fund balances end of year	<u>\$ 31,295</u>	<u>\$ 39,679</u>

See accompanying independent auditor's report.

Special Revenue					
Tax Increment Financing	Local Government Opioid Abatement	Conservation Foundation	Drainage Districts	Capital Projects	Total
\$ --	\$ --	\$ --	\$ 8,719	\$ 131,460	\$ 151,966
--	--	--	--	161,734	165,207
--	150	6,072	--	50,812	57,219
--	101,548	177,990	--	100,000	379,538
--	101,698	184,062	8,719	444,006	753,930
--	--	63,438	10,594	--	87,672
--	--	--	--	--	2,300
--	--	--	--	695,377	695,377
--	--	63,438	10,594	695,377	785,349
--	101,698	120,624	( 1,875)	( 251,371)	( 31,419)
21,466	--	--	--	135,000	156,466
21,466	--	--	--	135,000	156,466
21,466	101,698	120,624	( 1,875)	( 116,371)	125,047
( 21,466)	--	293,838	82,838	443,677	870,356
\$ --	\$ 101,698	\$ 414,462	\$ 80,963	\$ 327,306	\$ 995,403

Carroll County  
Combining Schedule of Fiduciary Net Position  
Custodial Funds

June 30, 2023

	County Offices		
	County Sheriff	County Recorder	Agricultural Extension Education
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ --	\$ --	\$ 1,110
Other County officials	24,430	35,342	--
Receivables:			
Property tax:			
Delinquent	--	--	270
Succeeding year	--	--	269,000
Accounts	--	--	--
Special assessments	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
Prepaid expenditures	--	--	--
	24,430	35,342	270,380
Liabilities			
Accounts payable	--	--	--
Due to other funds	--	34,934	--
Due to other governments	17,395	408	1,110
Trusts payable	7,035	--	--
Compensated absences	--	--	--
	24,430	35,342	1,110
Deferred Inflows of Resources			
Unavailable property tax revenue	--	--	269,000
Total deferred inflows of resources	--	--	269,000
Net Position			
Restricted for individuals, organizations and other governments	\$ --	\$ --	\$ 270

(continued next page)



<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>
\$ 355,498	\$ 65,017	\$ 4,774	\$ 42,956	\$ 1,520	\$ 939,947
--	--	--	--	--	--
434	17,146	1,363	19,972	--	--
403,000	16,075,000	1,238,000	8,719,000	363,000	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>758,932</u>	<u>16,157,163</u>	<u>1,244,137</u>	<u>8,781,928</u>	<u>364,520</u>	<u>939,947</u>
147	--	--	--	--	--
--	--	--	--	--	--
--	65,017	4,774	42,956	1,520	939,947
--	--	--	--	--	--
<u>6,735</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>6,882</u>	<u>65,017</u>	<u>4,774</u>	<u>42,956</u>	<u>1,520</u>	<u>939,947</u>
<u>403,000</u>	<u>16,075,000</u>	<u>1,238,000</u>	<u>8,719,000</u>	<u>363,000</u>	<u>--</u>
<u>403,000</u>	<u>16,075,000</u>	<u>1,238,000</u>	<u>8,719,000</u>	<u>363,000</u>	<u>--</u>
<u>\$ 349,050</u>	<u>\$ 17,146</u>	<u>\$ 1,363</u>	<u>\$ 19,972</u>	<u>\$ --</u>	<u>\$ --</u>

Carroll County

Combining Schedule of Fiduciary Net Position - Continued  
Custodial Funds

June 30, 2023

	<u>E911 Service Commission</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 230,373	\$ 45,164	\$ 697
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	--	--	--
Succeeding year	--	--	--
Accounts	15,604	--	--
Special assessments	--	--	22,995
Due from other funds	--	--	--
Due from other governments	55,631	--	--
Prepaid expenditures	9,655	--	--
	<u>311,263</u>	<u>45,164</u>	<u>23,692</u>
Liabilities			
Accounts payable	2,937	90	--
Due to other funds	--	--	--
Due to other governments	--	--	--
Trusts payable	--	--	--
Compensated absences	--	--	--
	<u>2,937</u>	<u>90</u>	<u>--</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	--	--	--
Total deferred inflows of resources	<u>--</u>	<u>--</u>	<u>--</u>
Net Position			
Restricted for individuals, organizations and other governments	<u>\$ 308,326</u>	<u>\$ 45,074</u>	<u>\$ 23,692</u>

See accompanying independent auditor's report.

<u>Brucellosis and Tuberculosis Eradication</u>	<u>Advance Tax</u>	<u>Recorder's Electronic Transfer Fee</u>	<u>Drain #23</u>	<u>Total</u>
\$ 20	\$ 52,907	\$ 249	\$ 144,394	\$ 1,884,626
--	--	--	--	59,772
--	--	--	--	39,185
3,000	--	--	--	27,070,000
--	--	--	--	15,604
--	--	--	--	22,995
--	--	292	--	292
--	--	--	--	55,631
--	--	--	--	9,655
<u>3,020</u>	<u>52,907</u>	<u>541</u>	<u>144,394</u>	<u>29,157,760</u>
--	--	--	1,555	4,729
--	--	--	--	34,934
20	--	--	--	1,073,147
--	--	--	--	7,035
--	--	--	--	6,735
<u>20</u>	<u>--</u>	<u>--</u>	<u>1,555</u>	<u>1,126,580</u>
<u>3,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>27,070,000</u>
<u>3,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>27,070,000</u>
<u>\$ --</u>	<u>\$ 52,907</u>	<u>\$ 541</u>	<u>\$ 142,839</u>	<u>\$ 961,180</u>

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

Year ended June 30, 2023

	County Offices		Agricultural Extension Education
	County Sheriff	County Recorder	
Additions:			
Property and other county tax	\$ --	\$ --	\$ 273,242
E911 surcharge	--	--	--
State tax credits	--	--	18,462
Office fees and collections	510,478	499,127	--
Auto licenses, use tax and postage	--	--	--
Assessments	--	--	--
Trusts	452,527	--	--
Miscellaneous	--	--	--
Total additions	963,005	499,127	291,704
Deductions:			
Agency remittances:			
To other funds	495,977	145,042	--
To other governments	18,084	354,085	291,677
Trusts paid out	448,944	--	--
Total deductions	963,005	499,127	291,677
Changes in net position	--	--	27
Net position beginning of year	--	--	243
Net position end of year	\$ --	\$ --	\$ 270

(continued next page)

<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>
\$ 392,202	\$ 15,773,034	\$ 1,209,172	\$ 10,217,596	\$ 319,613	\$ --
--	--	--	--	--	--
29,592	717,869	51,809	1,012,385	13,317	--
--	--	--	--	--	--
--	--	--	--	--	10,593,964
--	--	--	--	--	--
--	--	--	--	--	--
75	--	--	--	--	--
<u>421,869</u>	<u>16,490,903</u>	<u>1,260,981</u>	<u>11,229,981</u>	<u>332,930</u>	<u>10,593,964</u>
--	--	--	--	--	365,623
470,055	16,489,281	1,260,850	11,228,035	332,930	10,228,341
--	--	--	--	--	--
<u>470,055</u>	<u>16,489,281</u>	<u>1,260,850</u>	<u>11,228,035</u>	<u>332,930</u>	<u>10,593,964</u>
( 48,186)	1,622	131	1,946	--	--
<u>397,236</u>	<u>15,524</u>	<u>1,232</u>	<u>18,026</u>	<u>--</u>	<u>--</u>
<u>\$ 349,050</u>	<u>\$ 17,146</u>	<u>\$ 1,363</u>	<u>\$ 19,972</u>	<u>\$ --</u>	<u>\$ --</u>

Carroll County  
Combining Schedule of Changes in Fiduciary Net Position - Continued  
Custodial Funds

Year ended June 30, 2023

	<u>E911 Service Commission</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>
Additions:			
Property and other county tax	\$ --	\$ --	\$ --
E911 surcharge	270,665	--	--
State tax credits	--	--	--
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Assessments	--	--	6,282
Trusts	--	--	--
Miscellaneous	--	57,224	--
Total additions	<u>270,665</u>	<u>57,224</u>	<u>6,282</u>
Deductions:			
Agency remittances:			
To other funds	--	--	--
To other governments	311,223	67,257	10,823
Trusts paid out	--	--	--
Total deductions	<u>311,223</u>	<u>67,257</u>	<u>10,823</u>
Changes in net position	( 40,558)	( 10,033)	( 4,541)
Net position beginning of year	<u>348,884</u>	<u>55,107</u>	<u>28,233</u>
Net position end of year	<u>\$ 308,326</u>	<u>\$ 45,074</u>	<u>\$ 23,692</u>

See accompanying independent auditor's report.

<u>Brucellosis and Tuberculosis Eradication</u>	<u>Tax Sale Redemption</u>	<u>Advance Tax</u>	<u>Recorder's Electronic Transfer Fee</u>	<u>Drain #23</u>	<u>Total</u>
\$ 2,898	\$ --	\$ 53,610	\$ --	\$ --	\$ 28,241,367
--	--	--	--	--	270,665
265	--	--	--	--	1,843,699
--	99,651	--	3,473	--	1,112,729
--	--	--	--	--	10,593,964
--	--	--	--	--	6,282
--	--	--	--	--	452,527
--	--	--	--	5,562	62,861
<u>3,163</u>	<u>99,651</u>	<u>53,610</u>	<u>3,473</u>	<u>5,562</u>	<u>42,584,094</u>
--	--	--	--	--	1,006,642
3,163	99,651	57,603	3,595	70,279	41,296,932
--	--	--	--	--	448,944
<u>3,163</u>	<u>99,651</u>	<u>57,603</u>	<u>3,595</u>	<u>70,279</u>	<u>42,752,518</u>
--	--	( 3,993)	( 122)	( 64,717)	( 168,424)
--	--	56,900	663	207,556	1,129,604
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 52,907</u>	<u>\$ 541</u>	<u>\$ 142,839</u>	<u>\$ 961,180</u>

Carroll County

Schedule of Revenues by Source and Expenditures by Function -  
All Governmental Fund Types

For the Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues:					
Property and other					
County tax	\$ 9,466,902	\$ 8,584,281	\$ 9,108,838	\$ 8,181,455	\$ 6,689,570
Tax increment financing	--	53,006	149,840	143,280	134,284
Local option sales tax	1,599,306	1,409,464	1,363,842	1,244,018	1,137,767
Interest and penalty on property tax	41,180	37,025	61,338	11,280	35,141
Intergovernmental	9,044,310	6,441,545	6,396,457	6,327,987	5,287,390
Licenses and permits	49,890	50,798	47,845	38,982	93,141
Charges for service	2,532,055	2,340,967	2,048,177	1,687,538	1,886,132
Use of money and property	384,803	139,931	154,475	329,169	277,597
Miscellaneous	<u>1,045,575</u>	<u>840,068</u>	<u>686,640</u>	<u>540,993</u>	<u>538,333</u>
Total	<u>\$ 24,164,021</u>	<u>\$ 19,897,085</u>	<u>\$ 20,017,452</u>	<u>\$ 18,504,702</u>	<u>\$ 16,079,355</u>
Expenditures:					
Operating:					
Public safety and legal services	\$ 5,389,894	\$ 4,892,315	\$ 4,786,992	\$ 4,222,783	\$ 3,980,126
Physical health and social services	995,865	935,643	925,228	996,377	1,051,101
Mental health	--	552,728	725,544	651,038	519,321
County environment and education	1,680,575	1,383,576	1,336,185	1,314,689	1,237,187
Roads and transportation	6,636,879	5,972,707	5,188,994	6,966,235	7,259,432
Governmental services to residents	759,451	647,135	569,167	692,393	635,630
Administration	2,153,376	2,050,784	1,917,732	2,237,758	1,926,766
Non-program	2,294,523	511,010	96,684	59,528	46,290
Debt service	1,121,350	1,119,596	4,659,807	620,499	--
Capital projects	<u>1,279,036</u>	<u>2,964,528</u>	<u>7,623,663</u>	<u>3,813,565</u>	<u>691,318</u>
Total	<u>\$ 22,310,949</u>	<u>\$ 21,030,022</u>	<u>\$ 27,829,996</u>	<u>\$ 21,574,865</u>	<u>\$ 17,347,171</u>

See accompanying independent auditor's report.



<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 6,586,099	\$ 6,539,362	\$ 6,504,332	\$ 6,239,703	\$ 5,870,310
133,574	134,984	43,572	--	--
1,047,944	1,050,978	997,138	1,092,056	1,055,930
31,058	34,078	25,083	28,032	22,003
5,224,009	6,070,045	5,725,819	4,957,337	4,886,510
34,071	75,115	56,463	55,213	44,451
1,901,778	1,667,531	1,861,073	1,801,281	1,634,638
197,347	205,433	211,263	225,710	231,421
<u>444,294</u>	<u>427,387</u>	<u>520,405</u>	<u>566,244</u>	<u>499,422</u>
<u>\$ 15,600,174</u>	<u>\$ 16,204,913</u>	<u>\$ 15,945,148</u>	<u>\$ 14,965,576</u>	<u>\$ 14,244,685</u>
\$ 3,723,918	\$ 3,582,051	\$ 3,590,421	\$ 3,569,328	\$ 3,344,865
1,015,456	1,048,616	1,121,709	1,193,588	1,075,949
710,410	912,665	1,003,072	1,392,640	964,464
1,236,059	1,151,127	1,192,122	1,097,888	1,704,753
5,867,193	5,679,227	6,000,217	4,825,381	4,986,582
592,290	521,945	507,629	484,554	552,602
1,759,581	1,652,469	1,540,685	1,524,872	1,583,014
62,756	55,947	--	--	--
80,961	60,583	50,583	40,000	--
<u>163,540</u>	<u>1,625,398</u>	<u>1,807,914</u>	<u>391,296</u>	<u>1,228,060</u>
<u>\$ 15,212,164</u>	<u>\$ 16,290,028</u>	<u>\$ 16,814,352</u>	<u>\$ 14,519,547</u>	<u>\$ 15,440,289</u>

Carroll County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2023

<u>Grantor/Program</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Program Expenditures</u>
U.S. Department of Agriculture: Passed through Iowa Department of Public Health: SNAP Cluster: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Total U.S. Department of Agriculture	10.561	5883CH02	\$ <u>15,558</u> 15,558
U.S. Department of Housing and Urban Development: Passed through Iowa Economic Development Authority: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Total U.S. Department of Housing and Urban Development	14.228	21-HSGB-001	<u>130,254</u> 130,254
U.S. Department of Transportation: Passed through Iowa Department of Transportation: Highway Planning and Construction Total U.S. Department of Transportation	20.205	NRT-C014(170)-9G-14	<u>10,440</u> 10,440
U.S. Department of Treasury: COVID-19, Coronavirus State and Local Fiscal Recovery Funds Total U.S. Department of Treasury	21.027	FY23	<u>2,169,344</u> 2,169,344

(continued next page)

## Carroll County

## Schedule of Expenditures of Federal Awards - Continued

Year ended June 30, 2023

<u>Grantor/Program</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Program Expenditures</u>
U.S. Department of Health and Human Services:			
Passed through Iowa Department of Human Services:			
Aging Cluster:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		\$ 47,814
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		90,232
Immunization Cooperative Agreements	93.268	5883I412	8,931
Human Services Administrative Reimbursements:			
Title IV-E Prevention and Family Services and Programs (A)	93.472	5883CH02	452
Refugee and Entrant Assistance, State Administered Programs	93.566	5883CH02	55
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	5883CH02	3,642
Foster Care Title IV-E	93.658	5883CH02	3,311
Adoption Assistance	93.659	5883CH02	1,839
Social Services Block Grant	93.667	5883CH02	4,166
Children's Health Insurance Program	93.767	5883CH02	266
Medicaid Cluster:			
Medical Assistance Program	93.778	5883CH02	17,835
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	5883NB05	694
Total U.S. Department of Health and Human Services			<u>179,237</u>
Total			<u>\$ 2,504,833</u>

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Carroll County under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Carroll County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Carroll County.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - Carroll County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

# Gronewold, Bell, Kyhnn & Co. P.C.

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

To the Officials of Carroll County, 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 Governmental 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 Carroll County, Iowa, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 12, 2024.

## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Carroll County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carroll County's internal control. Accordingly, we do not express an opinion on the effectiveness of Carroll County's internal control.

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

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

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2023-002 through 2023-004 to be significant deficiencies.

To the Officials of Carroll County, Iowa

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Carroll County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance 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 Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

### **Carroll County's Responses to the Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bernard, Ben, Kuhn & W.P. C.*

Atlantic, Iowa  
August 12, 2024

# Gronewold, Bell, Kyhnn & Co. P.C.

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## Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Officials of Carroll County, Iowa

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited Carroll County, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Carroll County's major federal program for the year ended June 30, 2023. Carroll County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Carroll County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Carroll County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Carroll County's compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or **grant** agreements applicable to Carroll County's federal programs.

To the Officials of Carroll County, Iowa

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Carroll County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about Carroll County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Carroll County's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Carroll County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Carroll County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Officials of Carroll County, Iowa

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Orme Wohl, Ben, Kuhn & Co. P.C.*

Atlantic, Iowa  
August 12, 2024



Carroll County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2023

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) The audit did not disclose any material weaknesses or significant deficiencies in internal control over the major program.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listing Number 21.027 - COVID-19, Coronavirus State and Local Fiscal Recovery Funds.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Carroll County did not qualify as a low-risk auditee.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

2023-001 Carroll County Ambulance Department

Criteria - An effective internal control system provides for internal controls related to reconciling ambulance service billings, collections, and receivables to ensure the accuracy of ambulance service collections and receivables. Also, effective internal control systems provide for written documentation of the independent approval of accounts receivable written off as uncollectible.

Condition - The Ambulance Department bills for services provided. The majority of collections for those services are remitted directly to the County Treasurer's Office. The County Treasurer's Office prepares a receipt for accounting and sends a copy of each receipt to the Ambulance Department. The Ambulance Department records each receipt in its computer system. During the year, the County Treasurer's Office attempted to reconcile the collections recorded in the Ambulance Department's accounts receivable system with the actual collections recorded by the County Treasurer in total each month, but unexplained variances existed.

In addition, written documentation of the independent approval of accounts receivable written off as uncollectible is not maintained. Also, accounts receivable balances and receipts from the collection agency are not reconciled by the Ambulance Department.

Cause - Policies have not been established and procedures have not been implemented to reconcile ambulance service billings, collections and receivables and require independent approval of write-offs.

Effect - This condition could result in unrecorded or misstated ambulance service revenues, improper or unauthorized adjustments and write-offs and misstated receivable balances.

Recommendation - A reconciliation of ambulance service billings, collections and receivables should be prepared monthly and compared to County Treasurer's records. Variances should be researched, and explanations of variances should be included for the reconciling items. An independent person should review the reconciliations and monitor receivables. The review should be documented by the signature or initials of the reviewer and the date of the review. The Ambulance Department should maintain written documentation of the independent approval of accounts receivable which are written off. Also, collection agency receipts should be recorded, and accounts receivable balances reconciled by the Ambulance Department.

Response - The Ambulance Department will work with the County Treasurer's Office to meet and correct all recommendations to the best of our ability.

Conclusion - Response accepted.

Carroll County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2023

Part II: Findings Related to the Financial Statements - Continued

2023-002 County Sheriff

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 - Two employees collect cash, record deposits and reconcile daily cash receipts. There is no evidence of independent review of the bank reconciliations.

Cause - The Sheriff's Office has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect 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 function.

Recommendation - The Sheriff's Office should review its operating procedures to obtain the maximum internal control possible under the circumstances. The Office should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Response - We are hoping to hire another full-time office administrator to improve internal controls.

Conclusion - Response accepted.

2023-003 County Recorder

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 - All three individuals in the Recorder's Office collect cash, prepare the deposit and prepare the monthly bank reconciliations.

Carroll County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2023

Part II: Findings Related to the Financial Statements - Continued

Cause - The Recorder's Office has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect 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 - The Recorder's office should review its operating procedures to obtain the maximum internal control possible under the circumstances. The Office should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Response - The Recorder's Office will continue to identify ways to segregate duties as best as possible with our limited number of employees.

Conclusion - Response accepted.

2023-004 Approval of Payroll

Criteria - An effective internal control system provides for internal controls related to preparation of timesheets by all employees, approval of wage and authorization of direct deposits. Timesheets support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days and provide an accurate record of hours worked. Supervisory review of timesheets can help ensure the accuracy of recorded hours worked and taken as leave.

Condition - The Sheriff, Community Center, Veteran Affairs, Home Care Aides and Attorney departments do not submit timesheets.

Procedures do not exist for properly documenting and controlling vacation, sick leave, and compensatory time. The County Auditor's Office tracks vacation, sick leave and compensatory time for each employee; however, some departments submit leave usage to the County Auditor's office only at year end. In addition, there is no evidence of an immediate supervisor's approval for leave time prior to taking leave.

For the employees selected for testing, the County could not provide approval of wages or authorized form for direct deposits of paychecks.

Cause - Policies have not been established and procedures have not been implemented to require all employees and departments, including salaried employees, to prepare timesheets or to require timesheets and leave taken be reviewed and approved by supervisory personnel. The County has not established procedures for properly documenting and controlling leave time with the Auditor's Office. The County has not established procedures for properly maintaining approved wages and authorized direct deposit forms.

Carroll County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2023

Part II: Findings Related to the Financial Statements - Continued

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

When an employee retires or otherwise leaves employment and claims a payout, the County needs support to provide assurance the claim is proper. Without maintaining detailed records, the County may not have the ability to support the claim. In addition, without detailed records, the County may not have the support necessary to ensure compliance with the Fair Labor Standards Act.

The lack of maintaining payroll documentation increases the probability of payroll transactions errors.

Recommendation - Timesheets should be submitted to the County Auditor's office prior to the processing of payroll each pay period. Timesheets should be signed by the employee and supervisor prior to submission. Timesheets should support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days. Also, leave time should be approved prior to taking leave.

The Board of Supervisors should adopt a policy which requires the submittal of timesheets to the County Auditor's Office for payroll processing along with support for vacation, sick leave, compensatory time, holiday hours, and personal days. This would help prevent and mitigate payroll errors and would ensure the County Auditor's Office has sufficient support to comply with the Fair Labor Standards Act for County employees.

Payroll documentation should be maintained by the County Auditor's office.

Response - The Board will pass a policy regarding submittal of timesheets and leave reports to ensure compliance with the Fair Labor Standards Act and the County Auditor's office will maintain all payroll documentation.

Conclusion - Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part IV: Other Findings Related to Required Statutory Reporting

- 2023-A Certified Budget: Disbursements during the year ended June 30, 2023 did not exceed the amounts budgeted.
- 2023-B Questionable Expenditures: No expenditures were noted that meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 2023-C Travel Expense: No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 2023-D Business Transactions: Business transactions between the County and County officials and/or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Description</u>	<u>Amount</u>
Stephanie Hausman, Supervisors, daughter of Kenneth Snyder, owner and employee of Carroll Cleaning Supply	Supplies	\$ 10,160

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Carroll Cleaning Supply may represent a conflict of interest since the services were not competitively bid.

- 2023-E Restricted Donor Activity: No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2023-F Bond Coverage: Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- 2023-G Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2023-H Deposits and Investments: The County has adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa and a resolution naming official depositories has been approved by the County. However, the County held deposits at June 30, 2023 at one financial institution that was not included on the resolution naming official depositories.

Recommendation: The County should adopt a new resolution naming official depositories that includes all financial institutions in which the County has deposits.

Response: We will adopt a new resolution naming official depositories as required.

Conclusion: Response accepted.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part IV: Other Findings Related to Required Statutory Reporting - Continued

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

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

2023-K Tax Increment Financing (TIF): No instances of non-compliance with the division of taxes in accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa were noted.

2023-L Economic Development: During the year ended June 30, 2023, the County paid \$82,400 to the Carroll Area Development Corporation. The County Board of Supervisors has documented the public benefits received from this expenditure, however, it is disclosed here for public information.

According to Chapter 15A of the Code of Iowa and an Attorney General's opinion dated August 28, 1986, government financing of economic development may, in appropriate circumstances, serve a public purpose. The opinion advises the governing body to evaluate the public benefits to be obtained and discusses the specific criteria to be considered in documenting public purpose.

Recommendation: The Board should continue to evaluate and document the public purpose served by these expenditures before authorizing further payments.

Response: We will continue to evaluate and document the public purpose in the future.

Conclusion: Response accepted.

2023-M Fund Transfers: In accordance with Chapter 545-2.1 of the Administrative Code of Iowa, a fund transfer resolution must be completed for all transfers between funds and must include a clear statement of reason or purpose for the transfer, the name of the fund from which the transfer is originating, the name of the fund into which the transfer is to be received, and the dollar amount to be transferred. During the year ended June 30, 2023, the County did not include a clear statement of reason or purpose for all transfers.

Recommendation: The County should comply with the Administrative Code of Iowa and complete an accurate fund transfer resolution for all transfers between funds.

Response: The County will work to comply with the Code requirements regarding fund transfer requirements.

Conclusion: Response accepted.

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