Financial Statements
June 30, 2023

Marshall County

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Marshall County

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Name	Title	Term Expires
Steve Salasek	Board of Supervisors	January 2025
Jarret Heil	Board of Supervisors	January 2027
Carol Hibbs	Board of Supervisors	January 2027
Nan Benson	County Auditor/Recorder	January 2025
Deann Tomlinson	County Treasurer	January 2027
Joel Phillips	County Sheriff	January 2025
Jordan Gaffney	County Attorney	January 2027
Blaze Wurr	County Assessor	Appointed

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Officials of Marshall County

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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 the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. Other auditors also previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements. The combining nonmajor fund financial statements, the schedule of revenues by source and expenditures by function, and 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), are presented for purposes of additional analysis and are 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 combining nonmajor fund financial statements, the schedule of revenues by source and expenditures by function, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Financial Statements. The other information comprises the list of officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2024 on our consideration of the 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 the County's internal control over financial reporting and compliance.

Eide Bailly LLP

Dubuque, Iowa
March 6, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Marshall 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.

FINANCIAL HIGHLIGHTS

Revenues of the County's governmental activities increased 18.2%, or 6,073,422, from fiscal year 2022 to fiscal year 2023. Property tax revenues increased $252,209, charges for services increased $375,687, operating grants and contributions decreased $297,220, capital grants and contributions increased $9,143,118, and other general revenues decreased $3,400,372.

Program expenses of the County's governmental activities were 9.0%, or $2,197,816 higher in fiscal year 2023 than in fiscal year 2022. Roads and transportation had the largest increase of $2,047,402.

The County's net position increased 17.1%, or $12,646,821, over the June 30, 2022 balance.

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

The *Fund Financial Statements* tell how government services were financed in the short term as well as what remains for future spending. Fund financial statements report Marshall County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements provide financial information about activities for which Marshall County acts solely as an agent or custodian for the benefit of those outside of the government.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability (asset) and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Custodial Funds. 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 activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Rural Services, Secondary Roads, and American Rescue Plan, 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 the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) A proprietary fund accounts for the County's Employee Group Health and Dental Insurance Funds. 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 the 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 statement of changes in fiduciary net position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

NET POSITION OF GOVERNMENTAL ACTIVITIES
(as shown in the Statement of Net Position)

	June 30,	
	2023	2022
Current and other assets	$ 45,036,336	$ 57,305,102
Capital assets	72,187,551	53,929,852
Total assets	117,223,887	111,234,954
Deferred outflows of resources	1,445,073	1,478,124
Other liabilities	7,127,718	9,943,877
Long-term liabilities	6,820,523	5,739,722
Total liabilities	13,948,241	15,683,599
Deferred inflows of resources	18,049,135	23,004,716
Net position:		
Net investment in capital assets	68,512,373	49,613,631
Restricted	14,338,994	15,357,602
Unrestricted	3,820,217	9,053,530
Total net position	$ 86,671,584	$ 74,024,763

Marshall County's combined net position of governmental activities increased 17.1% from $74,024,763 at June 30, 2022 to $86,671,584 at June 30, 2023.

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased 38.1%, or $18,898,742.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category decreased $1,018,608, or 6.6%.

Unrestricted net position — the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements — decreased from $9,053,530 at June 30, 2022 to $3,820,217 at the end of this year, a decrease of 57.8%. This decrease correlates with the increase in net investment in capital assets.

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES
(as shown in the Statement of Activities)

	Year Ended June 30,	
	2023	2022
Revenues		
Charges for service and sales	$ 2,982,887	$ 2,607,200
Operating grants and contributions	6,356,790	6,654,010
Capital grants and contributions	10,873,273	1,730,155
Property taxes	14,916,471	14,664,262
Penalty and interest on property taxes	109,178	111,081
State tax credits	1,055,429	1,092,949
Local option sales tax	1,520,239	1,776,113
Unrestricted investment earnings	299,847	128,197
Miscellaneous	1,259,414	4,536,139
Total revenues	39,373,528	33,300,106
Expenses		
Public safety and legal services	10,115,407	9,053,265
Physical health and social services	504,261	497,615
Mental health	-	960,490
County environment and education	1,176,047	1,153,871
Roads and transportation	10,706,948	8,659,546
Government services to residents	1,118,566	1,183,645
Administration	3,064,278	2,974,208
Interest on long-term debt	41,200	46,251
Total expenses	26,726,707	24,528,891
Change in net position	12,646,821	8,771,215
Net position beginning of year	74,024,763	65,253,548
Net position end of year	$ 86,671,584	$ 74,024,763

The County's governmental activities net position increased $12,646,821 during the year. Revenues for governmental activities increased $6,073,422. This was the result of an increase of approximately $9,000,000 in capital contributions, offset by a decrease of approximately $2,300,000 in insurance miscellaneous revenue from last fiscal year.

The cost of all governmental activities this year was $26,726,707 compared to $24,528,891 last year. However, as shown in the Statement of Activities on page 16, the amount taxpayers ultimately financed for these activities was approximately $6.5 million because some of the cost was paid by those who directly benefited from the programs (approximately $2.9 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $17.2 million). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2023 from approximately $9.2 million to approximately $20.2 million. In FY23, the County experienced increased contributions of roads and bridges paid for by the Iowa Department of Transportation.

INDIVIDUAL MAJOR FUND ANALYSIS

As Marshall County completed the year, its governmental funds reported a combined fund balance of $18,601,212, a decrease of $6,587,969 from last year's total of $25,189,181. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

General Fund revenues increased $1,711,794 due to an increase in property tax revenues and grant receipts. Expenditures increased $2,301,264 due to salary increases and a purchase of land from the Iowa Natural Heritage Foundation. The ending fund balance decreased $6,432,986, or 49.8%, to $6,488,948. This was mostly due to a $7,175,000 transfer to the capital projects fund.

There were no significant changes in revenues, expenditures and fund balance of the Rural Services Fund.

In the Secondary Roads Fund, revenues decreased $253,409, expenditures increased $1,630,287, and transfers from the Rural Services Fund decreased $105,676. These factors decreased the ending fund balance by $145,460.

The American Rescue Plan Fund continues to account for the revenues and expenditures related to the receipt of the federal American Rescue Plan Act funding.

There were no significant changes in revenues, expenditures and fund balance of the Debt Service Fund.

The Capital Projects Fund continues to receive insurance proceeds and incur costs related to the July 2018 tornado and the August 2020 derecho for courthouse repairs and renovations. The proceeds from the capital loan note issued in fiscal year 2021 are also paying for some of these costs along with the County's new emergency services communication equipment and systems.

BUDGETARY HIGHLIGHTS

Over the course of the year, Marshall County amended its budget one time. This amendment was made in March 2023 and resulted in an increase in budgeted receipts and disbursements related to the ARPA recovery projects.

The County's receipts were $4,366,649 less than budgeted, a variance of 12.9%. Total disbursements were $5,318,133 less than the amended budget. Actual disbursements for the roads and transportation and capital projects functions were $1,098,902 and $2,690,959, respectively, less than budgeted.

The budget was not exceeded for any function for the year ended June 30, 2023.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, Marshall County had $72,187,551 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, and roads and bridges. This is a net increase (including additions and deletions) of $18,257,699, or 33.9%, over last year.

	Year Ended June 30,	
	2023	2022
Land	$ 3,680,505	$ 2,514,501
Construction in Progress	20,130,406	6,254,458
Buildings and improvements	14,407,177	14,370,317
Equipment and vehicles	9,744,011	6,379,886
Right to use leased assets	178,980	253,613
Infrastructure	24,046,472	24,157,077
Total	$ 72,187,551	$ 53,929,852

The County had depreciation/amortization expense of $3,041,839 in fiscal year 2023 and total accumulated depreciation/amortization of $58,943,403 at June 30, 2023.

The most significant capital asset additions in 2023 were related to the courthouse renovations and roads and bridges paid for by the Iowa Department of Transportation. More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

Debt

At June 30, 2023, Marshall County had $3,675,178 of general obligation bonds and other debt outstanding, compared to $4,316,221 at June 30, 2022, as shown below:

	Year Ended June 30,	
	2023	2022
General obligation capital loan notes	$ 3,495,000	$ 4,060,000
Lease agreements	180,178	256,221
Total	$ 3,675,178	$ 4,316,221

Debt decreased as a result of payments on the general obligation capital loan notes and lease agreements.

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. The County's outstanding general obligation debt and tax increment financing obligations are significantly below its constitutional debt limit of approximately $170 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Marshall 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. The Consumer Price Index increased 3.0% at June 30, 2023. Unemployment in the County now stands at 4.8% versus 3.4% a year ago. This compares with the State's unemployment rate of 3.2% and the national rate of 3.6%.

These indicators were considered when adopting the budget for fiscal year 2024. An additional consideration was the tornado on July 19, 2018, which held insurance proceeds remaining and had final payments as punch lists were finalized in fiscal year 2024 budgeted expenditures. Amounts available for appropriation in the fiscal year 2024 budget are approximately $28.0 million, a decrease of 17.5% from the final fiscal year 2023 amended budget. Miscellaneous funds from EMC Insurance plus expenditures for reconstruction continue to impact total budgeted revenue. Budgeted disbursements decreased 16.5% which is due to capital project expenditures related to the July 2018 tornado repairs finalization plus additional departmental decreases and use of ARPA funding for Marshall County's expenditures. There were modest increases in Public Safety, Physical Health/Social Services, County Conservation, and Administration which were offset by decreases in Roads/Transportation, Governmental Services, and Capital Projects. The County has added no other major new programs or initiatives to the fiscal year 2024 other than continuing accounting for the facility repairs in capital projects and accounting for ARPA related expenditures.

If these estimates are realized, the County's total operating fund balance is expected to decrease to $9,931,934 by the close of fiscal year 2024, which includes net transfers of $6,523,338. The Fund Balance with these transfer amounts on June 30, 2024, is for General Basic is 22.7% and for General Supplemental is 22.3%.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Marshall County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Marshall County Auditor and Recorder's Office, 1 East Main Street, Marshalltown, Iowa 50158.

Basic Financial Statements

Marshall County

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	Governmental Activities
Assets	
Cash and Pooled Investments	$ 22,688,191
Receivables	
Property tax	
Delinquent	4,481
Succeeding year	16,457,067
Accounts	13,887
Insurance	3,258,736
Due from Other Governments	1,245,702
Lease Receivable	118,715
Inventories	1,064,033
Prepaid Expenses	185,524
Capital Assets	
Capital assets, not being depreciated/amortized	23,810,911
Capital assets, net of accumulated depreciation/amortization	48,376,640
Total assets	117,223,887
Deferred Outflows of Resources	
Pension Related Deferred Outflows	1,389,210
OPEB Related Deferred Outflows	55,863
Total deferred outflows of resources	1,445,073
Liabilities	
Accounts Payable	1,431,780
Salaries and Benefits Payable	172,019
Unearned Revenue	5,444,247
Due to Other Governments	79,672
Long-Term Liabilities	
Portion due or payable within one year	
Lease agreements	70,368
General obligation bonds	570,000
Compensated absences	618,699
Portion due or payable after one year	
Lease agreements	109,810
General obligation bonds	2,925,000
Net pension liability	1,679,051
Total OPEB liability	847,595
Total liabilities	13,948,241

	Governmental Activities
Deferred Inflows of Resources	
Succeeding Year Property Tax Revenue	$ 16,457,067
Pension Related Deferred Inflows	918,909
OPEB Related Deferred Inflows	554,444
Lease Related	118,715
Total deferred inflows of resources	18,049,135
Net Position	
Net Investment in Capital Assets	68,512,373
Restricted for	
Secondary roads purposes	6,276,639
Rural services purposes	3,154,922
Supplemental levy purposes	1,755,730
Other purposes	3,151,703
Unrestricted	3,820,217
Total net position	$ 86,671,584

		Program Revenues			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs					
Governmental Activities					
Public safety and legal services	$ 10,115,407	$ 1,223,676	$ 539,104	$ -	$ (8,352,627)
Physical health and social services	504,261	103,214	108,815	-	(292,232)
County environment and education	1,176,047	76,961	893,000	-	(206,086)
Roads and transportation	10,706,948	748,447	4,815,871	9,133,939	3,991,309
Government services to residents	1,118,566	671,614	-	-	(446,952)
Administration	3,064,278	158,975	-	1,739,334	(1,165,969)
Interest on long-term debt	41,200	-	-	-	(41,200)
Total Governmental Activities	$ 26,726,707	$ 2,982,887	$ 6,356,790	$ 10,873,273	$ (6,513,757)
General Revenues					
Property and other County tax levied for General purposes					$ 14,916,471
Penalty and interest on property tax					109,178
State tax credits					1,055,429
Local option sales tax					1,520,239
Unrestricted investment earnings					299,847
Miscellaneous					1,259,414
Total General Revenues					19,160,578
Change in Net Position					12,646,821
Net Position Beginning of Year					74,024,763
Net Position End of Year					$ 86,671,584

Marshall County

Exhibit C – Balance Sheet
Governmental Funds
June 30, 2023

		Special Revenue						
	General	Rural Services	Secondary Roads	American Rescue Plan	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Assets								
Cash and Pooled Investments	$ 6,506,020	$ 3,049,635	$ 4,511,921	$ 5,434,811	$ 209,230	$ 29,718	$ 425,875	$ 20,167,210
Receivables								
Property tax								
Delinquent	3,987	315	-	-	-	179	-	4,481
Succeeding year	12,775,917	3,015,200	-	-	-	605,950	60,000	16,457,067
Accounts	2,429	200	6,878	-	-	-	-	9,507
Insurance	-	-	-	-	3,258,736	-	-	3,258,736
Due from Other Governments	94,745	130,220	1,018,637	-	-	-	2,100	1,245,702
Lease Receivable	118,715	-	-	-	-	-	-	118,715
Inventories	-	-	1,064,033	-	-	-	-	1,064,033
Prepaids	157,864	-	27,660	-	-	-	-	185,524
Total assets	$ 19,659,677	$ 6,195,570	$ 6,629,129	$ 5,434,811	$ 3,467,966	$ 635,847	$ 487,975	$ 42,510,975
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts payable	$ 135,522	$ 12,114	$ 296,549	$ 119,858	$ 537,571	$ -	$ 166	$ 1,101,780
Salaries and benefits payable	102,744	13,334	55,941	-	-	-	-	172,019
Unearned revenue	-	-	-	5,269,810	-	-	174,437	5,444,247
Due to other governments	34,529	-	-	45,143	-	-	-	79,672
Total liabilities	272,795	25,448	352,490	5,434,811	537,571	-	174,603	6,797,718
Deferred Inflows of Resources								
Unavailable revenues								
Succeeding year property tax	12,775,917	3,015,200	-	-	-	605,950	60,000	16,457,067
Other	3,302	2,005	530,786	-	-	170	-	536,263
Lease related	118,715	-	-	-	-	-	-	118,715
Total deferred inflows of resources	12,897,934	3,017,205	530,786	-	-	606,120	60,000	17,112,045
Fund Balances								
Nonspendable	157,864	-	1,091,693	-	-	-	-	1,249,557
Restricted	2,428,803	3,152,917	4,654,160	-	-	29,727	253,372	10,518,979
Committed	40,000	-	-	-	2,930,395	-	-	2,970,395
Assigned	683,697	-	-	-	-		-	683,697
Unassigned	3,178,584	-	-	-	-	-	-	3,178,584
Total fund balances	6,488,948	3,152,917	5,745,853	-	2,930,395	29,727	253,372	18,601,212
Total liabilities, deferred inflows of resources, and fund balances	$ 19,659,677	$ 6,195,570	$ 6,629,129	$ 5,434,811	$ 3,467,966	$ 635,847	$ 487,975	$ 42,510,975

Total Governmental Fund Balances		$ 18,601,212
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.		72,187,551
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.		536,263
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources		1,445,073
Deferred inflows of resources		(1,473,353)
The Internal Service Fund is used by the County to charge the costs of health insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position.		2,195,361
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at June 30, 2023, are:		
Compensated absences	$ (618,699)	
Lease agreements	(180,178)	
Total OPEB liability	(847,595)	
General obligation bonds, including premium	(3,495,000)	
Net pension liability	(1,679,051)	
Total long-term liabilities		(6,820,523)
Net Position of Governmental Activities		$ 86,671,584

		Special Revenue						
	General	Rural Services	Secondary Roads	American Rescue Plan	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Revenues								
Property and other County tax	$ 11,394,812	$ 2,897,906	$ -	$ -	$ -	$ 576,877	$ 51,178	$ 14,920,773
Local Option Sales Tax	-	1,520,239	-	-	-	-	-	1,520,239
Interest and penalty on property tax	104,162	-	-	-	-	-	-	104,162
Intergovernmental	2,998,676	301,150	5,647,371	1,389,334	233,620	40,619	21,158	10,631,928
Licenses and permits	50	33,673	42,246	-	-	-	-	75,969
Charges for service	887,686	1,495	36,561	-	-	-	5,455	931,197
Use of money and property	448,893	-	534	15,690	4,983	-	631	470,731
Miscellaneous	178,872	971	152,085	735	1,815,036	-	29,601	2,177,300
Total revenues	16,013,151	4,755,434	5,878,797	1,405,759	2,053,639	617,496	108,023	30,832,299
Expenditures								
Operating								
Public safety and legal services	8,675,090	931,920	-	602,266	-	-	19,353	10,228,629
Physical health and social services	500,491	19,128	-	-	-	-	-	519,619
County environment and education	788,432	144,490	-	41,103	-	-	56,196	1,030,221
Roads and transportation	-	-	9,085,610	160,265	-	-		9,245,875
Governmental services to residents	947,042	1,075	-	30,260	-	-	26,498	1,004,875
Administration	2,868,327	-	-	43,814	-	-	-	2,912,141
Debt service	-	-	-	-	-	606,200	-	606,200
Capital projects	1,521,538	-	442,689	675,670	9,265,843	-	20,476	11,926,216
Total expenditures	15,300,920	1,096,613	9,528,299	1,553,378	9,265,843	606,200	122,523	37,473,776
Excess (Deficiency) of Revenues over (Under) Expenditures	712,231	3,658,821	(3,649,502)	(147,619)	(7,212,204)	11,296	(14,500)	(6,641,477)
Other Financing Sources (Uses)								
Sale of capital assets	29,783	-	23,725	-	-	-	-	53,508
Transfers in	-	-	3,480,317	147,619	7,175,000	-	-	10,802,936
Transfers out	(7,175,000)	(3,480,317)	-	-	(147,619)	-	-	(10,802,936)
Total other financing sources (uses)	(7,145,217)	(3,480,317)	3,504,042	147,619	7,027,381	-	-	53,508
Net Change in Fund Balances	(6,432,986)	178,504	(145,460)	-	(184,823)	11,296	(14,500)	(6,587,969)
Fund Balances Beginning of Year	12,921,934	2,974,413	5,891,313	-	3,115,218	18,431	267,872	25,189,181
Fund Balances End of Year	$ 6,488,948	$ 3,152,917	$ 5,745,853	$ -	$ 2,930,395	$ 29,727	$ 253,372	$ 18,601,212

Net change in fund balances - total governmental funds		$ (6,587,969)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital Outlay expenditures and contributed capital assets exceeded depreciation/amortization expense in the current year, as follows:		
Expenditures for capital assets	$ 12,783,373	
Contributed capital assets	8,756,519	
Depreciation/amortization expense	(3,041,839)	
		18,498,053
In the Statement of Activities, only the gain or the loss on the disposal of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the book value of the assets being disposed.		(240,354)
Proceeds from issuing long-term liabilities are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.		
Repayments		641,043
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are reported as deferred inflows of resources in the governmental funds as follows:		
Property tax	714	
Grants	530,396	
Opioid settlement	(798,811)	
Other	(4,434)	
		(272,135)
The current year County IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		879,103

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:		
Compensated absences	$ 25,519	
OPEB expense	(1,689)	
Change in accrued interest payable	3,337	
Pension income	206,234	
		$ 233,401
The Internal Service Fund is used by the County to charge the costs of employee health benefits to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.		(504,321)
Change in net position of governmental activities		$ 12,646,821

		Internal Service - Employee Group Health
Assets		
Cash and cash equivalents	$	2,520,981
Accounts receivable		4,380
Total assets		2,525,361
Liabilities		
Accounts payable		330,000
Net Position		
Restricted for employee health	$	2,195,361

	Internal Service - Employee Group Health
Operating Revenues	
Reimbursements from operating funds	$ 1,777,567
Reimbursements from employees and others	135,515
Miscellaneous	86
Total operating revenues	1,913,168
Operating Expenses	
Medical claims	1,698,925
Insurance premiums	597,342
Claims and adminstrative expenses	129,477
Total operating expenses	2,425,744
Operating Loss	(512,576)
Non-Operating Revenues	
Interest income	8,255
Change in Net Position	(504,321)
Net Position Beginning of Year	2,699,682
Net Position End of Year	$ 2,195,361

	Internal Service - Employee Group Health
Cash Flows from Operating Activities	
Cash received from operating fund reimbursements	$ 1,777,567
Cash received from employees and others	136,582
Cash paid to suppliers for services	(2,435,658)
Net Cash used for Operating Activities	(521,509)
Cash Flows from Investing Activities	
Interest on investments	8,255
Cash and Cash Equivalents Beginning of Year	3,034,235
Cash and Cash Equivalents End of Year	$ 2,520,981
Reconciliation of Operating Income to Net Cash Used by Operating Activities	
Operating loss	$ (512,576)
Adjustments to reconcile operating income to net cash used by operating activities	
Decrease in accounts receivable	1,067
Decrease in accounts payable	(10,000)
Net Cash used for Operating Activities	$ (521,509)

Assets	
Cash and pooled investments	
County Treasurer	$ 11,795,429
Other County officials	370,020
Receivables	
Property tax	
Delinquent	20,608
Succeeding year	51,435,713
Accounts	16,725
Special assessments	82,912
Due from other governments	71,886
Total assets	63,793,293
Liabilities, Deferred Inflows of Resources, and Fund Balances	
Liabilities	
Accounts payable	53,703
Salaries and benefits payable	2,633
Due to other governments	2,318,619
Trusts payable	111,308
Compensated absences	3,745
Total liabilities	2,490,008
Deferred Inflows of Resources	
Unavailable revenues	
Succeeding year property tax	51,435,713
Net Position	$ 9,867,572

Additions	
Property and other county tax	$ 50,278,351
911 surcharge	317,777
State tax credits	3,092,234
Intergovernmental	3,586,866
Interest	103,213
Office fees and collections	1,112,904
Auto licenses and use tax	13,378,719
Assessments	45,222
Trusts	986,412
Miscellaneous	170,494
Total additions	73,072,192
Deductions	
Agency remittances	
To other governments	70,059,652
Payments for the benefit of other governments	190,288
Trusts paid out	1,470,063
Total deductions	71,720,003
Changes in net position	1,352,189
Net position beginning of year	8,515,383
Net position end of year	$ 9,867,572

Note 1 - Summary of Significant Accounting Policies

Marshall County (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/Recorder, Treasurer, 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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

For financial reporting purposes, Marshall 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 Marshall 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.

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 Marshall 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 Marshall County Auditor's Office.

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: Marshall County Assessor's Conference Board, Marshall County Emergency Management Commission, Marshall County E911 Service Board, and Marshall County Public Safety Communications Center. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Custodial Funds of the County.

The County has been designated as trustee of the Marshall County Solid Waste Management Commission's Irrevocable Trust Fund. The purpose of this fund is to demonstrate financial assurance for closure, post-closures and corrective action as required by law. The County's responsibility for this fund is limited to a fiduciary relationship and as such, the activity has been reported in a Custodial Fund of the County.

The County also participates in the following additional jointly governed organizations established pursuant to Chapter 28E and Chapter 2561 of the Code of Iowa: Solid Waste Management Commission of Marshall County, Region Six Planning Commission, Central Iowa Juvenile Detention Center, Mid-Iowa Drug Task Force, Central Iowa Community Service Region, and Iowa River Valley Early Childhood Area.

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 imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements

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

The County reports the following major governmental funds:

General Fund – 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 Funds –

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

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

The American Rescue Plan Fund is used to account for funds received from the Federal government to help local governments recover from the COVID-19 pandemic.

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

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

Additionally, the County reports the following fund types:

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.

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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds 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.

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

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

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

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2022.

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

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

Due From and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received, 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 are recorded as expenditures when consumed rather than when purchased.

Prepaid Items – Prepaid items represent certain payments to vendors that reflect costs applicable to future accounting periods.

Capital Assets – Capital assets, which include property, furniture, equipment, vehicles, and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under "Leases" below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	$ 50,000
Land, buildings, and improvements	25,000
Right-to-use leased assets	5,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	30 - 50
Building improvements	20 - 50
Infrastructure	15 - 65
Right-to-use leased assets	5 - 10
Equipment	5 - 25
Vehicles	7 - 10

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

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

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

> The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
>
> The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the County is reasonably certain to exercise.

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

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

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

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

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

> The County uses its estimated incremental borrowing rate as the discount rate for leases.
>
> The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

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

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

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

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, 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 or in the function which they were budgeted.

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

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

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

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

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

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

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

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 other classifications.

Net Position – The net position of the internal service fund, Employee Group Health, is restricted for future payments of premiums and claims and administrative expenses of the County.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Supervisors has provided otherwise in its commitment of assignment actions.

Fund Balance Classification	Purpose	Fund	Amount
Nonspendable	Prepaids	General Fund	$ 157,864
	Inventories	Secondary Roads	1,064,033
	Prepaids	Secondary Roads	27,660
			$ 1,249,557
Restricted	General Supplemental	General Fund	$ 1,755,730
	Conservation Land Acquisition	General Fund	673,073
	Rural Services	Rural Services	3,152,917
	Secondary Roads	Secondary Roads	4,654,160
	Records Management	County Recorder's Records Management	9,697
	Conservation	REAP	146,279
	Drainage Districts	Drainage Certificates	9,219
	Sheriff	Sheriff's Investigative Fund	16,094
	County Attorney	County Attorney Collections Incentive	56,725
	County Attorney	County Attorney Forfeiture Fund	15,358
	Debt Service	Debt Service Fund	29,727
			$ 10,518,979
Committed	Capital Expenditures	General Fund	$ 40,000
	Capital Expenditures	Capital Projects Fund	2,930,395
			$ 2,970,395
Assigned	Jail Commissary	General Fund	312,836
	Klauenberg Trust	General Fund	370,861
			$ 683,697

Budgets and Budgetary Accounting – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2023, no functions exceeded the budgeted amount.

Note 2 - Cash 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 insure 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 $1,542,214. 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 County's 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.

Note 3 - Lease Receivable

The County owns farmland which it leases to three entities. The County has accrued a receivable for the leases. The remaining receivable for these leases was $118,715 for the year ended June 30, 2023. Deferred inflows related to these leases were $118,715 as of June 30, 2023. Interest revenue recognized on these leases was $4,109 for the year ended June 30, 2023. Principal receipts of $115,487 were recognized during the fiscal year. The interest rate on the leases was 2.0% Final receipt is expected in fiscal year 2034. The County is to receive land rent annually as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 61,179	$ 1,789	$ 62,968
2025	5,252	1,124	6,376
2026	5,357	1,019	6,376
2027	5,465	911	6,376
2028	5,575	801	6,376
2029-2033	29,618	2,280	31,898
2034	6,269	107	6,376
Total	$ 118,715	$ 8,031	$ 126,746

Note 4 - Transfers

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

Transfer To	Transfer From	Amount
Secondary Roads	Rural Services	$ 3,480,317
Capital Projects	General	7,175,000
American Rescue Plan	Capital Projects	147,619
Total		$ 10,802,936

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

Note 5 - Due to Other Governments for Tax Collections

The County acts as a fee and tax collection agent for various governmental units. The custodial funds also include accruals of property tax for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments related to tax collections at June 30, 2023 is as follows:

Custodial	
County Recorder	$ 34,931
Agricultural Extension	4,154
Schools	475,103
Community Colleges	49,839
Corporations	335,146
Townships	3,326
Auto License and Use Tax	1,255,754
Brucellosis and Tuberculosis Eradication	2,246
Tax Sale Redemption Non-County	53,900
City Special Assessments	95,085
Other	9,135
Total for Custodial Funds	$ 2,318,619

Note 6 - Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	$ 2,514,501	$ 1,166,004	$ -	$ 3,680,505
Construction in progress	6,254,458	15,344,063	(1,468,115)	20,130,406
Total capital assets not being depreciated/amortized	8,768,959	16,510,067	(1,468,115)	23,810,911
Capital assets being depreciated/ amortized				
Buildings	28,715,922	573,723	-	29,289,645
Equipment	14,668,536	4,785,950	(1,006,513)	18,447,973
Right-to-use leased assets	345,961	-	-	345,961
Infrastructure	58,098,197	1,138,267	-	59,236,464
Total capital assets being depreciated/amortized	101,828,616	6,497,940	(1,006,513)	107,320,043
Less accumulated depreciation/ amortization for				
Buildings	14,345,605	536,863	-	14,882,468
Equipment	8,288,650	1,181,471	(766,159)	8,703,962
Right-to-use leased assets	92,348	74,633	-	166,981
Infrastructure	33,941,120	1,248,872	-	35,189,992
Total accumulated depreciation/ amortization	56,667,723	3,041,839	(766,159)	58,943,403
Total capital assets being depreciated/amortized, net	45,160,893	3,456,101	(240,354)	48,376,640
Governmental Activities Capital Assets, Net	$ 53,929,852	$ 19,966,168	$ (1,708,469)	$ 72,187,551

Depreciation/amortization expense was charged to the following functions:

Governmental Activities	
Public safety and legal services	$ 318,521
County environment and education	165,945
Roads and transportation	1,875,251
Governmental services to residents	26,424
Administration	655,698
Total Depreciation/Amortization Expense – Governmental Activities	$ 3,041,839

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	Lease Agreements	Compensated Absences	Total
Balance beginning of year	$ 4,060,000	$ 256,221	$ 644,218	$ 4,960,439
Increases	-	-	618,699	618,699
Decreases	(565,000)	(76,043)	(644,218)	(1,285,261)
Balance end of year	$ 3,495,000	$ 180,178	$ 618,699	$ 4,293,877
Due within one year	$ 570,000	$ 70,368	$ 618,699	$ 1,259,067

Bonds Payable

On March 17, 2021, the County issued $4,610,000 of general obligation capital loan notes, Series 2021A, with interest rates of 1.00% per annum. The bonds were issued to provide funds to defray the costs associated with the tornado and derecho damage to the courthouse and to pay the costs associated with peace officer communication equipment and other emergency services communication equipment and systems. During the year ended June 30, 2023, the County retired $565,000 in principal and $40,600 of interest. A summary of the County's June 30, 2023 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 570,000	$ 34,950	$ 604,950
2025	575,000	29,250	604,250
2026	580,000	23,220	603,220
2027	585,000	17,700	602,700
2028	590,000	11,850	601,850
2029	595,000	5,950	600,950
Total	$ 3,495,000	$ 122,920	$ 3,617,920

Lease agreements

On March 1, 2019, the County entered into a lease agreement for three copiers for the department of human services office. An initial lease liability was recorded in the amount of $21,052. The agreement requires monthly payments of $368 over 5 years, with an implicit rate of 2.0% and a final payment due on February 1, 2024.

On March 29, 2019, the County entered into a lease agreement for two copiers and a printer for the attorney's office. An initial lease liability was recorded in the amount of $31,880. The agreement requires monthly payments of $558 over 5 years, with an implicit rate of 2.0% and a final payment due on February 28, 2024.

On April 1, 2019, the County entered into a lease agreement for a copier for the public health office. An initial lease liability was recorded in the amount of $10,920. The agreement requires monthly payments of $191 over 5 years, with an implicit rate of 2.0% and a final payment due on March 1, 2024.

On August 28, 2019, the County entered into a lease agreement for three copiers for the sheriffs office. An initial lease liability was recorded in the amount of $36,547. The agreement requires monthly payments of $726 over 5 years, with an implicit rate of 2.0% and a final payment due on July 28, 2024.

On July 13, 2021, the County entered into a lease agreement for a copier for the conservation office. An initial lease liability was recorded in the amount of $9,075. The agreement requires monthly payments of $159 over 5 years, with an implicit rate of 2.0% and a final payment due on June 13, 2026.

On March 1, 2022, the County entered into a lease agreement for a copier for the engineer's office. An initial lease liability was recorded in the amount of $18,696. The agreement requires monthly payments of $327 over 5 years, with an implicit rate of 2.0% and a final payment due on February 1, 2027.

On July 20, 2021 , the County entered into a lease agreement for general office space. An initial lease liability was recorded in the amount of $48,835. The agreement requires variable monthly payments ranging from $1,303 to $1,436 monthly over 3 years, with an implicit rate of 2.0% and a final payment due on June 30, 2024.

Future principal and interest lease payments as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 70,369	$ 2,923	$ 73,292
2025	40,473	1,867	42,340
2026	37,716	1,116	38,832
2027	31,620	374	31,994
Total	$ 180,178	$ 6,280	$ 186,458

Industrial Development Revenue Bonds

The County has issued a total of $6,790,000 in industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which $2,828,426 is outstanding at June 30, 2023. The bonds and related interest are payable solely from the rents payable by the tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the County.

Note 8 - Pension Plan

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

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

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

A multiplier (based on years of service).

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

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that 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. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that 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 pay and the County contributed 9.44% for a total rate of 15.73%. Sheriff, deputies, and the County each contributed 8.76% of covered payroll, for a total rate 17.52%. Protection occupation members contributed 6.21% of pay and the County contributed 9.31% for a total rate of 15.52%

The County's contributions to IPERS for the year ended June 30, 2023 were $879,103.

Net Pension Liabilities, Pension Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023 the County reported a liability of $1,679,051 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 the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2022, the County's collective proportion was 0.044441%, which was a decrease of 0.752966% from its collective proportion measured as of June 30, 2021.

For the year ended June 30, 2023 the County recognized pension expense (income) of $(206,234). At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	$ 394,754	$ 41,382
Changes of assumptions	2,381	210,309
Net difference between projected and actual earnings on pension plan investments	-	454,588
Changes in proportion and differences between county contributions and proportionate share of contributions	112,972	212,630
County contributions subsequent to the measurement date	879,103	-
Total	$ 1,389,210	$ 918,909

$879,103 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 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:

Years Ended June 30,	Total
2023	$ (432,827)
2024	(339,856)
2025	(629,253)
2026	1,008,487
2027	(15,353)
	$ (408,802)

There were no non-employer contributing entities at 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.

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 pension plan 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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Rate of Return
Domestic equity	22.00 %	3.57
International equity	17.50	4.79
Global smart beta equity	6.00	4.16
Core-plus fixed income	20.00	1.66
Public credit	4.00	3.77
Cash	1.00	0.77
Private equity	13.00	7.57
Private real assets	8.50	3.55
Private credit	8.00	3.63
	100.00 %	

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 that employee contributions will be made at the contractually required rate and that 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 of 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 calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	$ 5,599,755	$ 1,679,051	$ (1,768,309)

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

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

Note 9 - Other Postemployment Benefits (OPEB)

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

OPEB Benefits – Individuals who are employed by Marshall County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

Inactive employees or beneficiaries receiving benefit payments	3
Active employees	148
Total	151

Total OPEB Liability- The County's total OPEB liability of $847,595 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions- The total OPEB liability in the June 30, 2022 actuarial measurement was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2022)	3.00% per annum
Rates of salary increase (effective June 30, 2022)	2.50% per annum including inflation
Discount rate (effective June 30, 2022)	2.14% compounded annually including inflation.
Healthcare cost trend rate (effective June 30, 2022)	5.00% per annum

Discount Rate- The discount rate used to measure the total OPEB liability was 2.14%, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2021 generational projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability Beginning of Year	$ 779,283
Changes for the Year	
Service Cost	83,098
Interest	18,103
Benefit Payments	(32,889)
Net Changes	68,312
Total OPEB Liability End of Year	$ 847,595

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.14%) or 1% higher (3.14%) than the current discount rate.

	1% Decrease (1.14%)	Discount Rate (2.14%)	1% Increase (3.14%)
Total OPEB liability	$ 914,445	$ 847,595	$ 785,108

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

	1% Decrease (4.00%)	Healthcare Cost Trend Rates (5.00%)	1% Increase (6.00%)
Total OPEB liability	$ 744,089	$ 847,595	$ 972,310

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2023, the County recognized OPEB expense of $34,578. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 372,514
Changes in assumptions	55,863	181,930
Total	$ 55,863	$ 554,444

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

Year Ending June 30,	Total
2024	$ (66,623)
2025	(66,623)
2026	(66,623)
2027	(66,623)
2028	(66,623)
Thereafter	(165,466)
Total	$ (498,581)

Note 10 - Risk Management

Marshall County is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limits. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11 - Employee Health Insurance Plan

The Employee Group Health Fund was established to account for the partial self-funding of the County's health and dental insurance benefit plans. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark Blue Cross and Blue Shield of South Dakota. 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 Unity Point Health Partners from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2023 was $1,777,567.

Amounts payable from the Employee Group Health Insurance Fund at June 30, 2023 total $330,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was $2,195,361 at June 30, 2023 and is reported as restricted in 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 is as follows:

	2023	2022
Unpaid claims beginning of year	$ 340,000	$ 165,203
Incurred claims	1,698,925	2,026,135
Payments:		
Payment on claims during the year	1,708,925	1,851,338
Unpaid claims end of year	$ 330,000	$ 340,000

Note 12 - Development Agreement

The County agreed to rebate 100% of the incremental property tax paid by Consumers Development, LLC, or others within the Marshalltown Gateway Centre Urban Renewal Area, in exchange for the costs of certain improvements. The incremental property tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated to Consumers Development, LLC for a period not to exceed twenty years or in a cumulative amount not to exceed a total of $1,051,000. The payments will be made on December 1 and June 1 of each fiscal year, beginning on December 1, 2007.

The total rebated during the year ended June 30, 2023 was $56,196 and the cumulative rebated amount is $653,976.

Note 13 - Tax Abatements

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

County Tax Abatements

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

For the year ended June 30, 2023, $56,196 of property tax was diverted from the County under the urban renewal and economic development projects.

Tax Abatements of Other Entities

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

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of State Center	Urban renewal and economic development projects	$ 1,664
City of Marshalltown	Urban renewal and economic development projects	34,408

Note 14 - Construction Commitments

The County has entered into contracts for courthouse renovation and repairs and other county building repairs related to the July 2018 tornado. At June 30, 2023, there are two active courthouse contracts totaling $6,122,292. As of June 30, 2023, cost of $5,667,211 on the contracts have been incurred. The $445,081 balance remaining on the project at June 30, 2023 will be paid as work on the project progresses.

The County has entered into a contract totaling $1,427,198 for a bridge replacement. As of June 30, 2023, cost of $433,019 on the contract have been incurred. The $994,179 balance remaining on the project at June 30, 2023 will be paid as work on the project progresses.

Required Supplementary Information
June 30, 2023

Marshall County

Marshall 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

	Governmental Fund Types Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance-Over (Under) Budget	Actual as % of Final Budget
Receipts					
Property and other County tax	$ 16,450,912	$ 16,396,630	$ 16,396,630	$ 54,282	100%
Interest and penalty on property tax	115,029	80,000	80,000	35,029	144
Intergovernmental	9,302,779	8,863,312	8,904,791	397,988	104
Licenses and permits	72,348	54,325	54,275	18,073	133
Charges for service	953,964	911,551	970,458	(16,494)	98
Use of money and property	471,399	233,725	251,886	219,513	187
Miscellaneous	2,077,815	2,655,667	7,152,855	(5,075,040)	29
Total receipts	29,444,246	29,195,210	33,810,895	(4,366,649)	87
Disbursements					
Operating					
Public safety and legal services	10,254,802	10,546,125	10,494,725	(239,923)	98%
Physical health and social services	595,402	775,151	681,976	(86,574)	87
County environment and education	1,044,207	1,279,867	1,206,364	(162,157)	87
Roads and transportation	9,386,073	9,041,950	10,484,975	(1,098,902)	90
Governmental services to residents	1,017,140	1,364,669	1,645,842	(628,702)	62
Administration	2,953,540	3,512,732	3,363,556	(410,016)	88
Debt service	606,200	607,100	607,100	(900)	100
Capital projects	13,194,279	12,331,315	15,885,238	(2,690,959)	83
Total disbursements	39,051,643	39,458,909	44,369,776	(5,318,133)	88
Excess (Deficiency) of Receipts over (Under) Disbursements	(9,607,397)	(10,263,699)	(10,558,881)	951,484	
Other Financing Sources, Net	54,399	10,600	10,600	43,799	
Excess (Deficiency) of Receipts and Other Financing Sources over (Under) Disbursements and Other Financing Uses	(9,552,998)	(10,253,099)	(10,548,281)	995,283	
Balance Beginning of Year	29,599,931	21,013,943	29,599,932	(1)	
Balance End of Year	$ 20,046,933	$ 10,760,844	$ 19,051,651	$ 995,282	

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 29,444,246	$ 1,388,053	$ 30,832,299
Expenditures	39,051,643	(1,577,867)	37,473,776
Net	(9,607,397)	2,965,920	(6,641,477)
Other Financing Sources, Net	54,399	(891)	53,508
Beginning Fund Balances	29,599,931	(4,410,750)	25,189,181
Ending Fund Balances	$ 20,046,933	$ (1,445,721)	$ 18,601,212

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units, the Internal Service Fund, 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 or fund type. These nine functions are: public safety and legal services, physical health and social services, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by $4,910,867. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2023, disbursements did not exceed the amounts budgeted for any function.

Marshall County

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Iowa Public Employee's Retirement System
For the Last Nine Years
Required Supplementary Information

	2023	2022	2021	2020	2019	2018	2017	2016	2015
County's Collective Proportion of the Net Pension Liability (Asset)	0.0444%	0.7974%	0.0772%	0.0713%	0.0715%	0.0770%	0.0792%	0.0744%	0.0671%
County's Collective Proportionate Share of the Net Pension Liability (Asset)	$ 1,679,051	$ (2,752,865)	$ 5,421,322	$ 4,129,227	$ 4,523,932	$ 5,127,672	$ 4,986,543	$ 3,674,933	$ 2,659,146
County's Covered Payroll	$ 9,088,045	$ 8,948,717	$ 8,774,087	$ 8,752,304	$ 8,195,441	$ 7,856,581	$ 7,756,838	$ 7,768,922	$ 7,587,125
County's Collective Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	18.48%	-30.76%	61.79%	47.18%	55.20%	65.27%	64.29%	47.30%	35.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	91.41%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

Schedule of the County Contributions
Iowa Public Employee's Retirement System
For the Last Ten Years
Required Supplementary Information

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	$ 879,103	$ 849,591	$ 844,966	$ 837,428	$ 843,105	$ 751,822	$ 723,843	$ 717,206	$ 722,327	$ 703,957
Contributions in Relation to the Statutorily Required Contribution	879,103	849,591	844,966	837,428	843,105	751,822	723,843	717,206	722,327	703,957
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
County's Covered Payroll	$ 9,452,409	$ 9,088,045	$ 8,948,717	$ 8,774,087	$ 8,752,304	$ 8,195,441	$ 7,856,581	$ 7,756,838	$ 7,768,922	$ 7,587,125
Contributions as a Percentage of Covered Payroll	9.30%	9.35%	9.44%	9.54%	9.63%	9.17%	9.21%	9.25%	9.30%	9.28%

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 an experience 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 UA (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.

	2023	2022	2021	2020	2019	2018
Service Cost	$ 83,098	$ 81,071	$ 57,523	$ 56,120	$ 61,450	$ 59,951
Interest Cost	18,103	16,681	28,006	25,883	31,721	29,944
Difference Between Expencted and Actual Experiences	-	(163,537)	-	(203,291)	-	(183,452)
Changes in Assumptions	-	63,294	-	3,261	-	(352,486)
Benefit Payments	(32,889)	(33,811)	(25,208)	(20,288)	(48,406)	(35,092)
Net Change in Total OPEB Liability	68,312	(36,302)	60,321	(138,315)	44,765	(481,135)
Total OPEB Liability Beginning of Year	779,283	815,585	755,264	893,579	848,814	1,329,949
Total OPEB Liability End of Year	$ 847,595	$ 779,283	$ 815,585	$ 755,264	$ 893,579	$ 848,814
Covered-employee Payroll	$ 9,073,277	$ 8,851,978	$ 8,330,194	$ 8,227,540	$ 8,100,042	$ 7,676,708
Total OPEB Liability as a Percentage of Covered-employee Payroll	9.3%	8.8%	9.8%	9.2%	11.0%	11.1%

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

The 2022 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2022:

- Changed mortality assumptions to the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2021 generational projection of future mortality improvement.

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

Year ended June 30, 2023	2.14%
Year ended June 30, 2022	2.14%
Year ended June 30, 2021	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%

GASB Statement No.75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

Other Supplementary Information

Marshall County

Marshall County

Schedule 1 – Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds								
	County Recorder's Records Management	Resource Enhancement and Protection	Sheriff's Investigative	Drainage Certificates	Urban Renewal Revenue	Local Government Opioid Abatement Fund	County Attorney Forfeiture Fund	County Attorney Collections Incentive	Total Nonmajor Governmental Funds
Assets									
Cash and Pooled Investments	$ 9,697	$ 146,279	$ 16,094	$ 9,219	$ -	$ 174,437	$ 15,358	$ 54,791	$ 425,875
Receivables									
Property tax									
Succeeding Year	-	-	-	-	60,000	-	-	-	60,000
	-	-	-	-	-	-	-	2,100	2,100
Total assets	$ 9,697	$ 146,279	$ 16,094	$ 9,219	$ 60,000	$ 174,437	$ 15,358	$ 56,891	$ 487,975
Liabilities, Deferred Inflows of Resources, and Fund Balances									
Liabilities									
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 166	$ 166
Unearned revenue	-	-	-	-	-	174,437	-	-	174,437
Total liabilities	-	-	-	-	-	174,437	-	166	174,603
Deferred Inflows of Resources									
Unavailable revenues									
Succeeding year property tax	-	-	-	-	60,000	-	-	-	60,000
Fund Balances									
Restricted	9,697	146,279	16,094	9,219	-	-	15,358	56,725	253,372
Total liabilities, deferred inflows of resources, and fund balances	$ 9,697	$ 146,279	$ 16,094	$ 9,219	$ 60,000	$ 174,437	$ 15,358	$ 56,891	$ 487,975

	Special Revenue Funds								
	County Recorder's Records Management	Resource Enhancement and Protection	Sheriff's Investigative	Drainage Certificates	Urban Renewal Revenue	Local Government Opioid Abatement	County Attorney Forfeiture Fund	County Attorney Collections Incentive	Total Nonmajor Governmental Funds
Revenues									
Property and other County tax	$ -	$ -	$ -	$ -	$ 51,178	$ -	$ -	$ -	$ 51,178
Intergovernmental	-	16,092	-	48	5,018	-	-	-	21,158
Charges for service	5,455	-	-	-	-	-	-	-	5,455
Use of money and property	27	375	43	-	-	-	42	144	631
Miscellaneous	-	-	-	4,591	-	-	-	25,010	29,601
Total revenues	5,482	16,467	43	4,639	56,196	-	42	25,154	108,023
Expenditures									
Operating									
Public safety and legal services	-	-	-	-	-	-	1,146	18,207	19,353
County environment and education	-	-	-	-	56,196	-	-	-	56,196
Governmental services to residents	26,498	-	-	-	-	-	-	-	26,498
Capital projects	-	-	-	20,476	-	-	-	-	20,476
Total expenditures	26,498	-	-	20,476	56,196	-	1,146	18,207	122,523
Net change in fund balances	(21,016)	16,467	43	(15,837)	-	-	(1,104)	6,947	(14,500)
Fund Balances Beginning of Year	30,713	129,812	16,051	25,056	-	-	16,462	49,778	267,872
Fund Balances End of Year	$ 9,697	$ 146,279	$ 16,094	$ 9,219	$ -	$ -	$ 15,358	$ 56,725	$ 253,372

	County Recorder	County Sheriff	Solid Waste Irrevocable Trust	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships
Assets									
Cash and Pooled Investments									
County Treasurer	$ -	$ -	$ 5,613,898	$ 4,154	$ 942,121	$ 475,103	$ 49,839	$ 335,146	$ 3,326
Other County officials	34,931	87,647	-	-	-	-	-	-	-
Receivables									
Property tax									
Delinquent	-	-	-	94	357	10,425	1,172	8,487	72
Succeeding year	-	-	-	300,006	1,099,996	29,295,334	3,560,988	16,537,255	637,440
Accounts	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-	-	-
Total assets	34,931	87,647	5,613,898	304,254	2,042,474	29,780,862	3,611,999	16,880,888	640,838
Liabilities, Deferred Inflows of Resources, and Fund Balances									
Liabilities									
Accounts payable	-	-	-	-	1,309	-	-	-	-
Salaries and benefits payable	-	-	-	-	2,633	-	-	-	-
Due to other governments	34,931	-	-	4,154	-	475,103	49,839	335,146	3,326
Trust payable	-	87,647	-	-	23,661	-	-	-	-
Compensated absences	-	-	-	-	-	-	-	-	-
Total liabilities	34,931	87,647	-	4,154	27,603	475,103	49,839	335,146	3,326
Deferred Inflows of Resources									
Unavailable revenues									
Succeeding year property tax	-	-	-	300,006	1,099,996	29,295,334	3,560,988	16,537,255	637,440
Net Position									
Restricted for individuals, organizations and other governments	$ -	$ -	$ 5,613,898	$ 94	$ 914,875	$ 10,425	$ 1,172	$ 8,487	$ 72

Schedule 3 – Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Local Emergency Management Services	E911	Tax Sale Redemption Non-County	City Special Assessments	Marshall County Communications	Mid-Iowa Drug Task Force	Other	Total
Assets										
Cash and Pooled Investments										
County Treasurer	$ 1,255,754	$ 2,246	$ 378,135	$ 1,227,835	$ 53,900	$ 12,173	$ 1,409,761	$ -	$ 32,038	$ 11,795,429
Other County officials	-	-	-	-	-	-	-	247,442	-	370,020
Receivables										
Property tax										
Delinquent	-	1	-	-	-	-	-	-	-	20,608
Succeeding year	-	3,681	-	-	-	-	-	-	1,013	51,435,713
Accounts	-	-	-	16,693	-	-	32	-	-	16,725
Special assessments	-	-	-	-	-	82,912	-	-	-	82,912
Due From Other Governments	-	-	1,592	70,294	-	-	-	-	-	71,886
Total assets	1,255,754	5,928	379,727	1,314,822	53,900	95,085	1,409,793	247,442	33,051	63,793,293
Liabilities, Deferred Inflows of Resources, and Fund Balances										
Liabilities										
Accounts payable	-	-	819	277	-	-	51,298	-	-	53,703
Salaries and benefits payable	-	-	-	-	-	-	-	-	-	2,633
Due to other governments	1,255,754	2,246	-	-	53,900	95,085	-	-	9,135	2,318,619
Trust payable	-	-	-	-	-	-	-	-	-	111,308
Compensated absences	-	-	3,745	-	-	-	-	-	-	3,745
Total liabilities	1,255,754	2,246	4,564	277	53,900	95,085	51,298	-	9,135	2,490,008
Deferred Inflows of Resources										
Unavailable revenues										
Succeeding year property tax	-	3,681	-	-	-	-	-	-	1,013	51,435,713
Net Position										
Restricted for individuals, organizations and other governments	$ -	$ 1	$ 375,163	$ 1,314,545	$ -	$ -	$ 1,358,495	$ 247,442	$ 22,903	$ 9,867,572

	County Recorder	County Sheriff	Solid Waste Irrevocable Trust	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships
Additions									
Property and other county tax	$ -	$ -	$ -	$ 280,609	$ 951,053	$ 29,737,615	$ 3,329,812	$ 15,360,610	$ 613,127
911 surcharge	-	-	-	-	-	-	-	-	-
State tax credits	-	-	-	15,924	53,977	1,748,737	189,655	1,056,723	26,884
Intergovernmental	-	-	-	5,046	9,066	-	143,256	354,609	7,064
Interest	-		43,661	-	-	-	-	-	-
Office fees and collections	452,289	481,865	-	-	-	-	-	-	-
Auto licenses and use tax	-	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	160,000	-	1,565	-	-	-	-
Total additions	452,289	481,865	203,661	301,579	1,015,661	31,486,352	3,662,723	16,771,942	647,075
Deductions									
Agency remittances									
To other governments	452,289	-	-	301,567	533,227	31,485,665	3,662,524	16,770,403	647,061
For the benefit of other governments	-	-	-	-	-	-	-	-	-
Trusts	-	481,865	-	-	-	-	-	-	-
Total deductions	452,289	481,865	-	301,567	533,227	31,485,665	3,662,524	16,770,403	647,061
Changes in net position	-	-	203,661	12	482,434	687	199	1,539	14
Net position beginning of year	-	-	5,410,237	82	432,441	9,738	973	6,948	58
Net position end of year	$ -	$ -	$ 5,613,898	$ 94	$ 914,875	$ 10,425	$ 1,172	$ 8,487	$ 72

	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Local Emergency Management Services	E911	Tax Sale Redemption Non-County	City Special Assessments	Marshall County Communications	Mid-Iowa Drug Task Force	Other	Total
Additions										
Property and other county tax	$ -	$ 4,608	$ -	$ -	$ -	$ -	$ -	$ -	$ 917	$ 50,278,351
911 surcharge	-	-	-	317,777	-	-	-	-	-	317,777
State tax credits	-	250	-	-	-	-	-	-	84	3,092,234
Intergovernmental	-	89	1,611,821	21,049	-	-	1,434,866	-	-	3,586,866
Interest	-	-	-	30,002	-	-	29,066	-	484	103,213
Office fees and collections	-	-	-	-	-	-	-	164,845	13,905	1,112,904
Auto licenses and use tax	13,378,719	-	-	-	-	-	-	-	-	13,378,719
Assessments	-	-	-	-	-	45,222	-	-	-	45,222
Trusts	-	-	-	-	856,808	-	-	-	129,604	986,412
Miscellaneous	-	-	-	2,152	-	-	-	-	6,777	170,494
Total additions	13,378,719	4,947	1,611,821	370,980	856,808	45,222	1,463,932	164,845	151,771	73,072,192
Deductions										
Agency remittances										
To other governments	13,378,719	4,947	1,597,240	-	-	45,222	1,106,018	51,344	23,426	70,059,652
For the benefit of other governments	-	-	-	190,288	-	-	-	-	-	190,288
Trusts	-	-	-	-	856,808	-	-	-	131,390	1,470,063
Total deductions	13,378,719	4,947	1,597,240	190,288	856,808	45,222	1,106,018	51,344	154,816	71,720,003
Changes in net position	-	-	14,581	180,692	-	-	357,914	113,501	(3,045)	1,352,189
Net position beginning of year	-	1	360,582	1,133,853	-	-	1,000,581	133,941	25,948	8,515,383
Net position end of year	$ -	$ 1	$ 375,163	$ 1,314,545	$ -	$ -	$ 1,358,495	$ 247,442	$ 22,903	$ 9,867,572

Marshall County

Schedule 5 – Schedule of Revenues by Source and Expenditure by Function – All Governmental Funds

For the Last Ten Years

	Modified Accrual Basis									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Property and other County tax	$ 14,920,773	$ 14,664,467	$ 14,308,089	$ 12,887,148	$ 12,694,593	$ 12,752,863	$ 12,379,764	$ 12,434,629	$ 12,261,750	$ 12,593,094
Local option sales tax	1,520,239	1,776,113	1,518,765	1,546,903	1,287,037	1,206,255	1,343,263	1,641,388	1,222,611	1,134,553
Interest and penalty on property tax	104,162	111,464	194,182	51,206	100,752	101,013	127,555	102,236	104,649	116,324
Intergovernmental	10,631,928	9,391,495	12,377,079	8,087,596	7,934,115	8,336,929	7,919,057	7,495,625	7,086,993	6,353,340
Licenses and permits	75,969	281,531	63,386	72,273	57,902	74,530	60,871	74,393	52,084	194,955
Charges for service	931,197	1,067,131	1,050,137	1,010,568	980,912	1,025,453	935,737	958,389	842,646	771,758
Use of money and property	470,731	311,898	232,162	386,136	363,706	278,681	203,749	189,708	208,339	197,831
Miscellaneous	2,177,300	4,784,561	780,890	5,482,377	14,450,304	334,667	337,357	489,048	356,615	304,600
Total	$ 30,832,299	$ 32,388,660	$ 30,524,690	$ 29,524,207	$ 37,869,321	$ 24,110,391	$ 23,307,353	$ 23,385,416	$ 22,135,687	$ 21,666,455
Expenditures										
Operating										
Public safety and legal services	$ 10,228,629	$ 9,140,268	$ 9,200,948	$ 9,079,392	$ 8,667,041	$ 7,821,114	$ 7,765,532	$ 7,518,230	$ 7,347,330	$ 7,251,390
Physical health and social services	519,619	526,692	513,259	496,192	515,411	609,712	600,628	621,941	612,244	686,973
Mental health	-	967,092	1,005,131	1,328,454	904,590	933,943	957,887	1,054,625	4,767,126	1,151,650
County environment and education	1,030,221	941,076	1,010,601	986,067	1,191,115	933,427	906,258	860,933	972,934	954,346
Roads and transportation	9,245,875	7,732,472	7,857,412	8,330,411	8,306,138	7,386,762	7,876,876	6,296,373	5,820,001	6,159,224
Governmental services to residents	1,004,875	1,176,802	976,010	852,345	897,904	904,653	957,346	839,859	821,340	937,099
Administration	2,912,141	2,465,731	2,457,862	2,309,925	2,623,500	2,681,178	2,627,354	2,577,366	2,547,928	2,865,986
Debt service	606,200	606,176	30,865	30,860	109,368	768,080	744,099	731,651	748,865	634,839
Capital projects	11,926,216	5,642,291	2,754,616	6,679,286	14,445,573	902,338	120,324	494,520	929,074	139,771
Total	$ 37,473,776	$ 29,198,600	$ 25,806,704	$ 30,092,932	$ 37,660,640	$ 22,941,207	$ 22,556,304	$ 20,995,498	$ 24,566,842	$ 20,781,278

Information Provided to Comply with
Government Auditing Standards and the Uniform Guidance
June 30, 2023

Marshall County

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 Marshall County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marshall County, Iowa (County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 6, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that 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.

County's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.

Eide Bailly LLP

Dubuque, Iowa
March 6, 2024

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

To the Officials of Marshall County

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Marshall County, Iowa's (County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2023. The County's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Marshall 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 the 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 (*Government Auditing Standards*); 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 the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the 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 the County's federal programs.

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 the 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 the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment 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 the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the 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 the 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 a 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.

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.

Eide Bailly LLP

Dubuque, Iowa
March 6, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture			
Pass-through program from			
Iowa Department of Human Services			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutritional Assistance Program	10.561	00002129750	$ 15,226
Department of Justice			
Pass-through program from			
Iowa Department of Justice			
Crime Victim Assistance	16.575	VWC-2022-MARSHALL CA-00146	51,213
Violence Against Women Formula Grants	16.588	PR-2022-MARSHALL CA-00144	129,000
Pass-through program from			
Iowa Department of Public Safety			
Public Safety Partnership and Community Policing Grants	16.710	21-CAMP-07	6,160
Pass-through program from			
Governor's Office of Drug Control Policy			
Recovery Act-Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	20-JAG-444548	82,000
Total Department of Justice			268,373
Department of Treasury			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		1,553,378
Department of Health and Human Services			
Pass-through program from			
Iowa Department of Health and Human Services			
Immunization Cooperative Agreements	93.268	588I1460	11,200
Title IV-E Prevention Program	93.472	00002129750	597
Refugee and Entrant Assistance - State Administered Programs	93.566	00002129750	16
CCDF Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	00002129750	4,005
Foster Care-Title IV-E	93.658	00002129750	4,116
Adoption Assistance - Title IV-E	93.659	00002129750	2,235
Social Services Block Grant	93.667	00002129750	4,191
Children's Health Insurance Program	93.767	00002129750	323
Medicaid Cluster			
Medical Assistance Program	93.778	00002129750	18,221
Total Department of Health and Human Services			44,904
Total Federal Financial Assistance			$ 1,881,881

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Marshall County, Iowa, (the County) under programs of the federal government for the year ended June 30, 2023. The information 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 the County, it is not intended to and does not present the financial position, changes in fund balance/net position, or cash flows of the County.

Note 2 - 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. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The County has not elected to use the 10% de minimis cost rate.

Part I: Summary of Independent Auditor's Results:

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major program:

Name of Federal Program	Federal Financial Assistance Listing
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

Part II: Findings Related to the Basic Financial Statements:

Material Weakness

2023-001 Preparation of Financial Statements and Audit Adjustments

Criteria – A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles. This includes the preparation of an entity's financial statements and accompanying notes to the financial statements and the schedule of expenditures of federal awards by internal personnel of the entity.

Condition – As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements and the schedule of expenditures of federal awards. It is the responsibility of management and those charged with governance to make the decision to accept the degree of risk associated with this condition because of cost or other considerations. In addition, we proposed audit adjustments to accounts payables and capital assets.

Cause – We recognize that with a limited number of office employees, preparation of the financial statements is difficult. This also significantly limits the County's review procedures.

Effect – The effect of this condition is that the year-end financial reporting is prepared by a party outside of the entity. The outside party does not have the constant contact with ongoing financial transactions that internal staff have. In addition, financial data was not in accordance with generally accepted accounting principles.

Recommendation – We recommend that County officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances and that additional review procedures be implemented, especially in the areas of accounts payables and capital assets.

Response – Marshall County Auditor/Recorder's Office does not have the current staffing to be able to draft the financial statements and accompanying footnotes. We continue to review operating procedures and segregate employee duties to the extent feasible to maximize internal control. The majority of the current year end adjustment to accounts payable is the retainer to Breiholz Construction, which was not actually paid to Breiholz Construction until beginning in January 2024 and continuing into February 2024. This is a change in philosophy between the prior audit firm and current audit firm. The other major adjustment was related to the Racom Lease for the Iowa Ave and Collins Tower Lease which was a late adjustment to the June 30, 2022 audit which was not included in the notes in the Auditor/Recorder's Accounting office. Consequently, they were unaware of this adjustment from the prior year. We agree to add additional reviews at year end accounts payable and capital assets in the future. Also, getting capital assets into Tyler for the year end June 30, 2023, will assist in this review process.

Part II: Findings Related to the Basic Financial Statements (continued):

Significant Deficiency

2023-002 Sheriff's Office – Segregation of Duties

Criteria – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – The Sheriff's Office has implemented various procedures to enhance internal controls, including involving auditor's office staff in reconciliation processes. However, there are receipt and disbursement processes in which a full segregation of duties has not yet been obtained.

Cause – With a limited number of office employees, segregation of duties is difficult.

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation – County officials should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response – Sheriff's Office staff now record checks coming in the mail separately from the Office Manager. In addition, the Auditor/Recorder performs a monthly independent review of the bank statement and bank reconciliation.

Part III: Federal Findings and Questioned Costs for Federal Awards:

There were no federal findings and questioned costs to report.

Part IV: Other Findings Related to Required Statutory Reporting:

2023-IA-A **Certified Budget** – Disbursements during the year ended June 30, 2023, did not exceed the amounts budgeted by function or department.

2023-IA-B **Questionable Expenditures** – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.

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

2023-IA-D **Business Transactions** – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Thompson's True Value, owned by Dave Thompson (County Supervisor)	Supplies	$ 3,192
Sweet Smells by Mel, owned by Melanie Ewalt (employee)	Supplies	2,790
Sub City, owned by Jeannie Ferneau (employee)	Supplies	356
Starlight Installation, owned by John Hunter (employee)	Services	131

According to Chapter 331.342 of the Code of Iowa, an officer or employee of a county shall not have an interest, direct or indirect, in a contract with that county. The provision does not apply to transactions that do not exceed a cumulative total purchase price of $6,000 in a fiscal year or to contracts made by a county upon competitive bid.

Part IV: Other Findings Related to Required Statutory Reporting (continued):

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

2023-IA-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 the coverage is adequate for current operations.

2023-IA-G **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.

2023-IA-H **Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

2023-IA-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-IA-J **Annual Urban Renewal Report** – The Annual Urban Renewal Report was not properly approved and certified to the Iowa Department of Management on or before December 1 as required by Chapter 331.403(3)(a) of the Code of Iowa.

Additionally, the County overstated the amount reported as TIF debt outstanding on the Levy Authority Summary and understated the amount of expenditures.

Recommendation – The County should ensure the report is accurate and filed timely.

Response – This was correct on the next year's report (FY23 Annual Urban Renew Report).