

FLOYD COUNTY
Charles City, Iowa

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
June 30, 2021

FLOYD COUNTY
Charles City, Iowa

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**FLOYD COUNTY
Charles City, Iowa**

OFFICIALS

(Before January 2021)

Douglas Kamm.....	Board of Supervisors	January 2023
Linda Tjaden	Board of Supervisors	January 2021
Roy Schwickerath	Board of Supervisors	January 2023
Gloria Carr	County Auditor.....	January 2021
Frank Rottinghaus	County Treasurer	January 2023
Deborah K. Roberts.....	County Recorder	January 2023
Jeff Crooks.....	County Sheriff	January 2021
Rachel Ginbey.....	County Attorney.....	January 2023
Gary VanderWerf.....	County Assessor.....	Appointed

(After January 2021)

Douglas Kamm.....	Board of Supervisors	January 2023
Linda Tjaden	Board of Supervisors	January 2025
Roy Schwickerath	Board of Supervisors	January 2023
Gloria Carr	County Auditor.....	January 2025
Frank Rottinghaus	County Treasurer	January 2023
Deborah K. Roberts*	County Recorder	January 2023
Jeff Crooks.....	County Sheriff	January 2025
Rachel Ginbey.....	County Attorney.....	January 2023
Gary VanderWerf.....	County Assessor.....	Appointed

*Deborah Roberts retired effective January 31, 2021. Amy Assink was appointed effective February 1, 2021.



GARDINER+COMPANY

Certified Public Accountants

Independent Auditor's Report

To the Officials of Floyd County
Charles City, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Floyd County, Iowa, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Floyd County, Iowa's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Floyd County, Iowa's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Floyd County, Iowa as of June 30, 2021, and the respective changes in its financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 5 - 12 and 56 - 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Floyd County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Supplementary Information (Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022, on our consideration of Floyd County, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Floyd County, Iowa'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 Floyd County, Iowa's internal control over financial reporting and compliance.

Gardner + Company, P.C.

Charles City, Iowa
May 25, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Floyd County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 8.27%, or approximately \$1,793,689, from fiscal 2020 to fiscal 2021. Operating grants and contributions increased approximately \$2,211,367 while capital grants and contributions decreased \$2,330,157 and miscellaneous decreased \$1,866,780.
- Program expenses were 1.69%, or approximately \$286,755 less in fiscal 2021 than in fiscal 2020. Roads and transportation expense decreased \$286,363 and mental health expense decreased \$254,778 while interest expense increased \$194,032 and public safety and legal services expenses increased \$170,179.
- The County's net position increased 7.66%, or approximately \$3,202,294, over the June 30, 2020 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 County's financial activities.

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES (CONTINUED)

Fund Financial Statements (Continued)

- 2) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2021	2020
Current and Other Assets	\$23,725	\$28,981
Capital Assets, Net of Accumulated Depreciation	51,822	44,871
Total Assets	75,547	73,852
Deferred Outflows of Resources	1,136	1,118
Long-Term Liabilities	22,177	22,226
Other Liabilities	806	1,636
Total Liabilities	22,983	23,862
Deferred Inflows of Resources	8,712	9,322
Net Position:		
Net Investment in Capital Assets	34,632	34,736
Restricted	10,203	6,739
Unrestricted	153	311
Total Net Position	\$44,988	\$41,786

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Net position of Floyd County's governmental activities increased by 7.66% (approximately \$44,988,247 compared to approximately \$41,785,953).

The largest portion of the County's net position is invested in capital assets (e.g. land, infrastructure, 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 decreased 0.30%, or approximately \$103,259, from the prior year.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$3,462,935, or 51.38% over the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased from approximately \$310,660 at June 30, 2020 to approximately \$153,278 at the end of this year, a decrease of 50.66%.

Changes in Net Position of Governmental Activities (Expressed in Thousands)

	<u>Year Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Revenues:		
Program Revenues:		
Charges for Service	\$ 1,560	\$ 1,704
Operating Grants, Contributions and Restricted Interest	6,655	4,444
Capital Grants, Contributions and Restricted Interest	758	3,088
General Revenues:		
Property Tax	8,007	7,592
Penalty and Interest on Property Tax	120	44
State Tax Credits	689	734
Local Option Sales Tax	730	772
Tax Increment Financing	860	758
Unrestricted Investment Earning	61	232
Other General Revenues	452	2,318
Total Revenues	<u>19,892</u>	<u>21,686</u>
Program Expenses:		
Public Safety and Legal Services	3,520	3,350
Physical Health and Social Services	1,370	1,582
Mental Health	477	732
County Environment and Education	834	903
Roads and Transportation	7,253	7,540
Governmental Services to Residents	765	723
Administration	1,509	1,447
Non-Program	293	225
Interest on Long-Term Debt	669	475
Total Expenses	<u>16,690</u>	<u>16,977</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

	Changes in Net Position of Governmental Activities (Expressed in Thousands)	
	Year Ended June 30,	
	2021	2020
Change in Net Position	\$ 3,202	\$ 4,709
Net Position Beginning of Year	41,786	37,077
Net Position End of Year	<u>\$44,988</u>	<u>\$41,786</u>

Floyd County's net position of governmental activities increased by approximately \$3,202,294 during the year. Revenues for governmental activities decreased by approximately \$1,793,689 over the prior year, with property tax revenue increased from the prior year by approximately \$415,507.

Floyd County's taxable valuations payable in fiscal year 2021 increased over \$56.6 million from fiscal year 2020. Urban values decreased 0.227% and rural values increased 10.801%. Overall property tax rates for 2021 went down 0.185% for urban (\$6.93443 to \$6.74961 per \$1,000 of taxable value) and rural (\$10.53443 to \$10.34961 per \$1,000 of taxable value). The General Fund tax levy rate remained at the maximum of \$3.50 per \$1,000 of taxable property valuation. The General Supplemental Fund levy stayed the same at \$1.7. The Mental Health Fund levy decreased from \$0.63170 to \$0.50656. The Rural Services Fund levy stayed the same at 3.6%. The effect of the changes in valuations, tax rates, state rollbacks, uncollected taxes, exemptions and credits to taxpayers caused a 7.6% increase in overall property tax-related revenue collections for fiscal year 2021.

The cost of all governmental activities this year was \$16,690,447 compared to \$16,977,202 last year. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities was only \$7,717,603 because some of the cost was paid by those directly benefited from the programs (approximately \$1,559,909) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$7,412,935). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in 2021 from approximately \$9,235,616 to approximately \$8,972,844, principally due to receiving operating and capital grants and contributions.

INDIVIDUAL MAJOR FUNDS ANALYSIS

As Floyd County completed the year, its governmental funds reported a combined fund balance of \$14,378,329, a decrease of \$4,191,419 from last year's total of \$18,569,748. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures increased when compared to the prior year. This is partially due to an increase in intergovernmental revenues. The ending fund balance showed an increase of \$2,044,215 from the prior year to \$6,041,219.

INDIVIDUAL MAJOR FUNDS ANALYSIS (CONTINUED)

- The County has continued to look for ways to effectively manage the cost of mental health services. The County participated in a regionalized mental health department during 2021. For the year, expenditures totaled approximately \$477,061, a decrease of \$249,594 from the prior year. The Mental Health Fund balance at year end increased to a balance of \$193,155.
- The Special Revenue, Rural Services Fund revenues increased while expenditures decreased when compared to the prior year. The ending fund balance showed an increase of \$96,978 to \$427,906.
- The Special Revenue, Secondary Roads Fund expenditures decreased by approximately \$586,909 from the prior year. The Secondary Roads Fund ending balance increased to \$4,911,112.
- The County collected tax increment financing revenues in the Debt Service Fund during this fiscal year to finance the debt payments for the 2016 G.O. Refunding Bonds. The ending fund balance increased by \$235,969 to \$1,470,973.
- The County established the LEC/Courthouse Debt Service fund during the fiscal year ended June 30, 2019 to account for the property tax and other revenues to be used for the payment of principal and interest on the County's LEC/Courthouse project related debt. During the year, the County made payments totaling \$1,047,425.
- During the year ended June 30, 2020, the County issued \$7,490,000 of general obligation bonds to help finance the construction of a law enforcement center and the updating of the courthouse. The proceeds from the bond issue were placed in the Capital Projects Fund to account for this major project.

BUDGETARY HIGHLIGHTS

Over the course of the year, Floyd County amended its budget three times. The amendments were made on December 22, 2020, January 26, 2021 and April 27, 2021. These amendments were made to provide for additional expenditures in certain County functions. They also re-estimated revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, Floyd County had approximately \$83,943,073 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$9,129,456 or 12.20% over last year.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2021	2020
Land	\$ 1,508	\$ 1,508
Buildings and Improvements	4,047	3,956
Equipment and Vehicles	7,553	7,451
Infrastructure	56,451	51,856
Construction in Progress	14,384	10,043
Total	<u>\$83,943</u>	<u>\$74,814</u>
This year's major additions included (expressed in thousands):		
Infrastructure	\$4,595	
Construction in Progress	4,341	
Sheriff Vehicle	31	
Total	<u>\$8,967</u>	

The County had depreciation expense of \$2,196,873 for the year ended June 30, 2021 and total accumulated depreciation of \$32,120,772 at June 30, 2021.

The County's fiscal year 2021 capital budget included \$8,650,891 for capital projects, principally for the continuation of upgrading secondary roads and bridges and construction of the law enforcement center. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2021, Floyd County has approximately \$17,647,633 in general obligation bonds and other debt outstanding compared to approximately \$18,493,021 at June 30, 2020 as shown below:

Outstanding Debt of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2021	2020
General Obligation Bonds	\$17,190	\$18,220
Compensated Absences	299	233
Drainage Warrants	159	40
Total	<u>\$17,648</u>	<u>\$18,493</u>

Floyd County has general obligation bonds outstanding at June 30, 2021 of \$17,190,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt (Continued)

The County continues to carry a general obligation bond rating of AA- assigned by national rating agencies to the County's debt since 2009. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Floyd County's outstanding general obligation debt is significantly below its constitutional debt limit of \$72.85 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Floyd County has not been immune to the toll of COVID-19 with loss of human life, overwhelmed healthcare systems, and economic fallout and hardship. This infectious disease continues with ebbs and flows with the prospect of stabilizing in fiscal year 2022. Locally, employment has begun to rebound as reflected in unemployment rates. In June 2019, Floyd County's unemployment was 2.8% (State-2.7%; US-3.6%), June 2020 was 6.5% (State-6.7%; US-11%), and June 2021 was 4.7% (State-4.8%; US-5.9%).

The new law enforcement center and courthouse updates project has been impacted by COVID-19 due to delays and availability of materials and labor. Originally intended to be completed in September 2020, we are now looking at two years later. Completion of the project is expected to total \$18.12 million, a price approximately \$600,000 more than expected when bids were obtained in September 2019.

In March 2021, the federal government established the American Rescue Plan Act of 2021 (ARPA) which included the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to provide State, Local and Tribal governments with the resources needed to respond to the pandemic and its economic effects. Floyd County's allocation of \$3,038,275 is anticipated to go toward the law enforcement center/courthouse project overages, additional upgrades to the 1941 courthouse, departmental projects that otherwise would likely be unattainable, and community initiatives yet to be determined.

In June 2021, the county was ordered to reduce its fiscal year 2022 General Services tax asking by \$1,142,035 and Rural Services by \$42,264. This reduction was due to an error in a resolution following the Proposed Property Tax Levy hearing in March 2021, where the county erroneously reported the fiscal year 2021 budgeted dollars instead of the fiscal year 2022 proposed dollars. The shocking news to hold the county to the fiscal year 2021 tax rates has the hardest impact on the General Supplemental Fund. Accommodations for the reduction will come from a combination of cooperative efforts with department heads and elected officials in cutting costs where feasible, paying for certain line items out of General Basic in lieu of General Supplemental, setting departmental appropriations at 90%, and monitoring the status of department expenditures, service areas and fund balances.

In addition to meeting agendas and minutes posted at www.floydcoia.org/AgendaCenter, Board of Supervisor meetings are also broadcast on the local access cable TV channel and at www.charlescipypan.com. The public is welcome to attend meetings in person or to dial-in for remote access, a COVID-19 initiative being continued. It is always our goal to promote input from the public to better serve the needs and growth of our community.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Floyd 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 Floyd County Auditor's Office, 101 S. Main Street, Charles City, Iowa.

FLOYD COUNTY
Charles City, Iowa

STATEMENT OF NET POSITION

June 30, 2021

	<u>Governmental Activities</u>
ASSETS:	
Cash, Cash Equivalents and Pooled Investments	\$14,098,521
Receivables:	
Property Tax:	
Delinquent	22,822
Succeeding Year	7,598,063
Succeeding Year Tax Increment Financing	809,105
Accounts	89,925
Accrued Interest	7,662
Drainage Assessments	15,134
Due From Other Governments	624,097
Inventories	459,045
Capital Assets (Net of Accumulated Depreciation)	<u>51,822,301</u>
TOTAL ASSETS	<u>75,546,675</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Deferred Outflows	<u>1,136,471</u>
LIABILITIES:	
Accounts Payable	521,236
Accrued Interest Payable	52,890
Salaries and Benefits Payable	204,899
Due to Other Governments	27,193
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
General Obligation Bonds	1,060,000
Compensated Absences	299,085
Portion Due or Payable After One Year:	
General Obligation Bonds	16,130,000
Drainage Warrants	158,548
Net Pension Liability	4,272,421
Total OPEB Liability	<u>256,548</u>
TOTAL LIABILITIES	<u>22,982,820</u>

**FLOYD COUNTY
Charles City, Iowa**

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2021

DEFERRED INFLOWS OF RESOURCES:

Unavailable Property Tax Revenue	\$ 7,598,063
Unavailable Tax Increment Financing Revenue	809,105
Pension Related Deferred Inflows	292,642
OPEB Related Deferred Inflows	12,269

TOTAL DEFERRED INFLOWS OF RESOURCES

8,712,079

NET POSITION:

Net Investment in Capital Assets	34,632,301
Restricted For:	
Supplemental Levy Purposes	421,836
Mental Health Purposes	194,340
Rural Services Purposes	428,605
Secondary Roads Purposes	4,820,208
Debt Service	1,471,464
Capital Projects	1,191,630
Other Purposes	1,674,585
Unrestricted	153,278

TOTAL NET POSITION

\$44,988,247

See Notes to Financial Statements

**FLOYD COUNTY
Charles City, Iowa**

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2021**

	<u>Program Revenues</u>				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest	
Functions/Programs:					
Governmental Activities:					
Public Safety and Legal Services	\$ 3,520,276	\$ 425,451	\$ 5,431	\$ 0	\$ (3,089,394)
Physical Health and Social Services	1,370,020	306,563	481,055	0	(582,402)
Mental Health	477,061	4,134	0	0	(472,927)
County Environment and Education	834,564	53,646	11,264	47,313	(722,341)
Roads and Transportation	7,253,111	127,477	4,318,824	687,485	(2,119,325)
Governmental Services to Residents Administration	764,942	403,451	18,165	0	(343,326)
Non-Program	1,508,706	79,230	1,820,670	22,728	413,922
Interest on Long-Term Debt	292,654	159,957	0	0	(132,697)
	669,113	0	0	0	(669,113)
Total	\$16,690,447	\$1,559,909	\$6,655,409	\$757,526	(7,717,603)
General Revenues:					
Property and Other County Tax Levied For:					
General Purposes					7,023,434
Debt Service					983,731
Tax Increment Financing					859,920
Penalty and Interest on Property Tax					120,354
State Tax Credits and Replacements					689,383
Local Option Sales Tax					729,599
Unrestricted Investment Earnings					61,283
Miscellaneous					452,193
Total General Revenues					10,919,897
Change in Net Position					3,202,294
Net Position Beginning of Year					41,785,953
Net Position End of Year					\$44,988,247

See Notes to Financial Statements

FLOYD COUNTY
Charles City, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2021

	Special Revenue		
	General	Mental Health	Rural Services
ASSETS			
Cash, Cash Equivalents and Pooled Investments	\$ 6,055,749	\$191,221	\$ 432,491
Receivables:			
Property Tax:			
Delinquent	17,392	1,185	699
Succeeding Year	4,418,094	300,990	1,924,664
Succeeding Year Tax Increment Financing	0	0	0
Accounts	89,588	0	0
Accrued Interest	7,662	0	0
Drainage Assessments	0	0	0
Due From Other Governments	90,605	2,199	0
Inventories	0	0	0
TOTAL ASSETS	\$10,679,090	\$495,595	\$2,357,854
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 60,149	\$ 248	\$ 1,404
Salaries and Benefits Payable	112,954	0	3,181
Due To Other Governments	1,976	17	0
Compensated Absences	10,096	0	0
Total Liabilities	185,175	265	4,585
Deferred Inflows of Resources:			
Unavailable Revenues:			
Succeeding Year Property Tax	4,418,094	300,990	1,924,664
Succeeding Year Tax Increment Financing	0	0	0
Other	34,602	1,185	699
Total Deferred Inflows of Resources	4,452,696	302,175	1,925,363

Exhibit C (Continued)

Special Revenue

Secondary Roads	Debt Service	LEC/Courthouse Debt Service	Capital Projects	Nonmajor	Total
\$4,151,064	\$1,472,723	\$ 49,835	\$1,506,082	\$ 95,380	\$13,954,545
0	0	3,546	0	0	22,822
0	0	954,315	0	0	7,598,063
0	809,105	0	0	0	809,105
35	0	0	0	302	89,925
0	0	0	0	0	7,662
0	0	0	0	15,134	15,134
531,293	0	0	0	0	624,097
459,045	0	0	0	0	459,045
\$5,141,437	\$2,281,828	\$1,007,696	\$1,506,082	\$110,816	\$23,580,398
\$ 103,600	\$ 1,750	\$ 0	\$ 314,452	\$ 7,054	\$ 488,657
88,764	0	0	0	0	204,899
25,200	0	0	0	0	27,193
0	0	0	0	0	10,096
217,564	1,750	0	314,452	7,054	730,845
0	0	954,315	0	0	7,598,063
0	809,105	0	0	0	809,105
12,761	0	3,546	0	11,263	64,056
12,761	809,105	957,861	0	11,263	8,471,224

FLOYD COUNTY
Charles City, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2021

	Special Revenue		
	General	Mental Health	Rural Services
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Fund Balances:			
Nonspendable:			
Inventories	\$ 0	\$ 0	\$ 0
Restricted:			
Supplemental Levy Purposes	416,873	0	0
Mental Health Purposes	0	193,155	0
Rural Services Purposes	0	0	427,906
Secondary Roads Purposes	0	0	0
Drainage Warrants	0	0	0
Conservation Land Acquisition	87,622	0	0
Debt Service	0	0	0
Capital Projects	0	0	0
Other Purposes	1,519,138	0	0
Assigned for County Attorney	295	0	0
Assigned for Sheriff	7,186	0	0
Unassigned	4,010,105	0	0
Total Fund Balances	6,041,219	193,155	427,906
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$10,679,090	\$495,595	\$2,357,854

See Notes to Financial Statements

Special Revenue

Secondary Roads	Debt Service	LEC/Courthouse Debt Service	Capital Projects	Nonmajor	Total
\$ 459,045	\$ 0	\$ 0	\$ 0	\$ 0	\$ 459,045
0	0	0	0	0	416,873
0	0	0	0	0	193,155
0	0	0	0	0	427,906
4,452,067	0	0	0	0	4,452,067
0	0	0	0	24,674	24,674
0	0	0	0	0	87,622
0	1,470,973	49,835	0	0	1,520,808
0	0	0	1,191,630	0	1,191,630
0	0	0	0	67,825	1,586,963
0	0	0	0	0	295
0	0	0	0	0	7,186
0	0	0	0	0	4,010,105
4,911,112	1,470,973	49,835	1,191,630	92,499	14,378,329
\$5,141,437	\$2,281,828	\$1,007,696	\$1,506,082	\$110,816	\$23,580,398

FLOYD COUNTY
Charles City, Iowa

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

Total Governmental Fund Balances (Page 20) \$ 14,378,329

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of the capital assets is \$83,943,073 and the accumulated depreciation is \$32,120,772. 51,822,301

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 64,056

The Internal Service Fund is used by management to charge the costs of funding the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 111,397

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 fund, as follows:

Deferred Outflows of Resources	\$1,136,471	
Deferred Inflows of Resources	<u>(304,911)</u>	831,560

Long-term liabilities, including bonds payable, compensated absences payable, drainage warrants payable, total OPEB liability, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (22,219,396)

Net Position of Governmental Activities (Page 15) \$ 44,988,247

FLOYD COUNTY
Charles City, Iowa

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

	Special Revenue		
	General	Mental Health	Rural Services
REVENUES:			
Property and Other County Tax	\$4,581,467	\$446,275	\$ 2,036,573
Tax Increment Financing	0	0	0
Local Option Sales Tax	0	0	0
Interest and Penalty on Property Tax	120,354	0	0
Intergovernmental	3,386,364	43,983	123,999
Licenses and Permits	24,455	0	8,378
Charges for Service	601,888	0	1,650
Use of Money and Property	107,134	0	0
Miscellaneous	365,964	0	53
Total Revenues	9,187,626	490,258	2,170,653
EXPENDITURES:			
Operating:			
Public Safety and Legal Services	2,954,968	0	391,477
Physical Health and Social Services	1,304,692	0	0
Mental Health	0	477,061	0
County Environment and Education	495,969	0	260,891
Roads and Transportation	0	0	89,502
Governmental Services to Residents	729,986	0	5,424
Administration	1,459,660	0	0
Non-Program	0	0	0
Debt Service	0	0	0
Capital Projects	80,000	0	0
Total Expenditures	7,025,275	477,061	747,294
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,162,351	13,197	1,423,359
Other Financing Sources (Uses):			
Transfers In	0	0	0
Transfers Out	(118,136)	0	(1,326,381)
Drainage Warrants Issued	0	0	0
Total Other Financing Sources (Uses)	(118,136)	0	(1,326,381)
Change in Fund Balances	2,044,215	13,197	96,978
Fund Balances Beginning of Year	3,997,004	179,958	330,928
Increase in Reserve For Inventories	0	0	0
Fund Balances End of Year	\$6,041,219	\$193,155	\$ 427,906

See Notes to Financial Statements

Special Revenue

Secondary Roads	LEC/Courthouse			Capital Projects	Nonmajor	Total
	Debt Service	Debt Service				
\$ 0	\$ 0	\$ 988,631	\$ 0	\$ 0	\$ 8,052,946	
0	859,920	0	0	0	859,920	
729,599	0	0	0	0	729,599	
0	0	0	0	0	120,354	
4,342,824	30,474	86,002	0	11,142	8,024,788	
16,045	0	0	0	0	48,878	
40	0	0	0	3,585	607,163	
1,458	0	0	22,728	187	131,507	
182,233	0	0	0	7,570	555,820	
5,272,199	890,394	1,074,633	22,728	22,484	19,130,975	
0	0	0	0	1,425	3,347,870	
0	0	0	0	0	1,304,692	
0	0	0	0	0	477,061	
0	0	0	0	7,022	763,882	
6,159,983	0	0	0	0	6,249,485	
0	0	0	0	940	736,350	
0	0	0	0	0	1,459,660	
0	0	0	0	125,348	125,348	
0	654,425	1,047,425	0	0	1,701,850	
310,158	0	0	6,915,389	0	7,305,547	
6,470,141	654,425	1,047,425	6,915,389	134,735	23,471,745	
(1,197,942)	235,969	27,208	(6,892,661)	(112,251)	(4,340,770)	
1,444,517	0	0	0	0	1,444,517	
0	0	0	0	0	(1,444,517)	
0	0	0	0	119,026	119,026	
1,444,517	0	0	0	119,026	119,026	
246,575	235,969	27,208	(6,892,661)	6,775	(4,221,744)	
4,634,212	1,235,004	22,627	8,084,291	85,724	18,569,748	
30,325	0	0	0	0	30,325	
\$4,911,112	\$1,470,973	\$ 49,835	\$ 1,191,630	\$ 92,499	\$14,378,329	

**FLOYD COUNTY
Charles City, Iowa**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021**

Change in Fund Balances - Total Governmental Funds (Page 23) \$(4,221,744)

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

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

Expenditures for capital assets	\$ 8,484,420	
Capital assets contributed by the Iowa Department of Transportation	663,485	
Depreciation Expense	<u>(2,196,873)</u>	6,951,032

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds as follows:

Property Tax	(45,781)	
Other	<u>(16,398)</u>	(62,179)

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

Issued	(119,026)	
Repaid	<u>1,030,000</u>	910,974

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflow of resources in the Statement of Net Position.

537,637

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated Absences	(55,490)	
Pension Expense	(721,143)	
OPEB Expense	(83,041)	
Interest on Long-Term Debt	<u>2,737</u>	(856,937)

**FLOYD COUNTY
Charles City, Iowa**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021**

The Internal Service Fund is used by management 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. \$ (86,814)

The change in the amount reserved for the Secondary Roads inventory is reported as an increase or decrease in reserved fund balance in the governmental funds. This amount is reported as an increase in the Secondary Road expenses in the Statement of Activities. 30,325

Change in Net Position of Governmental Activities (Page 16) \$3,202,294

See Notes to Financial Statements

**FLOYD COUNTY
Charles City, Iowa**

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

	<u>Internal Service Employee Group Health</u>
ASSETS	
Cash, Cash Equivalents and Pooled Investments	<u>\$143,976</u>
LIABILITIES AND NET POSITION	
Liabilities:	
Accounts Payable	<u>32,579</u>
Net Position:	
Unrestricted	<u><u>\$111,397</u></u>

See Notes to Financial Statements

FLOYD COUNTY
Charles City, Iowa

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2021

	<u>Internal Service Employee Group Health</u>
OPERATING REVENUES:	
Reimbursements from Operating Funds	\$1,387,456
Reimbursements from Employees	292,769
Other Reimbursements	30,946
Total Operating Revenues	<u>1,711,171</u>
OPERATING EXPENSES:	
Medical Claims	19,172
Insurance Premiums	1,774,179
Miscellaneous	5,985
Total Operating Expenses	<u>1,799,336</u>
Operating Loss	(88,165)
NON-OPERATING REVENUES:	
Interest Income	<u>1,351</u>
Net Loss	(86,814)
Net Position Beginning of Year	<u>198,211</u>
Net Position End of Year	<u><u>\$ 111,397</u></u>

See Notes to Financial Statements

FLOYD COUNTY
Charles City, Iowa

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

	<u>Internal Service Employee Group Health</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received From Operating Fund Reimbursements	\$ 1,387,456
Cash Received From Employees and Others	323,715
Cash Paid to Suppliers for Services	<u>(1,780,164)</u>
Net Cash Used in Operating Activities	<u>(68,993)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Investments	<u>1,351</u>
Net Decrease in Cash, Cash Equivalents and Pooled Investments	(67,642)
Cash, Cash Equivalents and Pooled Investments at Beginning of Year	<u>211,618</u>
Cash, Cash Equivalents and Pooled Investments at End of Year	<u><u>\$ 143,976</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating Loss	\$ (88,165)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Increase in Accounts Payable	<u>19,172</u>
Net Cash Used in Operating Activities	<u><u>\$ (68,993)</u></u>

See Notes to Financial Statements

FLOYD COUNTY
Charles City, Iowa

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2021

ASSETS

Cash, Cash Equivalents and Pooled Investments:	
County Treasurer	\$ 2,389,222
Other County Officials	9,520
Receivables:	
Property Tax:	
Delinquent	108,925
Succeeding Year	19,688,507
Accounts	11,305
Assessments	3,013
Due From Other Governments	71,010
Prepaid Insurance	1,464
Total Assets	<u>22,282,966</u>

LIABILITIES

Accounts Payable	34,805
Salaries and Benefits Payable	3,187
Due To Other Governments	732,226
Trusts Payable	44,270
Compensated Absences	12,021
Total Liabilities	<u>826,509</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenues	<u>19,800,445</u>
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NET POSITION

Restricted for Individuals, Organizations and Other Governments	<u>\$ 1,656,012</u>
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See Notes to Financial Statements

**FLOYD COUNTY
Charles City, Iowa****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
Year Ended June 30, 2021****ADDITIONS:**

Property and Other County Tax	\$18,906,991
911 Surcharge	225,447
State Tax Credits	1,928,398
Drivers License Fees	74,570
Office Fees and Collections	517,591
Auto Licenses, Use Tax and Postage	5,940,815
Assessments	9,365
Trusts	747,995
Miscellaneous	44,300
Total Additions	<u>28,395,472</u>

DEDUCTIONS:

Agency Remittances:	
To Other Funds	503,941
To Other Governments	26,950,448
Trusts Paid Out	738,928
Total Deductions	<u>28,193,317</u>

CHANGES IN NET POSITION 202,155

NET POSITION BEGINNING OF YEAR 1,453,857

NET POSITION END OF YEAR \$ 1,656,012

See Notes to Financial Statements

FLOYD COUNTY
Charles City, Iowa

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Floyd County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. REPORTING ENTITY

For financial reporting purposes, Floyd 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 Floyd 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.

Thirty-five 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 Floyd 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 Floyd County Auditor's office.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

A. REPORTING ENTITY (CONTINUED)

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods and 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: Floyd County Assessor's Conference Board, Floyd County Emergency Management Commission and Floyd County Joint 911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Custodial Funds of the County.

B. BASIS OF PRESENTATION

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

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

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

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

B. BASIS OF PRESENTATION (CONTINUED)

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following funds:

Proprietary 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.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply the 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 the Internal Services Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2020.

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.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.

Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-65
Building Improvements	20-50
Infrastructure	10-65
Intangibles	5-20
Equipment	2-20
Vehicles	3-10

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation 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, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Secondary Roads Fund.

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

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

Fund Balance - (Continued)

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

Unassigned - All amounts not included in the preceding classifications.

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

E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2021, disbursements did not exceed the amounts budgeted.

Note 2: Cash, Cash Equivalents and Pooled Investments

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

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

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

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.

Notes to Financial Statements (Continued)

Note 3: Interfund Transfers

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

Transfer To	Transfer From	Amount
Special Revenue: Secondary Roads	General	\$ 118,136
Secondary Roads	Special Revenue: Rural Services	<u>1,326,381</u>
		<u>\$1,444,517</u>

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

Note 4: Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,508,376	\$ 0	\$ 0	\$ 1,508,376
Construction in Progress	10,043,432	8,936,340	4,595,797	14,383,975
Total Capital Assets Not Being Depreciated	<u>11,551,808</u>	<u>8,936,340</u>	<u>4,595,797</u>	<u>15,892,351</u>
Capital Assets Being Depreciated:				
Buildings	2,815,123	0	0	2,815,123
Improvements Other Than Buildings	1,140,979	91,014	0	1,231,993
Machinery and Equipment	5,918,428	81,525	0	5,999,953
Vehicles	950,222	39,026	18,449	970,799
Office Equipment	581,441	0	0	581,441
Infrastructure	51,855,616	4,595,797	0	56,451,413
Total Capital Assets Being Depreciated	<u>63,261,809</u>	<u>4,807,362</u>	<u>18,449</u>	<u>68,050,722</u>

Notes to Financial Statements (Continued)

Note 4: Capital Assets (Continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities: (Continued)				
Less Accumulated Depreciation For:				
Buildings	\$ 1,374,130	\$ 76,187	\$ 0	\$ 1,450,317
Improvements Other than Buildings	567,215	56,988	0	624,203
Machinery and Equipment	3,592,631	277,599	0	3,870,230
Vehicles	546,453	91,229	18,449	619,233
Office Equipment	487,613	19,853	0	507,466
Infrastructure	23,374,306	1,675,017	0	25,049,323
Total Accumulated Depreciation	29,942,348	2,196,873	18,449	32,120,772
Total Capital Assets Being Depreciated, Net	33,319,461	2,610,489	0	35,929,950
Governmental Activities Capital Assets, Net	\$44,871,269	\$11,546,829	\$4,595,797	\$51,822,301

Depreciation expense was charged to the following functions:

Governmental Activities:

Public Safety and Legal Services	\$ 52,119
Physical Health and Social Services	10,353
County Environment and Education	75,764
Roads and Transportation	1,988,742
Governmental Services to Residents	10,304
Administration	59,591

Total Depreciation Expense - Governmental Activities \$2,196,873

Note 5: Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2021 is as follows:

Fund	Description	Amount
General	Services	\$ 1,976
Special Revenue:		
Mental Health	Services	17
Secondary Roads	Services	25,200
Total For Governmental Funds		<u>\$27,193</u>

Notes to Financial Statements (Continued)

Note 5: Due to Other Governments (Continued)

Fund	Description	Amount
Custodial:		
County Offices	Collections	\$ 1,228
Agricultural Extension Education		3,366
Schools		138,795
Community Colleges		11,632
Corporations		69,973
Townships		4,696
City Special Assessments		1,385
Auto Licenses and Use Tax		492,570
All Other		8,581
		<u>8,581</u>
Total For Custodial Funds		<u>\$732,226</u>

Note 6: Long-Term Liabilities

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

	General Obligation Bonds	Drainage Warrants	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance, Beginning of Year	\$18,220,000	\$ 39,522	\$233,499	\$3,492,404	\$240,816	\$22,226,241
Increases	0	119,026	299,085	780,017	33,830	1,231,958
Decreases	1,030,000	0	233,499	0	18,098	1,281,597
Balance, End of Year	<u>\$17,190,000</u>	<u>\$158,548</u>	<u>\$299,085</u>	<u>\$4,272,421</u>	<u>\$256,548</u>	<u>\$22,176,602</u>
Due Within One Year	<u>\$ 1,060,000</u>	<u>\$ 0</u>	<u>\$299,085</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,359,085</u>

Bonds Payable

During the fiscal year ended June 30, 2017, the County issued \$6,375,000 in General Obligation Refunding Bonds, Series 2016A. The proceeds were used to crossover refund \$6,260,000 in General Obligation Urban Renewal County Road Improvement Bonds, Series 2010 on June 1, 2018. Interest on the bonds is due semiannually, on June 1 and December 1, commencing on June 1, 2017, with an interest rate of 2.00% over the life of the bonds. Principal is due annually commencing June 1, 2019. During the year ended June 30, 2021, the County made principal payments of \$545,000 and paid interest of \$106,300 on the bonds.

Notes to Financial Statements (Continued)

Note 6: Long-Term Liabilities (Continued)

Bonds Payable (Continued)

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

Year Ending June 30	Interest Rates	Principal	Interest	Total
2022	2.00%	\$ 555,000	\$ 95,400	\$ 650,400
2023	2.00	565,000	84,300	649,300
2024	2.00	580,000	73,000	653,000
2025	2.00	590,000	61,400	651,400
2026	2.00	600,000	49,600	649,600
2027 – 2029	2.00	1,880,000	75,700	1,955,700
		<u>\$4,770,000</u>	<u>\$439,400</u>	<u>\$5,209,400</u>

During the fiscal year ended June 30, 2019, the County issued \$6,010,000 in General Obligation Law Enforcement Center and Courthouse Improvement Bonds, Series 2018A. The proceeds are to be used to finance the construction of a Law Enforcement Center and specific improvements to be made to the courthouse. Interest on the bonds is due semiannually on June 1 and December 1, commencing on June 1, 2019 with interest rates ranging from 3.00% to 4.00% over the life of the bonds. Principal is due annually commencing June 1, 2020. During the year ended June 30, 2021, the County made principal payments of \$230,000 and paid interest of \$205,225 on the bonds.

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

Year Ending June 30	Interest Rates	Principal	Interest	Total
2022	4.00%	\$ 240,000	\$ 196,025	\$ 436,025
2023	4.00	250,000	186,425	436,425
2024	4.00	260,000	176,425	436,425
2025	4.00	270,000	166,025	436,025
2026	4.00	285,000	155,225	440,225
2027 – 2031	3.13 – 4.00	1,575,000	615,419	2,190,419
2032 – 2036	3.25 – 3.50	1,845,000	342,837	2,187,837
2037 – 2038	3.50 – 3.63	830,000	44,800	874,800
		<u>\$5,555,000</u>	<u>\$1,883,181</u>	<u>\$7,438,181</u>

Notes to Financial Statements (Continued)

Note 6: Long-Term Liabilities (Continued)

Bonds Payable (Continued)

During the fiscal year ended June 30, 2020, the County issued \$7,490,000 in General Obligation Law Enforcement Center and Courthouse Improvement Bonds, Series 2020A. The proceeds are to be used to finance the construction of a Law Enforcement Center and specific improvements to be made to the courthouse. Interest on the bonds is due semiannually on June 1 and December 1, commencing on June 1, 2020 with an interest rate of 5.00% over the life of the bonds. Principal is due annually commencing June 1, 2020. During the year ended June 30, 2021, the County made principal payments of \$255,000 and paid interest of \$365,000 on the bonds.

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

Year Ending June 30	Interest Rates	Principal	Interest	Total
2022	5.00%	\$ 265,000	\$ 343,250	\$ 608,250
2023	5.00	280,000	330,000	610,000
2024	5.00	295,000	316,000	611,000
2025	5.00	305,000	301,250	606,250
2026	5.00	325,000	286,000	611,000
2027 – 2031	5.00	1,875,000	1,170,250	3,045,250
2032 – 2036	5.00	2,390,000	652,250	3,042,250
2037 – 2038	5.00	1,130,000	85,500	1,215,500
		<u>\$6,865,000</u>	<u>\$3,484,500</u>	<u>\$10,349,500</u>

Drainage Warrants Payable

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

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

Note 7: Pension Plan

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

Notes to Financial Statements (Continued)

Note 7: Pension Plan (Continued)

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

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

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

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

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

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

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

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

Notes to Financial Statements (Continued)

Note 7: Pension Plan (Continued)

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

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

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

The County's contributions to IPERS for the year ended June 30, 2021 were \$537,637.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the County reported a liability of \$4,272,421 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the County's proportion was 0.0608197%, which was an increase of 0.000509% from its proportion measured as of June 30, 2019.

Notes to Financial Statements (Continued)

Note 7: Pension Plan (Continued)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) - For the year ended June 30, 2021, the County recognized pension expense of \$721,143. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences Between Expected and Actual Experience	\$ 12,869	\$110,306
Changes of Assumptions	265,192	76,975
Net Difference Between Projected and Actual Earnings on IPERS' Investments	311,593	0
Changes in Proportion and Differences Between County Contributions and the County's Proportionate Share of Contributions	9,180	105,361
County Contributions Subsequent to the Measurement Date	537,637	0
Total	<u>\$1,136,471</u>	<u>\$292,642</u>

\$537,637 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ 18,124
2023	57,831
2024	81,180
2025	160,003
2026	(10,946)
	<u>\$306,192</u>

There were no non-employer contributing entities to IPERS.

Notes to Financial Statements (Continued)

Note 7: Pension Plan (Continued)

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60% per Annum.
Rates of Salary Increase (effective June 30, 2017)	3.25 to 16.25%, Average, Including Inflation. Rates Vary by Membership Group.
Long-term Investment Rate of Return (effective June 30, 2017)	7.00%, Compounded Annually, Net of Investment Expense, Including Inflation.
Wage Growth (effective June 30, 2017)	3.25% per Annum, Based on 2.60% Inflation and 0.65% Real Wage Inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.00%	4.43%
International Equity	17.50	5.15
Global Smart Beta Equity	6.00	4.87
Core Plus Fixed Income	28.00	(0.29)
Public Credit	4.00	2.29
Cash	1.00	(0.78)
Private Equity	11.00	6.54
Private Real Assets	7.50	4.48
Private Credit	3.00	3.11
Total	100.00%	

Notes to Financial Statements (Continued)

Note 7: Pension Plan (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments 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 Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's Proportionate Share of the Net Pension Liability	\$7,810,340	\$4,272,421	\$1,306,352

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

Payables to IPERS - All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2021.

Note 8: Risk Management

The County carries commercial insurance which provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There has been no reduction in insurance coverage from prior years.

The County also carries commercial insurance purchased from the same insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Notes to Financial Statements (Continued)

Note 9: Employee Health Insurance Plan

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

Administrative service fees and plan contributions are paid monthly from the County's operating funds to a separate account administered by Employee Benefit Systems. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution for the year ended June 30, 2021 was \$1,387,456.

Amounts payable from the Employee Group Health Fund at June 30, 2021 total \$32,579, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$111,397 at June 30, 2021 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires a liability for claims to 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.

Note 10: Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	4
Active Employees	100
Total	<u>104</u>

Notes to Financial Statements (Continued)

Note 10: Other Postemployment Benefits (OPEB) (Continued)

Total OPEB Liability – The County’s total OPEB liability of \$256,548 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions – The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of Inflation (effective July 1, 2019)	2.75% per Annum.
Rates of Salary Increase (effective July 1, 2019)	0.00% per Annum.
Discount Rate (effective July 1, 2019)	3.15% Compounded Annually, Including Inflation.
Healthcare Cost Trend Rate (effective July 1, 2019)	6.00% Initial Rate.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.15% which reflects the index rate for 20 year tax-exempt general obligation municipal bonds with an average rating of AA as of the measurement date.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB Liability Beginning of Year	<u>\$240,816</u>
Changes for the Year:	
Service Cost	25,508
Interest	8,322
Differences Between Expected and Actual Experiences	
Changes in Assumptions	(13,574)
Benefits Payments	<u>(4,524)</u>
Net Changes	<u>15,732</u>
Total OPEB Liability End of Year	<u><u>\$256,548</u></u>

Notes to Financial Statements (Continued)

Note 10: Other Postemployment Benefits (OPEB) (Continued)

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.15%) or 1% higher (4.15%) than the current discount rate.

	1% Decrease (2.15%)	Discount Rate (3.15%)	1% Increase (4.15%)
Total OPEB Liability	\$284,247	\$256,548	\$231,853

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

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB Liability	\$219,050	\$256,548	\$301,993

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized OPEB expense of \$83,041. At June 30, 2021, the County reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$(12,269)

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

Year Ending June 30,	Amount
2022	\$ (1,306)
2023	(1,306)
2024	(1,306)
2025	(1,306)
2026	(1,306)
Thereafter	(5,739)
	<u>\$(12,269)</u>

Notes to Financial Statements (Continued)

Note 11: Related Party Transactions

The County had business transactions between the County and County officials during the year ended June 30, 2021.

Note 12: Early Childhood Iowa Area Board

Floyd County is the fiscal agent for the Floyd Mitchell Chickasaw Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Custodial Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2021 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State Grants:			
Early Childhood	\$59,714	\$ 0	\$ 59,714
Quality Improvement	0	50,604	50,604
Allocation for Administration	3,143	10,758	13,901
Other Grant Programs	0	297,431	297,431
Total State Grants	62,857	358,793	421,650
Interest on Investments	59	427	486
Total Revenues	62,916	359,220	422,136
Expenditures:			
Program Services:			
Early Childhood	59,920	0	59,920
Quality Improvements	0	50,604	50,604
Other Program Services	0	295,379	295,379
Total Program Services	59,920	345,983	405,903
Administration	3,025	10,387	13,412
Total Expenditures	62,945	356,370	419,315
Change in Fund Balance	(29)	2,850	2,821
Net Position Beginning of Year	381	14,383	14,764
Net Position End of Year	\$ 352	\$ 17,233	\$ 17,585

Notes to Financial Statements (Continued)

Note 13: Floyd County Financial Information Included in the County Social Services Mental Health Region

County Social Services, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Allamakee County, Black Hawk County, Butler County, Cerro Gordo County, Chickasaw County, Clayton County, Emmet County, Fayette County, Floyd County, Grundy County, Hancock County, Howard County, Humboldt County, Mitchell County, Pocahontas County, Tama County, Webster County, Winneshiek County, and Wright County. The financial activity of Floyd County's Special Revenue, Mental Health Fund is included in the County Social Services Mental Health region for the year ended June 30, 2021 as follows:

Revenues:

Property and Other County Tax		\$446,275
Intergovernmental Revenues:		
State Tax Credits	\$39,849	
Payments from Regional Fiscal Agent	4,134	43,983
Total Revenues		<u>490,258</u>

Expenditures:

Services to Persons With:		
Mental Illness		4,231
General Administration:		
Distribution to Regional Fiscal Agent		472,830
Total Expenditures		<u>477,061</u>
Excess of Revenues Over Expenditures		13,197
Fund Balance - Beginning of the Year		<u>179,958</u>
Fund Balance - End of the Year		<u><u>\$193,155</u></u>

Note 14: 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.

Notes to Financial Statements (Continued)

Note 14: Tax Abatements (Continued)

County Tax Abatements

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

For the year ended June 30, 2021, the County did not abate property tax 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. Additionally, the City of Charles City offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2021 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Charles City	Urban Renewal and Economic Development Projects	\$67,552
	Chapter 404 Tax Abatement Program	33,440
City of Marble Rock	Urban Renewal and Economic Development Projects	5,735

Note 15: Construction Commitment

The County has entered into a contract totaling \$1,107,321 for a bridge construction project through the Iowa Department of Transportation Farm to Market Program. As of June 30, 2021, costs of \$24,831 on the project have been incurred. The balance remaining on the contract at June 30, 2021 will be paid as work on the project progresses.

The County has issued \$13,500,000 in general obligation bonds for the construction of a law enforcement center and to update the courthouse. As of June 30, 2021, costs of \$14,359,144 on the projects have been incurred. The balances remaining on the contracts at June 30, 2021 will be paid as work on the projects progress. The projects are expected to be completed in the fiscal year ending June 30, 2023.

Notes to Financial Statements (Continued)

Note 16: COVID-19

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

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

Note 17: Prospective Accounting Change

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

Note 18: Subsequent Events

Management evaluated subsequent events through May 25, 2022, the date the financial statements were available to be issued.

FLOYD COUNTY
Charles City, Iowa

**BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES
BUDGET AND ACTUAL (CASH BASIS)
ALL GOVERNMENTAL FUNDS**

REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2021

	Actual	Less Funds Not Required to be Budgeted
RECEIPTS:		
Property and Other County Tax	\$ 9,740,862	\$ 0
Interest and Penalty on Property Tax	146,015	0
Intergovernmental	8,079,668	0
Licenses and Permits	48,983	0
Charges for Service	608,648	0
Use of Money and Property	139,095	0
Miscellaneous	557,849	4,718
Total Receipts	19,321,120	4,718
DISBURSEMENTS:		
Public Safety and Legal Services	3,377,383	0
Physical Health and Social Services	1,308,125	0
Mental Health	476,964	0
County Environment and Education	767,170	0
Roads and Transportation	6,235,428	0
Governmental Services to Residents	735,453	0
Administration	1,454,876	0
Non-Program	122,052	122,052
Debt Service	1,700,100	0
Capital Projects	8,130,124	0
Total Disbursements	24,307,675	122,052
Excess (Deficiency) of Receipts Under Disbursements	(4,986,555)	(117,334)
Other Financing Sources, Net	119,026	119,026
Change in Fund Balances	(4,867,529)	1,692
Balance Beginning of Year	18,822,074	26,165
Balance End of Year	\$13,954,545	\$ 27,857

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Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
\$ 9,740,862	\$ 9,390,187	\$ 9,390,187	\$ 350,675
146,015	21,020	21,020	124,995
8,079,668	5,234,730	5,464,441	2,615,227
48,983	29,920	29,920	19,063
608,648	531,830	544,330	64,318
139,095	436,050	441,050	(301,955)
553,131	272,823	414,620	138,511
19,316,402	15,916,560	16,305,568	3,010,834
3,377,383	3,580,388	3,711,181	333,798
1,308,125	1,433,518	1,433,518	125,393
476,964	477,030	477,030	66
767,170	831,404	849,404	82,234
6,235,428	7,128,050	7,128,050	892,622
735,453	753,835	791,737	56,284
1,454,876	1,655,290	1,655,290	200,414
0	0	0	0
1,700,100	1,701,395	1,701,395	1,295
8,130,124	5,150,891	8,650,891	520,767
24,185,623	22,711,801	26,398,496	2,212,873
(4,869,221)	(6,795,241)	(10,092,928)	5,223,707
0	0	0	0
(4,869,221)	(6,795,241)	(10,092,928)	5,223,707
18,795,909	12,254,630	18,795,909	0
\$13,926,688	\$ 5,459,389	\$ 8,702,981	\$5,223,707

FLOYD COUNTY
Charles City, Iowa

BUDGETARY COMPARISON SCHEDULE -
BUDGET TO GAAP RECONCILIATION

REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2021

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$19,321,120	\$(190,145)	\$19,130,975
Expenditures	24,307,675	(835,930)	23,471,745
Net	(4,986,555)	645,785	(4,340,770)
Other Financing Sources, Net	119,026	0	119,026
Beginning Fund Balances	18,822,074	(252,326)	18,569,748
Increase in Reserve for: Inventories	0	30,325	30,325
Ending Fund Balances	\$13,954,545	\$ 423,784	\$14,378,329

See Accompanying Independent Auditor's Report

FLOYD COUNTY
Charles City, Iowa

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION - BUDGETARY REPORTING**

June 30, 2021

The budgetary comparison is presented as Required Supplementary Information in accordance with Government 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 ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, the Debt Service Funds 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, three budget amendments increased budgeted disbursements by \$3,686,695. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2021, disbursements did not exceed the amounts budgeted.

FLOYD COUNTY
Charles City, Iowa

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SEVEN YEARS
(In Thousands)

REQUIRED SUPPLEMENTARY INFORMATION

	2021	2020	2019	2018	2017	2016	2015
County's Proportion of the Net Pension Liability	0.0608197%	0.0603110%	0.0616068%	0.0646836%	0.0654937%	0.0626742%	0.0588946%
County's Proportionate Share of the Net Pension Liability	\$4,272	\$3,492	\$3,899	\$4,309	\$4,122	\$3,096	\$2,336
County's Covered Payroll	\$5,763	\$5,738	\$5,570	\$5,427	\$5,297	\$5,040	\$4,896
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	74.13%	60.86%	70.00%	79.40%	77.82%	61.43%	47.71%
IPERS' Net Position as a Percentage of the Total Pension Liability	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

See Accompanying Independent Auditor's Report

FLOYD COUNTY
Charles City, Iowa

SCHEDULE OF COUNTY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 FOR THE LAST TEN YEARS
 (In Thousands)

REQUIRED SUPPLEMENTARY INFORMATION

	2021	2020	2019	2018
Statutorily Required Contribution	\$ 538	\$ 542	\$ 545	\$ 502
Contributions in Relation to the Statutorily Required Contribution	(538)	(542)	(545)	(502)
Contribution Deficiency	\$ 0	\$ 0	\$ 0	\$ 0
County's Covered Payroll	\$5,735	\$5,763	\$5,738	\$5,570
Contributions as a Percentage of Covered Payroll	9.37%	9.40%	9.49%	9.00%

See Accompanying Independent Auditor's Report

2017	2016	2015	2014	2013	2012
\$ 490	\$ 480	\$ 458	\$ 432	\$ 417	\$ 394
(490)	(480)	(458)	(432)	(417)	(394)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$5,427	\$5,297	\$5,040	\$4,896	\$4,704	\$4,624
9.02%	9.06%	9.08%	8.82%	8.86%	8.52%

FLOYD COUNTY
Charles City, Iowa

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

Year Ended June 30, 2021

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

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

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

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

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

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

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

FLOYD COUNTY
Charles City, Iowa

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

REQUIRED SUPPLEMENTARY INFORMATION

	2021	2020	2019	2018
Service Cost	\$ 25,508	\$ 32,875	\$ 12,118	\$ 12,118
Interest Cost	8,322	7,814	5,517	5,328
Difference Between Expected and Actual Experiences	(13,574)	74,955	(9,628)	(9,237)
Changes in Assumptions	0	(14,416)	0	0
Benefit Payments	(4,524)	(3,641)	(2,264)	(3,867)
Net Change in Total OPEB Liability	15,732	97,587	5,743	4,342
Total OPEB Liability Beginning of Year	240,816	143,229	137,486	133,144
 Total OPEB Liability End of Year	 \$ 256,548	 \$ 240,816	 \$ 143,229	 \$ 137,486
 Covered-Employee Payroll	 \$5,314,542	 \$5,423,330	 \$5,346,074	 \$5,139,475
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 4.83%	 4.44%	 2.68%	 2.68%

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

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

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

Year Ended June 30, 2021	3.15%
Year Ended June 30, 2020	3.15%
Year Ended June 30, 2019	3.15%
Year Ended June 30, 2018	3.72%

See Accompanying Independent Auditor's Report

FLOYD COUNTY
Charles City, Iowa

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

	Resource Enhancement and Protection	Sheriff Forfeiture
ASSETS		
Cash, Cash Equivalents and Pooled Investments	\$29,492	\$11,758
Receivables:		
Accounts	0	0
Drainage Assessments	0	0
	\$29,492	\$11,758
TOTAL ASSETS	\$29,492	\$11,758
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 0	\$ 0
Deferred Inflows of Resources:		
Unavailable Revenues:		
Other	0	0
	0	0
Fund Balances:		
Restricted for:		
Drainage Warrants	0	0
Other Purposes	29,492	11,758
Total Fund Balances	29,492	11,758
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$29,492	\$11,758

See Accompanying Independent Auditor's Report

Schedule 1

Attorney Forfeiture	Sheriff Reserve	Recorder's Records Management	Drainage	Total
\$3,256	\$6,767	\$16,250	\$27,857	\$ 95,380
0	0	302	0	302
0	0	0	15,134	15,134
\$3,256	\$6,767	\$16,552	\$42,991	\$110,816
\$ 0	\$ 0	\$ 0	\$ 7,054	\$ 7,054
0	0	0	11,263	11,263
0	0	0	24,674	24,674
3,256	6,767	16,552	0	67,825
3,256	6,767	16,552	24,674	92,499
\$3,256	\$6,767	\$16,552	\$42,991	\$110,816

FLOYD COUNTY
Charles City, Iowa

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2021

	Resource Enhancement and Protection	Sheriff Forfeiture
REVENUES:		
Intergovernmental	\$11,142	\$ 0
Charges for Service	0	0
Use of Money and Property	122	0
Miscellaneous	0	1,520
Total Revenues	11,264	1,520
EXPENDITURES:		
Operating:		
Public Safety and Legal Services	0	0
County Environment and Education	7,022	0
Governmental Services to Residents	0	0
Non-Program	0	0
Total Expenditures	7,022	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,242	1,520
Other Financing Sources:		
Drainage Warrants Issued	0	0
Change in Fund Balances	4,242	1,520
Fund Balances Beginning of Year	25,250	10,238
Fund Balances End of Year	\$29,492	\$11,758

See Accompanying Independent Auditor's Report

Schedule 2

Attorney Forfeiture	Sheriff Reserve	Recorder's Records Management	Drainage	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,142
0	0	3,585	0	3,585
0	0	65	0	187
0	1,332	0	4,718	7,570
0	1,332	3,650	4,718	22,484
0	1,425	0	0	1,425
0	0	0	0	7,022
0	0	940	0	940
0	0	0	125,348	125,348
0	1,425	940	125,348	134,735
0	(93)	2,710	(120,630)	(112,251)
0	0	0	119,026	119,026
0	(93)	2,710	(1,604)	6,775
3,256	6,860	13,842	26,278	85,724
\$3,256	\$6,767	\$16,552	\$ 24,674	\$ 92,499

FLOYD COUNTY
Charles City, Iowa

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

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 0	\$ 3,366	\$563,533	\$ 138,795
Other County Officials	9,520	0	0	0
Receivables:				
Property Tax:				
Delinquent	0	993	1,457	44,546
Succeeding Year	0	252,133	370,180	10,977,260
Accounts	1,128	0	0	0
Assessments	0	0	0	0
Due From Other Governments	0	0	0	0
Prepaid Insurance	0	0	0	0
TOTAL ASSETS	10,648	256,492	935,170	11,160,601
LIABILITIES				
Accounts Payable	0	0	29,284	0
Salaries and Benefits Payable	0	0	2,383	0
Due To Other Governments	1,228	3,366	0	138,795
Trusts Payable	9,420	0	0	0
Compensated Absences	0	0	11,425	0
TOTAL LIABILITIES	10,648	3,366	43,092	138,795
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	0	253,126	371,637	11,021,806
NET POSITION				
Restricted for Individuals, Organizations and Other Governments	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$520,441</u>	<u>\$ 0</u>

See Accompanying Independent Auditor's Report

Schedule 3

Community Colleges	Corporations	Townships	City Special Assessments	Auto Licenses and Use Tax	Other	Total
\$ 11,632	\$ 69,973	\$ 4,696	\$1,385	\$492,570	\$1,103,272	\$ 2,389,222
0	0	0	0	0	0	9,520
3,771	55,337	1,020	0	0	1,801	108,925
973,575	6,253,022	395,508	0	0	466,829	19,688,507
0	0	0	0	0	10,177	11,305
0	0	0	3,013	0	0	3,013
0	0	0	0	0	71,010	71,010
0	0	0	0	0	1,464	1,464
988,978	6,378,332	401,224	4,398	492,570	1,654,553	22,282,966
0	0	0	0	0	5,521	34,805
0	0	0	0	0	804	3,187
11,632	69,973	4,696	1,385	492,570	8,581	732,226
0	0	0	0	0	34,850	44,270
0	0	0	0	0	596	12,021
11,632	69,973	4,696	1,385	492,570	50,352	826,509
977,346	6,308,359	396,528	3,013	0	468,630	19,800,445
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$1,135,571	\$ 1,656,012

FLOYD COUNTY
Charles City, Iowa

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
NET POSITION - CUSTODIAL FUNDS
Year Ended June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools
ADDITIONS:				
Property and Other County Tax	\$ 0	\$255,653	\$383,849	\$10,749,684
911 Surcharge	0	0	0	0
State Tax Credits	0	22,828	34,274	967,680
Driver License Fees	0	0	0	0
Office Fees and Collections	517,591	0	0	0
Auto Licenses, Use Tax and Postage	0	0	0	0
Assessments	0	0	0	0
Trusts	118,804	0	0	0
Miscellaneous	0	0	0	0
Total Additions	636,395	278,481	418,123	11,717,364
DEDUCTIONS:				
Agency Remittances:				
To Other Funds	259,531	0	0	0
To Other Governments	263,174	278,481	345,673	11,717,364
Trusts Paid Out	113,690	0	0	0
Total Deductions	636,395	278,481	345,673	11,717,364
Changes in Net Position	0	0	72,450	0
Net Position Beginning of Year	0	0	447,991	0
Net Position End of Year	\$ 0	\$ 0	\$520,441	\$ 0

See Accompanying Independent Auditor's Report

Schedule 4

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
\$896,499	\$5,755,178	\$382,270	\$ 0	\$ 0	\$ 483,858	\$18,906,991
0	0	0	0	0	225,447	225,447
79,330	751,610	29,878	0	0	42,798	1,928,398
0	0	0	0	74,570	0	74,570
0	0	0	0	0	0	517,591
0	0	0	0	5,940,815	0	5,940,815
0	0	0	9,365	0	0	9,365
0	0	0	0	0	629,191	747,995
0	0	0	0	0	44,300	44,300
975,829	6,506,788	412,148	9,365	6,015,385	1,425,594	28,395,472
0	0	0	0	244,410	0	503,941
975,829	6,506,788	412,148	9,365	5,770,975	670,651	26,950,448
0	0	0	0	0	625,238	738,928
975,829	6,506,788	412,148	9,365	6,015,385	1,295,889	28,193,317
0	0	0	0	0	129,705	202,155
0	0	0	0	0	1,005,866	1,453,857
\$0	\$ 0	\$ 0	\$ 0	\$ 0	\$1,135,571	\$ 1,656,012

FLOYD COUNTY
Charles City, Iowa

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

For the Last Ten Years

	Modified Accrual Basis			
	2021	2020	2019	2018
REVENUES:				
Property and Other County Tax	\$ 8,052,946	\$ 7,562,031	\$ 5,992,663	\$ 5,993,190
Tax Increment Financing	859,920	757,824	773,333	738,743
Local Option Sales Tax	729,599	771,966	666,878	611,381
Interest and Penalty on Property Tax	120,354	43,643	45,665	64,247
Intergovernmental	8,024,788	6,404,141	6,844,810	5,644,012
Licenses and Permits	48,878	57,379	40,027	76,077
Charges for Service	607,163	502,968	539,522	538,205
Use of Money and Property	131,507	402,275	480,937	445,494
Miscellaneous	555,820	573,646	538,499	540,191
	<hr/>			
Total	\$19,130,975	\$17,075,873	\$15,922,334	\$14,651,540
	<hr/>			
EXPENDITURES:				
Operating:				
Public Safety and Legal Services	\$ 3,347,870	\$ 3,332,264	\$ 3,203,747	\$ 2,980,538
Physical Health and Social Services	1,304,692	1,578,804	1,197,545	1,241,278
Mental Health	477,061	726,655	865,815	1,013,136
County Environment and Education	763,882	773,165	920,853	784,602
Roads and Transportation	6,249,485	6,330,823	5,268,465	5,379,739
Governmental Services to Residents	736,350	690,851	622,624	655,182
Administration	1,459,660	1,372,348	1,190,750	1,173,580
Non-Program	125,348	68,870	50,759	28,494
Debt Service	1,701,850	1,577,056	755,367	7,205,870
Capital Projects	7,305,547	7,432,841	2,276,190	425,930
	<hr/>			
Total	\$23,471,745	\$23,883,677	\$16,352,115	\$20,888,349
	<hr/>			

See Accompanying Independent Auditor's Report

Schedule 5

2017	2016	2015	2014	2013	2012
\$ 5,832,414	\$ 6,612,040	\$ 6,391,533	\$ 6,285,086	\$ 6,195,973	\$ 5,754,842
733,655	0	0	0	0	0
636,318	619,755	567,528	638,587	762,992	567,536
39,632	42,098	52,655	45,705	51,025	66,710
6,812,492	6,621,697	6,478,263	4,880,322	4,508,721	4,611,640
41,714	34,678	32,956	29,445	39,349	45,492
500,533	485,253	456,507	488,847	474,557	438,627
231,786	115,064	101,214	86,373	75,831	110,520
634,613	666,596	770,203	757,152	621,045	572,365
\$15,463,157	\$15,197,181	\$14,850,859	\$13,211,517	\$12,729,493	\$12,167,732
\$ 2,776,972	\$ 2,691,844	\$ 2,570,141	\$ 2,220,817	\$ 2,131,529	\$ 2,187,464
1,218,601	1,181,874	1,461,268	1,438,932	1,517,849	1,434,870
1,129,493	1,084,293	712,051	747,732	714,296	1,170,158
1,029,199	1,480,150	1,339,426	778,506	774,164	595,954
6,068,180	4,837,095	4,896,540	4,768,468	5,175,247	4,217,811
613,880	618,661	658,054	571,735	578,993	563,624
1,200,001	1,417,328	1,152,925	1,164,847	1,126,869	1,326,651
45,535	121,649	28,590	171,398	142,278	76,749
942,443	695,313	566,228	380,428	380,428	557,817
973,050	638,785	653,135	1,530,856	355,652	3,136,177
\$15,997,354	\$14,766,992	\$14,038,358	\$13,773,719	\$12,897,305	\$15,267,275



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 Floyd County
Charles City, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Floyd County, Iowa, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Floyd County, Iowa's basic financial statements and have issued our report thereon dated May 25, 2022.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Floyd County, Iowa's Responses to Findings

Floyd County, Iowa's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Floyd County, Iowa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Floyd County, Iowa's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles City, Iowa
May 25, 2022

FLOYD COUNTY
Charles City, Iowa

SCHEDULE OF FINDINGS
Year Ended June 30, 2021

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

A Segregation of Duties:

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

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

Cause - Limited staff available to segregate duties.

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

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

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

Conclusion - Response accepted.

B Financial Reporting:

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

FLOYD COUNTY
Charles City, Iowa

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

Findings Related to the Financial Statements: (Continued)

B Financial Reporting: (Continued)

Condition – Material amounts of grant revenues and infrastructure were not properly recorded in the County’s financial statements. Adjustments were subsequently made by the County to correct these amounts in the financial statements.

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

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

Recommendation - The County should establish procedures to ensure all grant revenues and infrastructure are identified and properly reported in the County’s financial statements.

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

Conclusion - Response accepted.

C Preparation of Full Disclosure Financial Statements:

Criteria - Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements for external reporting in conformity with accounting principles generally accepted in the United States of America.

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

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

FLOYD COUNTY
Charles City, Iowa

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

Findings Related to the Financial Statements: (Continued)

C Preparation of Full Disclosure Financial Statements: (Continued)

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

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

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

Conclusion - Response acknowledged.

D Compensated Absences

Criteria – An effective internal control system provides for internal controls related to ensuring the recording of all vacation hours used.

Condition – Vacation hours used were not recorded for the Assistant County Attorney during the fiscal year ended June 30, 2021.

Cause – Policies and procedures have not been designed and implemented to ensure all vacation hours used are recorded.

Effect – This condition resulted in unrecorded vacation hours used and an overstated accrued compensated absences liability at June 30, 2021.

Recommendation – The Board of Supervisors should establish procedures to ensure all vacation hours used are properly recorded in the County’s financial statements.

Response - We will record all vacation hours used in the future.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

FLOYD COUNTY
Charles City, Iowa

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

Other Findings Related to Required Statutory Reporting:

1. **Certified Budget** - Disbursements during the year ended June 30, 2021 did not exceed the amounts budgeted.

2. **Questionable Expenditures** – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General’s opinion dated April 25, 1979, public funds may only be spent for public benefit. Certain expenditures were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

<u>Paid To</u>	<u>Purpose</u>	<u>Amount</u>
VISA	Board of Review Meals	\$ 55
VISA	Food and Snacks	57
VISA	Snacks for Training	72
VISA	Gift Cards	1,000

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

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

Response - We will document this in the future.

Conclusion - Response accepted.

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

FLOYD COUNTY
Charles City, Iowa

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

Other Findings Related to Required Statutory Reporting: (Continued)

4. **Business Transactions** – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Description	Amount
Robert Graham, Secondary Roads		
Kaleb Graham, son of Robert Graham	Mowing at Rockford Shed	\$ 400
Dale Hughes, Secondary Roads		
Brenda Hughes, wife of Dale Hughes	Mowing at Floyd Shed	300
Dale Hughes, Secondary Roads		
Dale Hughes	Mowing at Floyd Shed	360
Diana Swartzrock, Public Health		
Swartzrock Implement, owned by Husband	Supplies	633
Doug Kamm, Supervisor		
Owns Kamm Excavating	Wetland/Shallow Pond Project	29,000

In accordance with Chapter 331.342 of the Code of Iowa, the transactions with Kaleb Graham, Brenda Hughes, Dale Hughes and Swartzrock Implement do not appear to represent conflicts of interest since total transactions were each less than \$6,000 during the fiscal year.

In accordance with Chapter 331.342 of the Code of Iowa, the transaction with Kamm Excavating does not appear to represent a conflict of interest since the transaction was entered into through competitive bid.

5. **Restricted Donor Activity** – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
6. **Bond Coverage** - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed periodically to ensure that coverage is adequate for current operations.
7. **Board Minutes** - No transactions were found that we believe should have been approved in the Board minutes but were not. However, it appears the minutes for the November 24, 2020 meeting were not published as required by Chapter 349.18 of the Code of Iowa.

Recommendation – Chapter 349.18 of the Code of Iowa requires the minutes to be published immediately following adjournment of the meeting. The County Auditor should maintain a record of when the minutes are made available for publication.

FLOYD COUNTY
Charles City, Iowa

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

Other Findings Related to Required Statutory Reporting: (Continued)

7. Board Minutes (Continued)

Response – This was an oversight. The Board minutes will be published in accordance with Chapter 349.18 of the Code of Iowa.

Conclusion - Response accepted.

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

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

10. Early Childhood Iowa Area Board - Floyd County is the fiscal agent for the Floyd Mitchell Chickasaw Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Custodial Funds because of the County's fiduciary relationship with the organization.

No instances of non-compliance were noted as a result of the audit procedures performed.

11. Tax Increment Financing - For the year ended June 30, 2021, the County Auditor prepared reconciliations for each City reconciling TIF receipts with total outstanding TIF debt. Payments from the TIF Debt Service Fund properly only included payments for TIF Loans. Also, Floyd County properly completed the Tax Increment Debt Form 1, as appropriate, to certify TIF obligations.

It was noted that the City of Rudd's reconciliation resulted in a negative TIF indebtedness.

Recommendation - The County should contact the City and TIF counsel to resolve this matter.

Response - We will contact the City and TIF counsel.

Conclusion - Response accepted.

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

FLOYD COUNTY
Charles City, Iowa

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

Other Findings Related to Required Statutory Reporting: (Continued)

12. **Code of Ordinances** – (Continued)

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

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

Conclusion - Response accepted.

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