

**CLAYTON COUNTY
ELKADER, IOWA**

FINANCIAL REPORT

JUNE 30, 2021

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CLAYTON COUNTY

OFFICIALS
June 30, 2021

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ray Peterson	Board of Supervisors, Chairperson	January 2025
Sharon Keehner	Board of Supervisors, Vice-Chairperson	January 2023
Steve Doeppke	Board of Supervisors	January 2023
Jennifer Garms	County Auditor	January 2025
Linda Zuercher	County Treasurer	January 2023
Sue Meyer	County Recorder	January 2023
Mike Tschirgi	County Sheriff	January 2025
Zach Herrmann	County Attorney	January 2023
Andrew Loan	County Assessor	January 2022
Rafe Koopman	County Engineer	Appointed



Hacker Nelson & Co., CPAs

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Supervisors
Clayton County
Elkader, 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 Clayton County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards 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 Clayton County, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 24 to the financial statements, Clayton County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles 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 through 5f and pages 45 through 51 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 U.S. generally accepted auditing standards, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clayton County's June 30, 2021 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 9, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The supplementary information shown on Schedules 1 through 9, including the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 U.S. generally accepted auditing standards. In our opinion, the supplementary information shown on Schedules 1 through 9, including the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the years ended June 30, 2012 through 2021 basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2022, on our consideration of Clayton County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clayton County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clayton County's internal control over financial reporting and compliance.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
March 4, 2022

CLAYTON COUNTY
ELKADER, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021

Clayton 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

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, *Fiduciary Activities*, during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated by \$899,544 to retroactively report in accordance with the GASBS.
- Revenues of the County's governmental activities increased 10.28%, or approximately \$1,864,000 from fiscal year 2020 to fiscal year 2021. Property tax revenues increased approximately \$262,000, state tax credits increased approximately \$9,000, operating grants and contributions increased approximately \$1,004,000, and capital grants and contributions increased approximately \$202,000. Charges for services decreased by \$37,000.
- Program expenses of the County's governmental activities were 36.48%, or approximately \$4,405,000 more in fiscal year 2021 than in fiscal year 2020. Physical health and social services, county environment and education, roads and transportation, governmental services to residents and administration increased from fiscal year 2020, whereas public safety and legal services and mental health decreased. The increase in roads and transportation expense is due to the increased capital asset acquisitions in the prior year.
- The County's net position increased 9.07%, or approximately \$3,525,000 over the June 30, 2020 balance. The increase is in net investment in capital assets and restricted net position.

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 Clayton 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 Clayton County's operations in more detail than the government-wide financial statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. For Clayton County, the general fund, and the mental health, rural services, secondary roads, and the American Rescue Plan Act - special revenue funds are the most significant funds. The remaining financial statements provide information about activities for which Clayton 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.

USING THIS ANNUAL REPORT (Continued)

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 funds, the special revenue funds, the individual custodial funds, and compares governmental fund activity to prior years. In addition, the schedule of expenditures of federal awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

The County's governmental activities are presented in the statement of net position and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and other non-program activities. Property tax, state tax credits, 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, secondary roads, and the American Rescue Plan Act, 3) the debt service fund, and 4) the capital projects funds. 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 insurance 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 net position and a statement of cash flows.

- 3) Fiduciary funds are used to report assets held in a trust or custodial capacity for others which cannot be used to support the County's own programs. These fiduciary funds include custodial funds that account for emergency management services, the County Assessor and 911 Service Board, to name a few.

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Clayton County's net position increased from approximately \$38,864,000 to approximately \$42,390,000. The analysis that follows focuses on the changes in the net position of governmental activities.

Condensed Statement of Net Position Governmental Activities (Expressed in Thousands)

	Year Ended June 30,	
	2021	2020
Current and other assets	\$ 25,478	\$ 20,781
Capital assets	32,299	31,949
Total assets	57,777	52,730
Deferred outflows of resources	1,189	1,063
Other liabilities	2,688	1,373
Noncurrent liabilities	4,576	3,806
Total liabilities	7,264	5,179
Deferred inflows of resources	9,312	9,750
Net position:		
Net investment in capital assets	31,741	31,262
Restricted	10,614	6,215
Unrestricted	35	1,387
Total net position	\$ 42,390	\$ 38,864

Clayton County's net position for the governmental activities increased 9.07%, or approximately \$3,525,000 from the prior year. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment) less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

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 went from approximately \$1,387,000 at June 30, 2020 to approximately \$35,000 at the end of this year, a decrease of \$1,352,000. The decrease in net position for the governmental activities is due to the increase in capital assets and increase in funds restricted for the American Rescue Plan Act.

The following analysis shows the changes in net position for the years ended June 30, 2021 and 2020.

		Year Ended June 30,	
		2021	2020
Changes in Net Position of Governmental Activities (Expressed in Thousands)			
REVENUES			
Program revenue:			
Charges for service	\$	1,958	\$ 1,996
Operating grants		6,811	5,807
Capital grants		280	78
General revenue:			
Property taxes		8,532	8,270
Local option sales tax		1,309	1,021
Penalty and interest on property taxes		60	23
State tax credits		616	607
Franchise tax		138	99
Rents		66	73
Unrestricted investment earnings		70	202
Gain (loss) on sale of capital assets		20	(164)
Other		143	127
Total revenues		20,003	18,139
PROGRAM EXPENSES			
Public safety and legal services		3,149	3,205
Physical health and social services		549	465
Mental health		533	626
County environment and education		1,363	1,292
Roads and transportation		6,980	2,583
Governmental services to residents		705	658
Administration		3,107	3,094
Interest		14	22
Depreciation (unallocated)		77	128
Total expenses		16,477	12,073
Increase in net position		3,526	6,066
NET POSITION, beginning of year		38,864	32,798
NET POSITION, end of year	\$	42,390	\$ 38,864

INDIVIDUAL FUND ANALYSIS

As Clayton County completed the year, its governmental funds reported a fund balance of \$13,505,000, an \$3,556,000 increase from the 2020 fiscal year-end balance of \$9,949,000.

- The general fund revenues increased 21.25% from the prior year and the expenditures increased by 16.74% from the prior year. The increase in revenues came from the increase in the collection of property taxes and other County taxes. The increase in expenditures is due to the increase in capital projects. The ending fund balance showed an increase of 23.84% from the prior year of \$3,601,000 to \$4,459,000.
- The County participates in a 28E agreement with 21 other counties to provide mental health services at a regional level. For the year, expenditures totaled approximately \$533,000, a decrease of 14.97% from the prior year. The mental health fund balance at year-end increased by \$8,500 from the prior year.
- Secondary roads fund revenues increased 10.16% from the prior year, whereas the expenditures decreased by 6.66% from the prior year. The decrease in expenditures is due to less road projects incurred during the year and less capital projects expenditures during the year. The secondary roads fund balance increased by \$2,602,000 over the prior year due from the transfer in from the rural services fund.
- The rural services fund revenues increased 11.51% from the prior year and the expenditures decreased by 3.04% from the prior year. The rural services fund balance at year-end increased approximately \$46,000 or 3.39%. The increase in revenues came from the increase in the collection of property taxes and local option sales taxes.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except the internal service fund and custodial funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County's budget is prepared on the cash basis. Over the course of the year, the County amended its budget twice. The amendments were made in December 2020 and May 2021, which resulted in an increase in public safety and legal services, physical health and social services, governmental services to residents and administration, and capital projects disbursements. However, this did not require an increase in property taxes.

The County's total receipts were approximately \$2,470,000 more than the amended budget, a variance of 13.51%. The most significant variance resulted due to an increase in intergovernmental receipts.

Total disbursements were \$2,412,000 less than the amended budget. Actual disbursements for capital projects and roads and transportation were \$1,009,000 and \$678,000, respectively, less than budgeted. This was primarily due to projects not being started due to low LOST funds.

The amendments made during the 2021 fiscal year should have no impact on the 2022 fiscal year's budget.

BUDGETARY HIGHLIGHTS (Continued)

The following chart shows the original and final budget for fiscal year 2021 as well as the actual receipts and disbursements for the year.

	Budgetary Comparison Schedule			
	(Expressed in Thousands)			
	Budget Basis	Budgeted Amounts		Variance
	Original	Final		
RECEIPTS				
Property and other County taxes	\$ 9,958	\$ 10,336	\$ 10,336	\$ (378)
Interest and penalty on property taxes	62	29	29	33
Intergovernmental	9,472	5,758	6,866	2,606
Licenses and permits	42	38	38	4
Charges for service	612	468	468	144
Use of money and property	162	144	144	18
Miscellaneous	439	171	397	42
Total receipts	\$ 20,747	\$ 16,944	\$ 18,278	\$ 2,469
DISBURSEMENTS				
Public safety and legal services	\$ 3,228	\$ 3,446	\$ 3,506	\$ 278
Physical health and social services	557	563	675	118
Mental health	533	533	533	-
County environment and education	1,322	1,372	1,372	50
Roads and transportation	6,222	6,901	6,901	679
Governmental services to residents	688	714	758	70
Administration	1,777	1,922	1,983	206
Non-program	1	1	1	-
Debt service	89	91	91	2
Capital projects	1,504	1,393	2,513	1,009
Total disbursements	\$ 15,921	\$ 16,936	\$ 18,333	\$ 2,412

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, Clayton County had \$32,300,000 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 \$351,000 or 1.10% over last year.

The County had depreciation expense of approximately \$2,080,000 for fiscal year 2021 and total accumulated depreciation of approximately \$23,131,000 as of June 30, 2021 for the governmental activities. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Debt

At June 30, 2021, the County had approximately \$1,087,000 in bonds and other debt compared to approximately \$1,218,000 last year.

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below this \$88,312,586 limit.

Other obligations include compensated absences and leases payable. More detailed information about the County's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At the time these financial statements were prepared and audited, the County was aware of several existing circumstances that could affect and/or explain its financial health in the future:

- Clayton County has a population of 17,043 in the 2020 census, which was a loss of 1,086 from the 2010 census.
- Clayton County ranks 40th from the top of the 99 counties in Iowa in population.
- Clayton County is the fifth largest county in Iowa according to land mass.
- Clayton County has a tax base for fiscal year 2022 of \$1,119,889,182 taxable assessed and \$1,784,201,382 100% assessed. This is an approximate 3.34% increase in taxable value from fiscal year 2021.
- Clayton County has a 1% local option sales tax that is estimated to produce \$882,353 for fiscal year 2022, which is used 85% for local road projects and 15% for rural betterment. This revenue source supplements property tax revenues for each purpose.
- Clayton County received an A1 bond rating from Moody's Investor Service in September 2010. The bond rating was upgraded to Aa3 in September 2018.

The fiscal year 2022 budget contains receipts totaling \$17.59 million and disbursements totaling \$17.45 million compared to the fiscal year 2021 budget of \$19.15 million in receipts and \$19.13 million in disbursements.

Property Tax Rates:

Clayton County's property tax rate consists of two major types. The countywide rate is levied on all property in the County and for fiscal year 2022 will be \$5.95307/\$1,000 of taxable assessed valuation (100% assessed after a rollback percentage is applied, if any). The rural only rate is \$3.04798/\$1,000 of taxable assessed valuation. Thus, for rural property the total rate is the countywide plus the rural basic only rate for a total of \$9.00105/\$1,000.

TAX RATE COMPARISON	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017
Countywide Rate	5.95307	6.06029	6.15761	5.81535	6.27365	7.02525
Rural Basic Only Rate	3.04798	3.13644	2.91239	3.37065	3.37065	3.37065
Countywide Plus Rural Rate	9.00105	9.19673	9.07	9.18600	9.6443	10.39590

Tax rates are expressed in dollars per \$1,000 of taxable valuation.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the County's citizens, taxpayers, customers, and creditors with a general overview of Clayton County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Clayton County, 111 High St NE, Elkader, IA 52043.

CLAYTON COUNTY
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities
ASSETS	
Cash and pooled investments	\$ 15,285,542
Receivables:	
Property tax:	
Delinquent	64,353
Succeeding year	8,983,721
Interest and penalty on property taxes	14,539
Accounts	26,980
Due from other governments	468,810
Inventories	477,751
Prepaid expenses	155,714
Non-depreciable capital assets	1,860,426
Capital assets, net of accumulated depreciation	30,439,121
Total assets	57,776,957
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	1,167,017
OPEB related deferred outflows	21,742
Total deferred outflows of resources	1,188,759
Total assets and deferred outflows of resources	\$ 58,965,716
LIABILITIES	
Accounts payable	\$ 301,924
Salaries and benefits payable	71,129
Accrued interest payable	1,840
Unearned revenues	1,675,078
Due to other governments	31,706
Long-term liabilities:	
Portion due within one year:	
Bonds payable	78,000
Compensated absences	528,481
Portion due after one year:	
Bonds payable	481,000
Net pension liability	3,639,857
Total OPEB liability	454,982
Total liabilities	7,263,997
DEFERRED INFLOWS OF RESOURCES	
Unavailable property tax revenue	8,983,721
Pension related deferred inflows	240,749
OPEB related deferred inflows	87,310
Total deferred inflows of resources	9,311,780
NET POSITION	
Net investment in capital assets	31,740,547
Restricted for:	
Mental health purposes	42,860
Rural services purposes	1,427,903
Secondary roads purposes	7,103,355
Debt service	72,380
American Rescue Plan Act	1,704,344
Other special revenue purposes	107,791
Other purposes	155,714
Unrestricted	35,045
Total net position	42,389,939
Total liabilities, deferred inflows of resources and net position	\$ 58,965,716

See Notes to Financial Statements.

CLAYTON COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Functions and Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
GOVERNMENTAL ACTIVITIES					
Public safety and legal services	\$ 3,149,188	\$ 148,308	\$ 131,383		\$ (2,869,497)
Physical health and social services	549,430	44,641	161,426		(343,363)
Mental health	532,855		6,075		(526,780)
County environment and education	1,362,807	78,476	944,242	\$ 11,574	(328,515)
Roads and transportation	6,980,087	71,492	5,544,919	267,974	(1,095,702)
Governmental services to residents	705,208	401,348			(303,860)
Administration	3,106,736	1,214,165	22,557		(1,870,014)
Depreciation (unallocated)	77,385				(77,385)
Long-term debt interest and fees	13,510				(13,510)
Total governmental activities	\$ 16,477,206	\$ 1,958,430	\$ 6,810,602	\$ 279,548	(7,428,626)
GENERAL REVENUES					
Property taxes levied for general purposes					8,532,302
Penalty and interest on property taxes					60,265
State tax credits					615,663
Local option sales tax					1,309,214
Franchise tax					138,250
Rents					66,095
Unrestricted investment earnings					70,455
Gain on sale of capital assets					20,241
Miscellaneous					141,359
Total general revenues					10,953,844
Change in net position					3,525,218
NET POSITION, beginning of year					38,864,721
NET POSITION, end of year					\$ 42,389,939

See Notes to Financial Statements.

CLAYTON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	Mental Health	Rural Services	Secondary Roads	American Rescue Plan Act		
ASSETS							
Cash and pooled investments	\$ 4,380,381	\$ 38,506	\$ 1,413,172	\$ 7,065,787	\$ 1,704,344	\$ 181,322	\$ 14,783,512
Receivables:							
Property tax:							
Delinquent	46,520	2,780	14,364			689	64,353
Succeeding year	6,127,334	366,205	2,399,021			91,161	8,983,721
Interest and penalty on property taxes	14,539						14,539
Accounts	24,214		950	1,816			26,980
Due from other funds	23,376						23,376
Due from other governments	95,109	1,574	21,321	350,806			468,810
Prepaid expenditures	155,714						155,714
Inventories			9,829	467,922			477,751
Total assets	<u>\$ 10,867,187</u>	<u>\$ 409,065</u>	<u>\$ 3,858,657</u>	<u>\$ 7,886,331</u>	<u>\$ 1,704,344</u>	<u>\$ 273,172</u>	<u>\$ 24,998,756</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 96,608		\$ 11,542	\$ 193,775			\$ 301,925
Salaries and benefits payable	36,597		1,240	33,292			71,129
Due to other funds			13,135			\$ 10,241	23,376
Due to other governments	25,890		5,816				31,706
Total liabilities	<u>159,095</u>	<u>\$ -</u>	<u>31,733</u>	<u>227,067</u>	<u>\$ -</u>	<u>10,241</u>	<u>428,136</u>
Deferred inflows of resources:							
Unavailable revenues:							
Succeeding year property tax	6,127,334	366,205	2,399,021			91,161	8,983,721
Other	121,526	2,778	14,364	267,865	1,675,079	689	2,082,301
Total deferred inflows of resources	<u>6,248,860</u>	<u>368,983</u>	<u>2,413,385</u>	<u>267,865</u>	<u>1,675,079</u>	<u>91,850</u>	<u>11,066,022</u>
Fund balances:							
Nonspendable	155,714		9,829	467,922			633,465
Restricted	251,608	40,082	1,403,710	6,923,477	29,265	181,322	8,829,464
Unassigned (deficit)	4,051,910					(10,241)	4,041,669
Total fund balances	<u>4,459,232</u>	<u>40,082</u>	<u>1,413,539</u>	<u>7,391,399</u>	<u>29,265</u>	<u>171,081</u>	<u>13,504,598</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,867,187</u>	<u>\$ 409,065</u>	<u>\$ 3,858,657</u>	<u>\$ 7,886,331</u>	<u>\$ 1,704,344</u>	<u>\$ 273,172</u>	<u>\$ 24,998,756</u>

See Notes to Financial Statements.

CLAYTON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

Reconciliation of governmental fund balances to net position:		
Total governmental fund balances	\$	13,504,598
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 as assets in the governmental funds, net of accumulated depreciation of: \$23,130,811.		32,299,547
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.		407,223
The internal service fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		502,031
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 1,188,759	
Deferred inflows of resources	<u>(328,059)</u>	860,700
Long-term liabilities, including bonds payable and accrued interest, leases payable, compensated absences payable, net pension liability, total OPEB liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds:		
Bonds payable	(559,000)	
Compensated absences	(528,481)	
Net pension liability	(3,639,857)	
Total OPEB liability	(454,982)	
Accrued interest	<u>(1,840)</u>	<u>(5,184,160)</u>
Net position of governmental activities per Exhibit A	\$	<u><u>42,389,939</u></u>

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

	Special Revenue Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	Mental Health	Rural Services	Secondary Roads	American Rescue Plan Act		
REVENUES							
Property and other County taxes	\$ 5,602,138	\$ 496,047	\$ 2,323,881			\$ 85,482	\$ 8,507,548
Local option sales tax			196,382	\$ 1,112,832			1,309,214
Interest and penalty on property taxes	60,265						60,265
Intergovernmental	1,573,810	44,953	163,944	5,889,853	\$ 29,265	21,563	7,723,388
Licenses and permits	19,579		21,805	19,675			61,059
Charges for service	573,800		13,229			4,832	591,861
Use of money and property	145,834		5,458	51		5,255	156,598
Miscellaneous	567,687			39,346			607,033
Total revenues	8,543,113	541,000	2,724,699	7,061,757	29,265	117,132	19,016,966
EXPENDITURES							
Current:							
Public safety and legal services	3,164,214						3,164,214
Physical health and social services	411,235		135,411				546,646
Mental health		532,538					532,538
County environment and education	743,828		536,474	2,811			1,283,113
Roads and transportation				6,148,264			6,148,264
Governmental services to residents	661,898		6,454			6,600	674,952
Administration	1,672,855						1,672,855
Debt service	895					88,800	89,695
Capital projects	1,036,930			352,369		10,216	1,399,515
Total expenditures	7,691,855	532,538	678,339	6,503,444	-	105,616	15,511,792
EXCESS OF REVENUES OVER EXPENDITURES	851,258	8,462	2,046,360	558,313	29,265	11,516	3,505,174
OTHER FINANCING SOURCES (USES)							
Transfers in				2,000,000			2,000,000
Proceeds from disposal of capital assets	7,161			43,760			50,921
Transfers out			(2,000,000)				(2,000,000)
	7,161	-	(2,000,000)	2,043,760	-	-	50,921
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	858,419	8,462	46,360	2,602,073	29,265	11,516	3,556,095
FUND BALANCES, beginning of year	3,600,813	31,620	1,367,179	4,789,326	-	159,565	9,948,503
FUND BALANCES, end of year	\$ 4,459,232	\$ 40,082	\$ 1,413,539	\$ 7,391,399	\$ 29,265	\$ 171,081	\$ 13,504,598

See Notes to Financial Statements.

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

Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities:		
Net change in fund balances - total governmental funds	\$	3,556,095
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the current year, as follows:		
Depreciation	\$ (2,079,969)	
Capital outlays	2,430,726	350,757
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	(136,818)	
Other	(90,432)	(227,250)
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.		
		127,984
The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the statement of net position.		
		547,355
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
		2,290
The internal service fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the internal service fund is reported with governmental activities.		
		(110,281)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Pension expense		(701,788)
OPEB expense		(22,837)
Compensated absences		2,893
Change in net position of governmental activities per Exhibit B	\$	3,525,218

CLAYTON COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2021

	ASSETS	Internal Service- Employee Group Health Insurance
Cash and pooled investments		\$ 502,031
Total assets		<u>\$ 502,031</u>
	LIABILITIES AND NET POSITION	
LIABILITIES		<u>\$ -</u>
NET POSITION		
Restricted for employee health		<u>502,031</u>
Total liabilities and net position		<u>\$ 502,031</u>

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

	<u>Internal Service- Employee Group Health Insurance</u>
OPERATING REVENUES	
Charges for service	\$ 1,191,426
OPERATING EXPENSES	
Insurance claims paid	1,287,765
Administrative fees	<u>14,983</u>
Total operating expenses	<u>1,302,748</u>
Operating loss	<u>(111,322)</u>
NONOPERATING REVENUES	
Interest income	<u>1,041</u>
Change in net position	(110,281)
NET POSITION, beginning of year	<u>612,312</u>
NET POSITION, end of year	<u><u>\$ 502,031</u></u>

CLAYTON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2021

	<u>Internal Service- Employee Group Health Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund services provided	\$ 1,191,426
Cash paid to suppliers for services	<u>(1,302,748)</u>
Net cash used in operating activities	<u>(111,322)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>1,041</u>
Net decrease in cash and cash equivalents	(110,281)
CASH and CASH EQUIVALENTS, beginning of year	<u>612,312</u>
CASH and CASH EQUIVALENTS, end of year	<u><u>\$ 502,031</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	<u>\$ (111,322)</u>
Net cash used in operating activities	<u><u>\$ (111,322)</u></u>

CLAYTON COUNTY
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2021

ASSETS

Cash and pooled investments:	
County Treasurer	\$ 1,497,727
Other County officials	24,792
Receivables:	
Property tax:	
Delinquent	185,000
Succeeding year	21,310,925
Accounts	59,892
Due from other governments	108,769
Prepaid insurance	1,508
	23,188,613
Total assets	23,188,613

LIABILITIES

Accounts payable	75,924
Salaries and benefits payable	3,776
Due to other governments	916,610
Trusts payable	4,299
Deferred revenue	24,664
	1,025,273
Total liabilities	1,025,273

DEFERRED INFLOWS OF RESOURCES

Unavailable property tax revenue	21,310,925
	21,310,925

NET POSITION

Restricted for individuals, organizations and other governments	\$ 852,415
	852,415

CLAYTON COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2021

ADDITIONS	
Property and other County taxes	\$ 21,350,485
State tax credits	1,943,451
Intergovernmental	233,523
Office fees and collections	668,159
Auto license, use tax and postage	7,308,338
911 telephone surcharges	77,237
Assessments	35,339
Trusts	71,307
Interest on investments	535
Miscellaneous	86,418
	<hr/>
Total additions	31,774,792
	<hr/>
DEDUCTIONS	
Agency remittances:	
To other funds	611,320
To other governments	30,864,133
Trusts paid out	78,656
Miscellaneous	267,812
	<hr/>
Total deductions	31,821,921
	<hr/>
Changes in net position	(47,129)
 NET POSITION, beginning of year, as restated	 <hr/> 899,544
 NET POSITION, end of year	 <hr/> <hr/> \$ 852,415

CLAYTON COUNTY

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

Clayton County (the 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.

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, Clayton County has included all funds, organizations, account groups, 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; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature or significance of their relationship with the County should be included in the financial statements as component units. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Clayton County Assessor's Conference Board, Clayton County Disaster Services Board, Clayton County Planning and Zoning Committee and the Clayton 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. The County Board of Supervisors also appoints a representative to the Winneshiek County Area Solid Waste Agency Board.

Government-wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the County. 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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

Separate financial statements are provided for governmental, proprietary, 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 internal service fund is presented in a single column on the face of the proprietary fund statements.

The major funds of the financial reporting entity are described below:

Governmental

General Fund

The general fund accounts for all the financial resources of the County, except for those required to be accounted for by other funds. The revenues of the general fund are primarily derived from general property taxes, charges for services, licenses and permits, and certain revenues from state and federal sources. The expenditures of the general fund primarily relate to general administration of public safety and legal services, physical health and social services, county environment and education, governmental services to residents and administration.

Special Revenue Funds

The special revenue funds are used to account for revenues derived from specific sources which are restricted or committed for expenditure for specified purposes other than debt service or capital projects. The major funds in this category are mental health, rural services, secondary roads, and the American Rescue Plan Act.

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 American Rescue Plan Act fund is used to account for the additional expenses used to digitize documents.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Additionally, the County reports the following funds:

Proprietary Fund

Internal Service 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 Fund

Custodial Funds

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 other funds and employees for health insurance. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

Cash and Pooled Investments

The County Treasurer maintains one primary demand deposit account through which the majority of the County's cash resources are processed.

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. All of the investments carried in the financial statements which consist of bank time deposits and bank certificates of deposit, are stated at cost. Cost approximates market value for investments at June 30, 2021.

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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

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

Property Tax Receivable

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

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

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

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.

Local Option Sales Tax

Local option sales tax revenue is allocated 85% to secondary roads and 15% to rural services special revenue funds. The County deposits gaming tax revenues in the general fund.

Grants

Federal and state grants, primarily capital grants, are recorded as revenue when the expenditures for the purpose of the grant have been incurred. Substantially all other shared revenues are recorded during the period when received from the collecting authority, the State of Iowa.

Due from and Due to Other Funds

During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2021, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. The interfund transactions have been eliminated on the government-wide statements.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

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

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 in the special revenue funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.

Prepaid Expenditures

Payments made for insurance for a future period beyond June 30, 2021 are recorded as prepaid expenditures. The fund balances in the governmental fund types have been reserved for the prepaid expenditures recorded in those funds. This reflects the amount of net position not currently available for expenditure.

Capital Assets

Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide statement of net position. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land, buildings and improvements	\$ 25,000
Equipment and vehicles	5,000
Infrastructure, road networks	50,000
Intangibles	25,000

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

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

Capital Assets (Continued)

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives in (Years)
Buildings and improvements	25 - 50
Land improvements	10 - 50
Equipment	3 - 20
Vehicles	5 - 15
Infrastructure, road networks	10 - 65
Intangibles	5 - 20

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB 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 receive vacation leave at the following rates:

Years of Service	Vacation Days Earned Per Month
After 1	.42
2 - 7	.83
8 - 16	1.25
17*	1.67
*Secondary roads employees only	

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

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

Compensated Absences (Continued)

County employees may accumulate up to 20 days' vacation and carryover up to five days each year. Sick leave accrues at the rate of two days per month and employees may accumulate up to 90 days sick leave. These accumulations are not recognized as expenditures by the County until used. The County's policy generally prohibits payoff of accumulated sick leave at termination of employment, except if the employee retires after age 62 and with at least 8 years of continuous service, 30% is paid. Consequently, no liability for accumulated sick leave at June 30, 2021 has been determined or presented since management has determined it to be immaterial. Also, after 90 days of sick leave has been accumulated, sick leave may be converted to a maximum of five vacation days on a sliding scale. A liability for accrued vacation pay is recorded when incurred in the government-wide and fiduciary fund financial statements. The County's approximate maximum liability for accrued vacation pay at June 30, 2021 is \$528,481. The compensated absences liability attributable to the governmental activities will be paid primarily by the general fund, and the mental health, rural services, and secondary roads special revenue funds.

In accordance with the Code of Iowa Chapter 509A.13, the County provides post-employment health care benefits. Employees retiring before attaining sixty-five years of age may continue participation in the plan at their own expense until the employee attains age sixty-five.

Unearned Revenues

Governmental funds defer revenue recognition in connection with resources that have been received, but not earned. Unearned revenues consist primarily of grant money received and not spent.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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 mental health, rural services, and secondary roads special revenue funds.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

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

Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the 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 mental health, rural services, and secondary roads special revenue 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 delinquent 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 receivables that will not be recognized until the year for which they are levied, unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

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.

Unassigned - all amounts not included in the preceding classifications.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

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

Net Position

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 the outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position consists of net position with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net position is used first when an expense is incurred for purposes for both restricted and unrestricted net position.

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.

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 in any function. Disbursements in no departments exceeded the amounts appropriated.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash 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.

NOTES TO FINANCIAL STATEMENTS

2. Cash and Pooled Investments (Continued)

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

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.

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2021:

Governmental:

General fund:

FEMA	\$	22,699
Lead poisoning		1,210
DHS administration		7,225
Step Grant		3,195
Public Health Nursing Grant		14,974
Immunizations Grant		1,896
Cares Act		4,302
Substance Abuse Grant		1,744
Motor Mill Trail		37,704
Other		160
		95,109

Special revenue fund:

Mental health fund:

County Social Services reimbursement		1,574
		1,574

Rural services fund:

Well testing		3,387
Landfill Grant		3,297
Local option sales tax		14,637
		21,321

Secondary roads fund:

Local option sales tax		82,941
FEMA reimbursement		267,865
		350,806

		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="width: 5%; text-align: center;">\$</td> <td style="width: 15%; text-align: right; border-top: 3px double black;">468,810</td> </tr> </table>		\$	468,810
	\$	468,810			

NOTES TO FINANCIAL STATEMENTS

4. **Capital Assets**

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

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities:				
Land	\$ 855,846			\$ 855,846
Construction in progress	129,410	\$ 905,850	\$ 30,680	1,004,580
Total capital assets not being depreciated	985,256	905,850	30,680	1,860,426
Capital assets being depreciated:				
Buildings and improvements	10,023,277	47,673		10,070,950
Equipment and vehicles	12,029,250	958,257	159,819	12,827,688
Infrastructure, road networks	30,121,668	549,626		30,671,294
Total capital assets being depreciated	52,174,195	1,555,556	159,819	53,569,932
Less accumulated depreciation:				
Building and improvements	4,185,896	290,110		4,476,006
Equipment and vehicles	7,660,798	867,092	159,819	8,368,071
Infrastructure, road networks	9,363,967	922,767		10,286,734
Total accumulated depreciation	21,210,661	2,079,969	159,819	23,130,811
Total capital assets being depreciated, net	30,963,534	(524,413)	-	30,439,121
Governmental activities:				
Capital assets, net	\$ 31,948,790	\$ 381,437	\$ 30,680	\$ 32,299,547

For the year ended June 30, 2021, depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
Public safety and legal services	\$ 234,341
County environment and education	42,050
Roads and transportation	1,624,999
Administration	101,194
Depreciation (unallocated)	77,385
Total	\$ 2,079,969

NOTES TO FINANCIAL STATEMENTS

5. Due to/from Other Funds

As of June 30, 2021, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 23,376	
Rural services		\$ 13,135
Nonmajor governmental funds		10,241
	\$ 23,376	\$ 23,376
Total	\$ 23,376	\$ 23,376

These balances result from the County paying for legal costs for a TIF project which did not occur. The TIF project is collecting property taxes to pay for the costs and to reimburse the general fund.

6. Due to Other Governments

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

Fund	Description	Amount
Governmental:		
General fund	Services	\$ 25,890
Special revenue funds:		
Rural services	Services	5,816
Total governmental funds		\$ 31,706
Fiduciary fund:		
Custodial funds:		
Schools	Collections	\$ 162,872
Community colleges		11,938
Corporations		35,412
Townships		7,086
Auto license and use tax		631,862
Agricultural Extension Education		3,035
County offices		20,493
Other		43,912
Total custodial funds		\$ 916,610

NOTES TO FINANCIAL STATEMENTS

7. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Balance June 30, 2020	Issued	(Paid)	Balance June 30, 2021	Amounts Due Within One Year
Governmental activities:					
General Obligation Bonds:					
Sewer improvement	\$ 132,000		\$ (13,000)	\$ 119,000	\$ 13,000
County building improvement	500,000		(60,000)	440,000	65,000
Total bonds	632,000	\$ -	(73,000)	559,000	78,000
Other liabilities:					
Leases payable	54,984		(54,984)	-	-
Compensated absences	531,373	528,481	(531,373)	528,481	528,481
	586,357	528,481	(586,357)	528,481	528,481
Governmental activities:					
Long-term liabilities	\$ 1,218,357	\$ 528,481	\$ (659,357)	\$ 1,087,481	\$ 606,481

General Obligation Bonds

On May 13, 2010, the County approved the issuance of General Obligation Sewer Improvement Bonds in an amount not to exceed \$327,000. As of June 30, 2013, an amount of \$247,307 had been issued. The proceeds of these bonds were used to finance construction improvements to certain sanitary sewer treatment facilities for the County Jail and the County Care Center. The issue of bonds bears interest of 3.0% and matures from June 2021 to June 2026.

On February 1, 2012, the County issued \$895,000 of General Obligation County Building Improvement Bonds. The proceeds of these bonds were used to renovate the County office building. The issue of bonds bears interest of 2.15% and matures from June 2021 to June 2029.

A summary of the principal and interest maturities by type of debt is as follows:

Year Ending June 30,	Governmental Activities	
	General Obligation Bonds	
	Principal	Interest
2022	\$ 78,000	\$ 14,938
2023	84,000	13,085
2024	84,000	11,090
2025	90,000	8,850
2026	95,000	6,450
2027 - 2028	128,000	5,220
Total	\$ 559,000	\$ 59,633

NOTES TO FINANCIAL STATEMENTS

7. **Long-term Debt Obligations (Continued)**

At June 30, 2021, the debt issued by the County did not exceed its legal debt margin compiled as follows:

Total assessed valuation	\$1,777,431,718
Debt limit - 5% of total assessed valuation	\$ 88,871,586
Debt applicable to debt limit:	
General obligation bonded debt outstanding	(559,000)
Legal debt margin	\$ 88,312,586

8. **Pension Plan**

Plan Description

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

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.

8. Pension Plan (Continued)

Pension Benefits (Continued)

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

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

Disability and Death Benefits

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

Contributions

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

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

The County's contributions to IPERS for the year ended June 30, 2021 totaled \$547,355.

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 \$3,639,857 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 collective proportion was 0.05181%, which was an increase of .00794% from its collective proportion measured as of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

8. **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 \$701,788. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Total of all Groups	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,648	\$ 96,136
Changes of assumptions	253,269	87,091
Net difference between projected and actual earnings on IPERS' investments	311,003	
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	36,742	57,522
County contributions subsequent to the measurement date	547,355	
Total	\$ 1,167,017	\$ 240,749

\$547,355 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	\$ 40,423
2023	71,368
2024	97,325
2025	174,585
2026	(4,788)
Total	\$ 378,913

There were no non-employer contributing entities to IPERS.

NOTES TO FINANCIAL STATEMENTS

8. Pension Plan (Continued)

Actuarial Assumptions

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

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	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100.0%	

8. Pension Plan (Continued)

Discount Rate

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 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	\$ 7,095,413	\$ 3,639,857	\$ 743,237

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

At June 30, 2021, the County had no payables to report for the defined benefit pension plan for legally required County contributions and legally required employee contributions, which had been withheld from employee wages but not yet remitted to IPERS.

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

NOTES TO FINANCIAL STATEMENTS

9. Other Postemployment Benefits (OPEB) (Continued)

OPEB Benefits (Continued)

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	2
Active employees	<u>110</u>
Total	<u>112</u>

Total OPEB Liability

The County's total OPEB liability of \$454,982 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020 with results actuarially projected on a "no gain/no loss" basis to get to the June 30, 2021 measurement date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2021)	2.60% per annum.
Rates of salary increase (effective June 30, 2021)	3.25% per annum, plus the salary merit increase tables of the IPERS actuarial valuation.
Discount rate (effective June 30, 2021)	2.19% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2021)	7.50% initial rate decreasing by .50% annually to an ultimate rate of 4.50%.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.19% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date. Mortality rates are as follows:

General	SOA Pub-2010 General Headcount Weighted Mortality table fully generational using Scale MP-2019.
Sheriffs and protective	SOA Pub-2010 Public Safety Headcount Weighted Mortality table fully generational using Scale MP-2019.
Surviving spouse	SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality table fully generational using Scale MP-2019.

NOTES TO FINANCIAL STATEMENTS

9. Other Postemployment Benefits (OPEB) (Continued)

Discount Rate (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 426,923
Changes for the year:	
Service cost	45,148
Interest cost	12,231
Changes in assumptions	9,766
Difference between expected and actual experiences	(14,437)
Benefit payments	(24,649)
Net change	28,059
Total OPEB liability end of year	\$ 454,982

Changes of assumptions reflect a change in the discount rate from 2.66% in fiscal year 2020 to 2.19% in fiscal year 2021.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.19%) or 1% higher (3.19%) than the current discount rate.

	1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
Total OPEB liability	\$ 475,345	\$ 454,982	\$ 434,118

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 (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rates.

	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total OPEB liability	\$ 401,777	\$ 454,982	\$ 518,516

NOTES TO FINANCIAL STATEMENTS

9. Other Postemployment Benefits (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the County recognized OPEB expense of \$22,837. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,742	
Changes in assumptions		\$ 87,310
Total	\$ 21,742	\$ 87,310

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

Year Ending June 30,	Amount
2022	\$ (9,893)
2023	(9,893)
2024	(9,893)
2025	(9,893)
2026	(9,887)
Thereafter	(16,109)
Total	\$ (65,568)

10. Cafeteria Plan

The County sponsors a Section 125 cafeteria plan. The benefits available under the plan are health insurance and day care. Participants may elect salary reduction to cover family health insurance, non-covered medical and dental expenses, and day care. There were 19 participants in the plan for the plan year ended December 31, 2020.

11. Risk Management

Clayton County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (pool) is a local government risk-sharing pool whose 785 members include various governmental entities throughout the State of Iowa. The pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

11. Risk Management (Continued)

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

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

The County's property and casualty contributions to the pool are recorded as expenditures from its operating funds at the time of payment to the pool. The County's contributions to the pool for the year ended June 30, 2021 were \$234,397.

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

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2021, no liability has been recorded in the County's financial statements. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 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

12. Employee Health Insurance Plan

The County uses a partially self-funded health insurance plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Parker, Smith & Feek. The agreement is subject to automatic renewal provisions. Monthly payments of services fees and plan contributions to the Clayton County health self-funding fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid by Employee Benefit System (EBS) from the Clayton County health insurance fund. The County records the plan assets and related liabilities of the Clayton County health insurance funding as an internal service fund. The County's contribution to the fund for the year ended June 30, 2021 was \$1,191,426.

The plan allows the County lower monthly premiums for coverage in exchange for the potential of claims actually filed. If all the covered individuals submitted the maximum claim to be paid by the County, the total would be \$711,573. As of June 30, 2021, \$1,287,765 in claims had been paid. As of June 30, 2021, the County had a balance of \$502,031 in their self-funded cash account maintained by EBS to pay for claims.

13. Interfund Transfers

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

	Transfers In	Transfers Out
Special revenue funds:		
Rural services		\$ 2,000,000
Secondary roads	\$ 2,000,000	
Total	\$ 2,000,000	\$ 2,000,000

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

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.

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, \$1,860 of property tax was diverted from the County under the County's urban renewal development agreement.

14. Tax Abatements (Continued)

Tax Abatements of Other Entities

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

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Edgewood	Urban renewal and economic development projects	\$ 2,037
City of Elkader	Urban renewal and economic development projects	16,856
City of Luana	Urban renewal and economic development projects	8,190
City of McGregor	Urban renewal and economic development projects	1,117
City of Monona	Urban renewal and economic development projects	26,799

15. Construction, Purchase and Other Commitments

The total outstanding construction and purchase commitments of the County at June 30, 2021 amounted to \$1,032,551 and commitments to be reimbursed is \$0.

The Board of Supervisors have agreed to provide Scenic Acres financial support for the period July 1, 2020 through June 30, 2021. Financial support for the year ended June 30, 2021 totaled \$47,975. The County has committed to providing \$49,000 of support for the fiscal year ending June 30, 2022.

The County has entered into a tax increment financing (TIF) arrangement with the River Bluff Urban Renewal Area and requires quarterly payments of 50% of the hotel/motel tax collected by the County to River Bluff. Property tax revenues from property valuation increases in the TIF area will be used to retire a \$20,000,000 Revenue Bond to be issued by the County. The County has approved vacating the property.

16. Contingent Liabilities

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by granting authorities, but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

The County has certain contingent liabilities resulting from litigation and claims incident to the ordinary course of business. Management believes that the probable resolution of such contingencies will not materially affect the financial position or results of operations of the County.

17. Leases

As of June 30, 2021, Clayton County was renting various County owned properties to other parties under operating leases. The leases vary in term but are typically short-term in nature.

NOTES TO FINANCIAL STATEMENTS

18. Fund Balance

The government-wide statement of net position reports \$10,614,347 of restricted net position, of which \$10,468,633 is restricted by enabling legislation. The amounts restricted at June 30, 2021 are as follows:

Restricted net position:		
General fund:		
Forfeiture	\$ 6,708	
Conservation	149,006	\$ 155,714
Special revenue funds:		
American Rescue Plan Act	1,704,344	
Mental health	42,860	
Rural services	1,427,903	
Secondary roads	7,103,355	10,278,462
Nonmajor governmental funds		180,171
Total restricted net position		\$ 10,614,347

The governmental fund balances as of June 30, 2021 are as follows:

Nonspendable:		
General fund	\$ 155,714	
Special revenue funds:		
Rural services	9,829	
Secondary roads	467,922	
	477,751	
Total nonspendable	\$ 633,465	
Restricted:		
General fund	\$ 251,608	
Special revenue funds:		
Mental health	40,082	
Rural services	1,403,710	
Secondary roads	6,923,477	
American Rescue Plan Act	29,265	
REAP Grant	97,453	
Recorder's records management	5,338	
Debt service	73,531	
Total restricted	\$ 8,824,464	

NOTES TO FINANCIAL STATEMENTS

19. **Joint Venture**

The County is a participant in the Winneshiek County Area Solid Waste Agency (Agency). The County has agreed to guarantee revenue to the Agency from County residents. The guarantee equals base year usage by County residents as a percentage of all base year usage sufficient to fund \$2,000,000 of bonded indebtedness amortized over 12 years. The guarantee was in effect until 2003. The County also guarantees revenue to cover expenses incurred to close the landfill and any other expenses incurred after closure. The County appoints a member to the Agency Board and is guaranteed access to the landfill so long as it is a member. The Agency Board sets tonnage fee rates, which are charged to contracted haulers who are responsible for garbage collection and billing and collecting from local residents. Audited financial statements of Winneshiek County Area Solid Waste Agency are available at the Agency's office located at 2000 140th Avenue, Decorah, IA 52101.

20. **Fund Balance Deficit**

The TIF fund has a deficit balance due to the Highland Bluff project never taking place.

As of June 30, 2021, the tax increment financing nonmajor special revenue fund has a deficit balance.

21. **Clayton County Financial Information Included in the County Social Services Mental Health Region**

County Social Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth and Wright. The financial activity of Clayton 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 taxes	\$	496,047
Intergovernmental revenues:		
State tax credits		44,953
Total revenues		541,000
 Expenditures:		
General administration:		
Direct administration	\$	5,858
Distribution to regional fiscal agent	526,680	532,538
Total expenditures		532,538
Excess of revenues over expenditures		8,462
Fund balance, beginning of the year		31,620
Fund balance, end of the year	\$	40,082

NOTES TO FINANCIAL STATEMENTS

22. Prospective Accounting Change

The Governmental Accounting Standards Board (GASB) has issued one statement not yet implemented by the County. This statement which might impact the County is as follows:

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the fiscal year ending June 30, 2022. The Statement increases the usefulness of governments' financial statement by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

The County's management has not yet determined the effect this statement will have on the County's financial statements.

23. COVID-19

The recent COVID-19 outbreak in the United States has disrupted the County's operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Accordingly, the County expects this matter to impact its fund balance, however, the related financial impact and duration cannot be reasonably estimated at this time. The Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted March 2020 in response to the outbreak, which among other things contains numerous tax, emergency funding and other provisions. The County directly received \$1,704,344 of funding from the CARES Act during fiscal year 2021.

24. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity.

The restatement to retroactively report the change in net position, is as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>899,544</u>
Net position July 1, 2020, as restated	<u><u>\$ 899,544</u></u>

25. Subsequent Events

Management has evaluated subsequent events through March 4, 2022, the date on which the financial statements were available to be issued.

Required Supplementary Information

CLAYTON COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
June 30, 2021

	Actual/Budget Basis	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
		Original	Final	
RECEIPTS				
Property and other County taxes	\$ 9,958,133	\$ 10,335,601	\$ 10,335,601	\$ (377,468)
Interest and penalty on property taxes	62,321	28,600	28,600	33,721
Intergovernmental	9,472,251	5,757,889	6,866,389	2,605,862
Licenses and permits	41,545	37,650	37,650	3,895
Charges for service	612,065	468,085	468,085	143,980
Use of money and property	162,340	144,420	144,420	17,920
Miscellaneous	438,577	171,110	396,610	41,967
Total receipts	20,747,232	16,943,355	18,277,355	2,469,877
DISBURSEMENTS				
Public safety and legal services	3,228,012	3,446,086	3,506,086	278,074
Physical health and social services	556,508	562,560	674,560	118,052
Mental health	532,758	532,964	532,964	206
County environment and education	1,322,441	1,372,419	1,372,419	49,978
Roads and transportation	6,222,164	6,900,523	6,900,523	678,359
Governmental services to residents	688,085	714,290	758,290	70,205
Administration	1,776,961	1,922,616	1,982,616	205,655
Non-program	895	1,000	1,000	105
Debt service	89,044	90,850	90,850	1,806
Capital projects	1,503,690	1,393,008	2,513,008	1,009,318
Total disbursements	15,920,558	16,936,316	18,332,316	2,411,758
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	4,826,674	7,039	(54,961)	4,881,635
OTHER FINANCING SOURCES, NET	28,808	10,000	10,000	18,808
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	4,855,482	17,039	(44,961)	4,900,443
BALANCE, beginning of year	9,928,031	5,888,356	8,110,788	1,817,243
BALANCE, end of year	\$ 14,783,513	\$ 5,905,395	\$ 8,065,827	\$ 6,717,686

See Notes to Required Budgetary Information and Independent Auditor's Report.

CLAYTON COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGET TO GAAP RECONCILIATION
 For the Year Ended June 30, 2021

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 20,747,232	\$ (1,730,266)	\$ 19,016,966
Expenditures	15,920,558	(408,766)	15,511,792
Net	4,826,674	(1,321,500)	3,505,174
Other financing sources, net	28,808	22,113	50,921
Beginning fund balance	9,928,031	20,472	9,948,503
Ending fund balance	\$ 14,783,513	\$ (1,278,915)	\$ 13,504,598

See Notes to Required Budgetary Information and Independent Auditor's Report.

CLAYTON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year Ended June 30, 2021

The budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except 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:

1. Public safety and legal services
2. Physical health and social services
3. Mental health
4. County environment and education
5. Roads and transportation
6. Governmental services to residents
7. Administration
8. Non-program
9. Debt service
10. Capital projects

Function disbursements required to be budgeted include disbursements for the general fund, the special revenue funds, the debt service fund, and the capital projects funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,396,000. 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.

CLAYTON COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 For the Last Seven Years*
 (In Thousands)

	2021	2020	2019	2018	2017	2016	2015
County's collective proportion of the net pension liability (asset)	0.05181%	0.04387%	0.05025%	0.05503%	0.05376%	0.04991%	0.04624%
County's collective proportionate share of the net pension liability (asset)	\$ 3,640	\$ 2,819	\$ 3,180	\$ 3,666	\$ 3,384	\$ 2,466	\$ 1,834
County's covered payroll	\$ 5,039	\$ 5,337	\$ 5,169	\$ 5,205	\$ 4,899	\$ 4,786	\$ 4,749
County's collective proportionate share of the net pension liability as a percentage of its covered payroll	72.24%	52.82%	61.52%	70.43%	69.08%	51.53%	38.62%
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.

CLAYTON COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF COUNTY CONTRIBUTIONS
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 For the Last Ten Years
 (In Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 547	\$ 526	\$ 495	\$ 480	\$ 477	\$ 450	\$ 442	\$ 439	\$ 412	\$ 386
Contributions in relation to the statutorily required contribution	(547)	(526)	(495)	(480)	(477)	(450)	(442)	(439)	(412)	(386)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 5,203	\$ 5,039	\$ 5,337	\$ 5,169	\$ 5,205	\$ 4,899	\$ 4,786	\$ 4,749	\$ 4,537	\$ 4,481
Contributions as a percentage of covered payroll	10.51%	10.44%	9.27%	9.29%	9.16%	9.19%	9.24%	9.24%	9.08%	8.61%

See Notes to Required Pension Liability Information and Independent Auditor's Report.

CLAYTON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
Year Ended June 30, 2021

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

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

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

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

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

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages 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.

CLAYTON COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
For the Last Four Years

	2021	2020	2019	2018
Service cost	\$ 45,148	\$ 41,601	\$ 40,989	\$ 37,670
Interest cost	12,231	16,632	18,553	16,115
Difference between expected and actual experiences	(14,437)	(41,399)	(34,918)	23,313
Changes in assumptions	9,766	(5,237)	-	(26,583)
Benefit payments	(24,649)	(33,525)	(28,100)	(21,124)
Net change in total OPEB liability	28,059	(21,928)	(3,476)	29,391
Total OPEB liability beginning of year	426,923	448,851	452,327	422,936
Total OPEB liability end of year	<u>\$ 454,982</u>	<u>\$ 426,923</u>	<u>\$ 448,851</u>	<u>\$ 452,327</u>
Covered-employee payroll	\$5,886,650	\$5,630,180	\$5,557,173	\$5,347,467
Total OPEB liability as a percentage of covered-employee payroll	7.73%	7.58%	8.08%	8.46%

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

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

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

Year Ended June 30, 2021	2.19%
Year Ended June 30, 2020	2.66%
Year Ended June 30, 2019	3.51%
Year Ended June 30, 2018	3.87%
Year Ended June 30, 2017	3.58%

See Independent Auditor's Report.

Other Supplementary Information

CLAYTON COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2021

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and pooled investments	\$ 107,791	\$ 73,531	\$ 181,322
Receivables:			
Property tax:			
Delinquent		689	689
Succeeding year		91,161	91,161
Total assets	<u>\$ 107,791</u>	<u>\$ 165,381</u>	<u>\$ 273,172</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Due to other funds	<u>\$ 10,241</u>		<u>\$ 10,241</u>
Total liabilities	<u>10,241</u>	<u>\$ -</u>	<u>10,241</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax		91,161	91,161
Other		689	689
Total deferred inflows of resources	<u>-</u>	<u>91,850</u>	<u>91,850</u>
Fund balances:			
Restricted	107,791	73,531	181,322
Unassigned (deficit)	<u>(10,241)</u>		<u>(10,241)</u>
Total fund balances	<u>97,550</u>	<u>73,531</u>	<u>171,081</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 107,791</u>	<u>\$ 165,381</u>	<u>\$ 273,172</u>

CLAYTON COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2021

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Property and other County taxes		\$ 85,482	\$ 85,482
Intergovernmental	\$ 14,801	6,762	21,563
Charges for service	4,832		4,832
Use of money and property	5,255		5,255
Total revenues	24,888	92,244	117,132
EXPENDITURES			
Current:			
Governmental services to residents	6,600		6,600
Debt service		88,800	88,800
Capital projects	10,216		10,216
Total expenditures	16,816	88,800	105,616
EXCESS OF REVENUES OVER EXPENDITURES	8,072	3,444	11,516
FUND BALANCES, beginning of year	89,478	70,087	159,565
FUND BALANCES, end of year	\$ 97,550	\$ 73,531	\$ 171,081

CLAYTON COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2021

	REAP Grant	Recorder's Records Management	Tax Increment Financing	Citizen Convenience Center	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and pooled investments	\$ 97,453	\$ 5,338		\$ 5,000	\$ 107,791
Total assets	<u>\$ 97,453</u>	<u>\$ 5,338</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 107,791</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds			\$ 10,241		\$ 10,241
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>10,241</u>	<u>\$ -</u>	<u>10,241</u>
Fund balances:					
Restricted	97,453	5,338		5,000	107,791
Unassigned (deficit)			(10,241)		(10,241)
Total fund balances (deficit)	<u>97,453</u>	<u>5,338</u>	<u>(10,241)</u>	<u>5,000</u>	<u>97,550</u>
Total liabilities and fund balances	<u>\$ 97,453</u>	<u>\$ 5,338</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 107,791</u>

See Independent Auditor's Report.

CLAYTON COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2021

	REAP Grant	Recorder's Records Management	Tax Increment Financing	Citizen Convenience Center	Total Nonmajor Special Revenue Funds
REVENUES					
Intergovernmental	\$ 11,574		\$ 3,227		\$ 14,801
Charges for service		\$ 4,832			4,832
Use of money and property	241	14		\$ 5,000	5,255
Total revenues	11,815	4,846	3,227	5,000	24,888
EXPENDITURES					
Current:					
Governmental services to residents		6,600			6,600
Capital projects	10,216				10,216
Total expenditures	10,216	6,600	-	-	16,816
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,599	(1,754)	3,227	5,000	8,072
FUND BALANCES, beginning of year (deficit)	95,854	7,092	(13,468)	-	89,478
FUND BALANCES, end of year (deficit)	\$ 97,453	\$ 5,338	\$ (10,241)	\$ 5,000	\$ 97,550

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

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
ASSETS										
Cash and pooled investments:										
County Treasurer		\$ 3,035	\$ 292,925	\$ 162,872	\$ 11,938	\$ 35,412	\$ 7,086	\$ 631,862	\$ 352,597	\$ 1,497,727
Other County officials	\$ 24,792									24,792
Receivables:										
Property tax:										
Delinquent		2,063	3,425	113,865	7,890	54,505	3,230		22	185,000
Succeeding year		261,684	434,335	14,255,022	1,027,463	4,694,410	635,099		2,912	21,310,925
Accounts									59,892	59,892
Due from other governments									108,769	108,769
Prepaid insurance									1,508	1,508
Total assets	24,792	266,782	730,685	14,531,759	1,047,291	4,784,327	645,415	631,862	525,700	23,188,613
LIABILITIES										
Accounts payable			29,252						46,672	75,924
Salaries and benefits payable			2,749						1,027	3,776
Due to other governments	20,493	3,035		162,872	11,938	35,412	7,086	631,862	43,912	916,610
Trusts payable	4,299									4,299
Deferred revenue									24,664	24,664
Total liabilities	24,792	3,035	32,001	162,872	11,938	35,412	7,086	631,862	116,275	1,025,273
DEFERRED INFLOWS OF RESOURCES										
Unavailable property tax revenue	-	261,684	434,335	14,255,022	1,027,463	4,694,410	635,099	-	2,912	21,310,925
NET POSITION										
Restricted for individuals, organizations and other governments	\$ -	\$ 2,063	\$ 264,349	\$ 113,865	\$ 7,890	\$ 54,505	\$ 3,230	\$ -	\$ 406,513	\$ 852,415

See Independent Auditor's Report.

CLAYTON COUNTY
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 For the Year Ended June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
ADDITIONS										
Property and other County taxes		\$ 248,438	\$ 429,002	\$ 13,388,215	\$ 987,611	\$ 5,686,078	\$ 528,432		\$ 82,709	\$ 21,350,485
State tax credits		19,347	33,217	1,054,535	77,108	725,577	29,690		3,977	1,943,451
Intergovernmental									233,523	233,523
Office fees and collections	\$ 662,222								5,937	668,159
Auto license, use tax and postage								\$ 7,308,338		7,308,338
911 telephone surcharges									77,237	77,237
Assessments									35,339	35,339
Trusts	71,307									71,307
Interest on investments									535	535
Miscellaneous			240						86,178	86,418
Total additions	733,529	267,785	462,459	14,442,750	1,064,719	6,411,655	558,122	7,308,338	525,435	31,774,792
DEDUCTIONS										
Agency remittances:										
To other funds	382,478							228,842		611,320
To other governments	272,395		476,698	14,442,714	1,066,079	6,413,430	558,180	7,079,496	555,141	30,864,133
Trusts paid out	78,656									78,656
Miscellaneous		267,812								267,812
Total deductions	733,529	267,812	476,698	14,442,714	1,066,079	6,413,430	558,180	7,308,338	555,141	31,821,921
Changes in net position	-	(27)	(14,239)	36	(1,360)	(1,775)	(58)	-	(29,706)	(47,129)
NET POSITION										
Beginning of year, as restated	-	2,090	278,588	113,829	9,250	56,280	3,288	-	436,219	899,544
End of year	\$ -	\$ 2,063	\$ 264,349	\$ 113,865	\$ 7,890	\$ 54,505	\$ 3,230	\$ -	\$ 406,513	\$ 852,415

See Independent Auditor's Report.

CLAYTON COUNTY
 COMPARATIVE SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUNDS
 Years Ended June 30,

	Modified Accrual Basis									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUES										
Property and other County taxes	\$ 8,507,548	\$ 8,229,695	\$ 8,031,873	\$ 8,334,159	\$ 8,455,173	\$ 7,992,206	\$ 8,078,496	\$ 7,968,320	\$ 7,667,741	\$ 7,591,026
Local option sales tax	1,309,214	1,021,309	1,153,459	1,014,646	934,568	930,626	968,564	848,255	940,333	843,713
Interest and penalty on property taxes	60,265	23,351	47,220	47,388	49,002	46,261	52,012	54,683	54,955	58,305
Intergovernmental	7,723,388	6,342,520	5,983,104	6,680,146	5,798,872	5,702,586	6,195,661	5,163,301	5,265,931	6,182,022
Licenses and permits	61,059	40,295	40,921	44,380	36,767	47,523	36,638	34,951	31,161	25,076
Charges for service	591,861	586,085	547,860	499,784	459,323	461,355	463,423	463,886	510,363	493,751
Use of money and property	156,598	274,987	284,231	171,003	150,492	161,131	164,259	156,383	154,984	186,531
Miscellaneous	607,033	454,128	540,873	550,926	323,866	221,336	184,593	335,887	887,367	825,295
Total revenues	<u>\$ 19,016,966</u>	<u>\$ 16,972,370</u>	<u>\$ 16,629,541</u>	<u>\$ 17,342,432</u>	<u>\$ 16,208,063</u>	<u>\$ 15,563,024</u>	<u>\$ 16,143,646</u>	<u>\$ 15,025,666</u>	<u>\$ 15,512,835</u>	<u>\$ 16,205,719</u>
EXPENDITURES										
Current:										
Public safety and legal services	\$ 3,164,214	\$ 3,111,457	\$ 3,029,628	\$ 2,949,293	\$ 2,965,176	\$ 3,129,692	\$ 2,697,226	\$ 2,793,580	\$ 2,586,066	\$ 2,552,584
Physical health and social services	546,646	463,684	454,027	460,476	568,193	651,853	702,887	670,199	654,194	806,192
Mental health	532,538	626,293	630,192	687,020	718,816	666,398	961,953	908,673	577,284	2,642,322
County environment and education	1,283,113	1,328,571	1,240,684	1,401,521	1,322,933	1,257,552	1,234,850	1,302,344	1,284,441	1,226,235
Roads and transportation	6,148,264	6,593,834	6,888,123	7,089,760	7,001,265	5,614,536	5,489,523	7,599,968	6,636,060	5,926,244
Governmental services to residents	674,952	648,294	670,343	720,183	672,781	640,842	665,050	673,408	629,033	628,413
Administration	1,672,855	1,665,019	1,830,844	1,901,554	1,637,913	1,674,722	1,606,483	1,489,499	1,340,290	1,359,825
Non-program					536			11,259		5,198
Debt service	89,695	348,103	346,455	340,503	337,997	339,034	336,249	333,895	324,274	280,228
Capital projects	1,399,515	505,477	1,057,467	1,910,417	1,218,926	980,128	1,789,310	1,219,632	2,451,681	1,744,960
Total expenditures	<u>\$ 15,511,792</u>	<u>\$ 15,290,732</u>	<u>\$ 16,147,763</u>	<u>\$ 17,460,727</u>	<u>\$ 16,444,536</u>	<u>\$ 14,954,757</u>	<u>\$ 15,483,531</u>	<u>\$ 17,002,457</u>	<u>\$ 16,483,323</u>	<u>\$ 17,172,201</u>

See Independent Auditor's Report.

CLAYTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Part I: Summary of the Independent Auditor's Results:

1. The auditor's report expresses unmodified opinions on whether the financial statements of Clayton County were prepared in accordance with U.S. generally accepted accounting principles.
2. One significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Clayton County, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency in internal control over the major federal award programs was disclosed by the audit of the financial statements. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Clayton County expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no audit findings which are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were as follows:
 - Assistance Listing Number 21.019 Coronavirus Relief Fund
 - Assistance Listing Number 20.205 Highway Planning and Construction
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Clayton County was determined not to be a low-risk auditee.

See Independent Auditor's Report.

CLAYTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Part II: Findings Related to the Financial Statements:

Instances of noncompliance: no matters were noted.

Internal control deficiencies:

Finding 2021-001 Overlapping Duties

Condition: The County's offices are not large enough to permit an adequate segregation of duties for effective internal controls. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

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.

Cause: The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.

Effect: This deficiency results in a reasonable possibility that the County would not be able to detect misstatements that would be material in relation to the financial statements and/or federal award programs in a timely period by employees in the normal course of performing their assigned functions.

Recommendation: The County should review the operating procedures of the County offices to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. While we do recognize that the County is not large enough to permit a segregation of duties for effective internal controls, we believe it is important the Board be aware that this condition does exist.

**Views of Responsible
Officials and Planned**

Corrective Actions: Management is cognizant of this limitation and will implement additional procedures where possible.

See Independent Auditor's Report.

CLAYTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Part III: Findings and Questioned Costs for Federal Awards:

Instances of noncompliance: no matters were noted.

Internal control deficiencies:

Assistance Listing Number 21.019 Coronavirus Relief Fund
Federal Award Year: 2021
U.S. Department of Treasury
See 2021-001 above.

Assistance Listing Number 20.205 Highway Planning and Construction
Federal Award Year: 2021
U.S. Department of Transportation
See 2021-001 above.

Part IV: Other Findings Related to Required Statutory Reporting:

See management letter dated March 4, 2022.

CLAYTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Grantor/Program	Federal Assistance Listing Number	Grant Number	Program Expenditures
Direct			
U.S. Department of Interior: Payments in Lieu of Taxes	15.226		\$ <u>12,122</u>
Indirect			
U.S. Department of Agriculture: Passed through Iowa Department of Human Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	LAE Reimbursement	<u>10,393</u>
U.S. Department of Defense: Passed through Iowa Office of Treasurer: Flood Control	12.112		<u>51</u>
U.S. Department of Transportation: Passed through Iowa Department of Transportation: Highway Planning and Construction Cluster: Highway Planning and Construction	20.205	Motor Mill Trail	<u>453,761</u>
Passed through Iowa Department of Public Safety: State and Community Highway Safety	20.600	PAP 17-402-MOPT, Task 62-90-00	<u>5,760</u>
Subtotal U.S. Department of Transportation			<u>459,521</u>
U.S. Department of Treasury: Coronavirus Relief Fund	21.019	Coronavirus Relief Fund	<u>331,134</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027	American Rescue Plan	<u>29,265</u>
Subtotal U.S. Department of Treasury			<u>360,399</u>
U.S. Department of Health and Human Services: Passed through Iowa Department of Human Services: Immunization Cooperative Agreements	93.268		<u>11,714</u>
Public Health Emergency Response	93.354		<u>10,670</u>

See Independent Auditor's Report.

CLAYTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Grantor/Program	Federal Assistance Listing Number	Grant Number	Program Expenditures
Indirect (Continued)			
U.S. Department of Health and Human Services (continued):			
Passed through Iowa Department of Human Services (continued):			
Human Services Administrative Reimbursements:			
Title IV-E Prevention Program	93.472	LAE Reimbursement	\$ 532
CCDF Cluster: Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	LAE Reimbursement	2,274
Foster Care - Title IV-E	93.658	LAE Reimbursement	2,724
Adoption Assistance	93.659	LAE Reimbursement	1,335
Social Services Block Grant	93.667	LAE Reimbursement	2,483
Children's Insurance Program	93.767	LAE Reimbursement	221
Medicaid Cluster: Medical Assistance Program	93.778	LAE Reimbursement	9,025
			<u>18,594</u>
Subtotal U.S. Department of Health and Human Services			<u>40,978</u>
U.S. Department of Homeland Security:			
Passed through Iowa Department of Public Defense:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR-4483-IA	22,699
Emergency Management Performance Grants	97.042	EMPG-21-PT-96	28,425
			<u>51,124</u>
Subtotal U.S. Department of Homeland Security			<u>51,124</u>
State of Iowa			
Passed through Secretary of State:			
Election Assistance Commission	12.112		19,000
			<u>19,000</u>
Total Federal Financial Assistance			<u>\$ 953,588</u>

See Independent Auditor's Report.

CLAYTON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Basis of Presentation:

- The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Clayton County under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Clayton County, it is not intended to and does not present the financial position, changes in net position or cash flows of Clayton County.

Summary of Significant Accounting Policies:

- Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate:

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

Subrecipients:

- There were no awards passed through to subrecipients.



Hacker Nelson & Co., CPAs

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 Board of Supervisors
Clayton County
Elkader, Iowa

We have audited, in accordance with the U.S. generally accepted auditing standards 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 Clayton County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Clayton County's basic financial statements, and have issued our report thereon dated March 4, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Clayton County's Response to Finding

Clayton County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Clayton County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Hacker, Nelson & Co., P.C.

Decorah, Iowa
March 4, 2022



Hacker Nelson & Co., CPAs

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Supervisors
Clayton County
Elkader, Iowa

Report on Compliance for Each Major Federal Program

We have audited Clayton County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Clayton County's major federal programs for the year ended June 30, 2021. Clayton County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Clayton County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clayton County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Clayton County's compliance.

Opinion on Each Major Federal Program

In our opinion, Clayton County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Clayton County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clayton County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clayton County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Clayton County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Clayton County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Hacker, Nelson & Co., P.C.

Decorah, Iowa
March 4, 2022



Hacker Nelson & Co., CPAs

MANAGEMENT LETTER

To the Board of Supervisors
Clayton County
Elkader, Iowa

In planning and performing our audit of the basic financial statements of Clayton County for the year ended June 30, 2021, we considered the County's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the County's compliance with certain sections of the Iowa Code, Attorney General's Opinions, and other matters. Items 1 through 11 below are compliance comments required by the Iowa Auditor of State. A separate report dated March 4, 2022, contains our report on the County's internal control over financial reporting. This letter does not affect our report dated March 4, 2022, on the basic financial statements of Clayton County. Comment 12 is an unresolved comment from the prior year. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the County's responses and, accordingly, we express no opinion on them.

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.

1. **Certified Budget**
Disbursements for the year ended June 30, 2021 did not exceed the amounts budgeted for any function.
2. **Questionable Expenditures**
We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979.
3. **Travel Expense**
No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.
4. **Business Transactions**
We noted no business transactions between the County and County officials and/or employees for the year ended June 30, 2021.

5. **Restricted Donor Activity**
Per Chapter 68B of the Code of Iowa, County officials are prohibited from receiving or soliciting gifts from a restricted donor. A restricted donor per Chapter 68B.2(24)(a) is a “party to any one or any combination of sales, purchases, leases or contracts to, from, or with the agency in which the donee holds office or is employed.” No gifts were received from a restricted donor.
6. **Bond Coverage**
Surety bond coverage of County officials and employees is in accordance with statutory provisions.
7. **Board Minutes**
No transactions were found that we believe should have been approved in the Board minutes but were not. The minutes were published as required by Chapter 349.18 of the Code of Iowa and Attorney General’s Opinions dated December 10, 1985, December 31, 1986, and May 2, 1989.
8. **Deposits and Investments**
No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
9. **Resource Enhancement and Protection Certification**
The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with Subsections (b)(2) and (b)(3).
10. **Tax Increment Financing (TIF)**
For the year ended June 30, 2021, the County Auditor’s Office performed their duties in accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa and completed reconciliations of each City’s TIF receipts and certified TIF debt.
11. **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.
12. **Fund Balance Deficit**
As of June 30, 2021, the tax increment financing nonmajor special revenue fund has a deficit balance.

Recommendation

We recommend County expenditures not exceed the revenues collected during the fiscal year. The County would then be in compliance with Chapter 331.476 of the Code of Iowa.

Response and Corrective Action Planned

Fund balances will be monitored better in the future.

Conclusion

Response accepted.

This report, a public record by law, is intended solely for the information and use of the Board of Supervisors, management, and citizens of Clayton County, and federal awarding agencies and pass-through entities to whom the County may report. The report is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Clayton County during the course of our audit. If you have any questions concerning these or other matters, we would be happy to discuss them with you at your convenience.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
March 4, 2022