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County of Black Hawk, Iowa

Presentation to the Board of Supervisors

Audit Results

Year Ended June 30, 2023



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Governance Communication

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Governance Communication

Our responsibility under Generally Accepted Auditing Standards

- **Express an opinion** on the governmental activities, business-type activities, each major fund, and the aggregate remaining funds in accordance with *Government Auditing Standards* and Generally Accepted Auditing Standards
- Plan and perform the audit to **obtain reasonable, not absolute, assurance**
- **Evaluate internal controls** over financial reporting – no opinion on internal controls
- Utilize a **risk-based** audit approach

Planned scope and timing of the audit

- Performed the audit according to the **planned scope** previously communicated during planning discussions



Governance Communication

Other information in documents containing audited financial statements

- Financial statements may only be **used in their entirety**
- **Our approval** is required in order to use our audit reports in any client prepared documents

Significant accounting policies

- **Management is responsible** for the accounting policies
- Outlined in **Note 1** to the financial statements
- GASB 96 (SBITA) was implemented in FY 2023 and did not have a material impact on the county financial statements.

Management representation letter

- Management provided a management representation letter in conjunction with the **approval of the audited financial statements**



Governance Communication

We experienced

- **No delays** in performing the audit
- **No issues** discussed prior to retention as independent auditors
- **No disagreements** with management regarding accounting, reporting, or auditing matters
- **No consultations** with other independent accountants

Adjusting, proposed, and passed adjusting journal entries

- One material misstatements related to properly report construction in progress and beginning net position totaling \$1,871,746.
- Uncorrected: To record lease receivable (\$150,175) and related inflow of resources (\$145,360), to record subscription-based information technology arrangement (SBITA) liability (\$152,104) and related asset (\$140,854), and record SBITA proceeds (\$126,557) and capital outlay expenditures (\$126,557) in the general fund.





Financial Statement Highlights

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Financial Statement Highlights

Introduction	<ul style="list-style-type: none">• Transmittal Letter• GFOA Certificate of Achievement• County Officials• Independent Auditors' Report• Management Discussion and Analysis
Basic Financial Statements	<ul style="list-style-type: none">• Government-Wide Financial Statements• Governmental Fund Financial Statements• Proprietary Fund Financial Statements• Custodial Fund Financial Statements• Notes to Financial Statements
Required and Other Supplementary Information	<ul style="list-style-type: none">• Presentation of the Required Budgetary Schedules• Net Pension Liability Schedules• Schedule of Changes in Total OPEB Liability and Related Ratios• Nonmajor Governmental Funds• Custodial Funds• Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds
Statistical Section	<ul style="list-style-type: none">• Statistical Tables
Single Audit	<ul style="list-style-type: none">• Schedule of Expenditures of Federal Awards• Independent Auditors' Report on Internal Control Over Financial Reporting• Schedule of Findings and Questioned Costs



Financial Statement Highlights

	Special Revenue		
	General	Rural Services	Secondary Roads
Revenues	\$ 44,894,915	\$ 4,700,720	\$ 7,210,149
Expenditures	(39,565,687)	(2,202,507)	(10,358,265)
Other Sources or Uses	5,021,421	(2,068,899)	3,855,197
Net Change in Fund Balance	10,350,649	429,314	707,081
Fund balance			
Beginning of year	34,384,982	3,083,756	4,613,224
 End of Year	\$ 44,735,631	\$ 3,513,070	\$ 5,320,305
Nonspendable	\$ 20,462	\$ -	\$ 509,834
Restricted	6,157,710	3,513,070	4,810,471
Committed	50,000	-	-
Assigned	10,661,057	-	-
Unassigned	27,846,402	-	-
Total	\$ 44,735,631	\$ 3,513,070	\$ 5,320,305



Financial Statement Highlights

	Debt Service	Capital Projects	American Rescue Program	Nonmajor	Total
Revenues	\$ 3,495,153	\$ 95,627	\$ 8,070,298	\$ 3,064,386	\$ 71,531,248
Expenditures	(5,681,377)	(1,847,169)	(1,570,298)	(850,457)	(62,075,760)
Other Sources or Uses	1,025,115	(664,265)	(6,500,000)	(786,743)	(118,174)
Net Change in Fund Balance	(1,161,109)	(2,415,807)	-	1,427,186	9,337,314
Fund balance					
Beginning of year	9,304,501	6,409,751	-	991,358	58,787,572
 End of year	\$ 8,143,392	\$ 3,993,944	\$ -	\$ 2,418,544	\$ 68,124,886
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 530,296
Restricted	8,143,392	1,722,817	-	2,260,292	26,607,752
Committed	-	-	-	-	50,000
Assigned	-	2,271,127	-	158,252	13,090,436
Unassigned	-	-	-	-	27,846,402
Total	\$ 8,143,392	\$ 3,993,944	\$ -	\$ 2,418,544	\$ 68,124,886



Financial Statement Highlights

Nonmajor Governmental Funds

Special Revenue	
Resource Enhance & Protection	\$ 494,280
County Recorder's Management	57,495
Sheriff's Commissary	334,541
Drainage Districts	1,985
Conservation Land Acquisition	158,252
LG Opioid Abatement Fund	578,567
Local Option Sales Tax	793,424
Total Special Revenue	\$ 2,418,544



Financial Statement Highlights

	Rural Sewer	Rural Water	Total
Operating Revenues	\$ 104,398	\$ 10,591	\$ 114,989
Operating Expenses	(249,315)	(2,431)	(251,746)
Nonoperating Income (Expense)	22,426	10,159	32,585
Net Change in Net Position	(122,491)	18,319	(104,172)
Net Position			
Beginning of year	1,607,867	433,067	2,040,934
End of Year	\$ 1,485,376	\$ 451,386	\$ 1,936,762
Net Investment In Capital Assets	\$ 819,511	\$ 185,359	\$ 1,004,870
Unrestricted	665,865	266,026	931,891
Total	\$ 1,485,376	\$ 451,385	\$ 1,936,761



Financial Statement Highlights

Capital Assets Summary

Governmental Activities:

Capital Assets not being Depreciated:

Land	\$ 6,710,972
Construction in Progress	2,398,437

Capital Assets being Depreciated:

Buildings and Improvements	40,425,511
Equipment and Vehicles	21,545,705
Infrastructure	<u>149,398,440</u>
	220,479,065
Less Accumulated Depreciation	<u>(99,984,348)</u>

Net Capital Assets

\$ 120,494,717

Business-Type Activities:

Capital Assets not being Depreciated:

Construction in Progress	\$ 205,328
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Capital Assets being Depreciated:

Infrastructure	<u>5,420,639</u>
	5,625,967
Less Accumulated Depreciation	<u>(4,621,097)</u>

Net Capital Assets

\$ 1,004,870



Financial Statement Highlights

Long-Term Obligations

Governmental Activities:

General Obligation Debt	
General Obligation Bonds	\$ 11,345,000
Premium on General Obligation Bonds	<u>301,386</u>
General Obligation Bonds, Net	11,646,386
Total OPEB Liability	2,251,152
Compensated Absences	<u>1,827,519</u>
Total Governmental Activities	<u>\$ 15,725,057</u>

	2024	Governmental		Debt
		Principal	Interest	Service
	2024	\$3,655,000	\$226,900	\$3,881,900
	2025	1,835,000	153,800	1,988,800
	2026	1,860,000	117,100	1,977,100
	2027	1,310,000	79,900	1,389,900
	2028	735,000	53,700	788,700
	2029-2031	1,950,000	69,500	2,019,500
		<u>\$11,345,000</u>	<u>\$ 700,900</u>	<u>\$12,045,900</u>



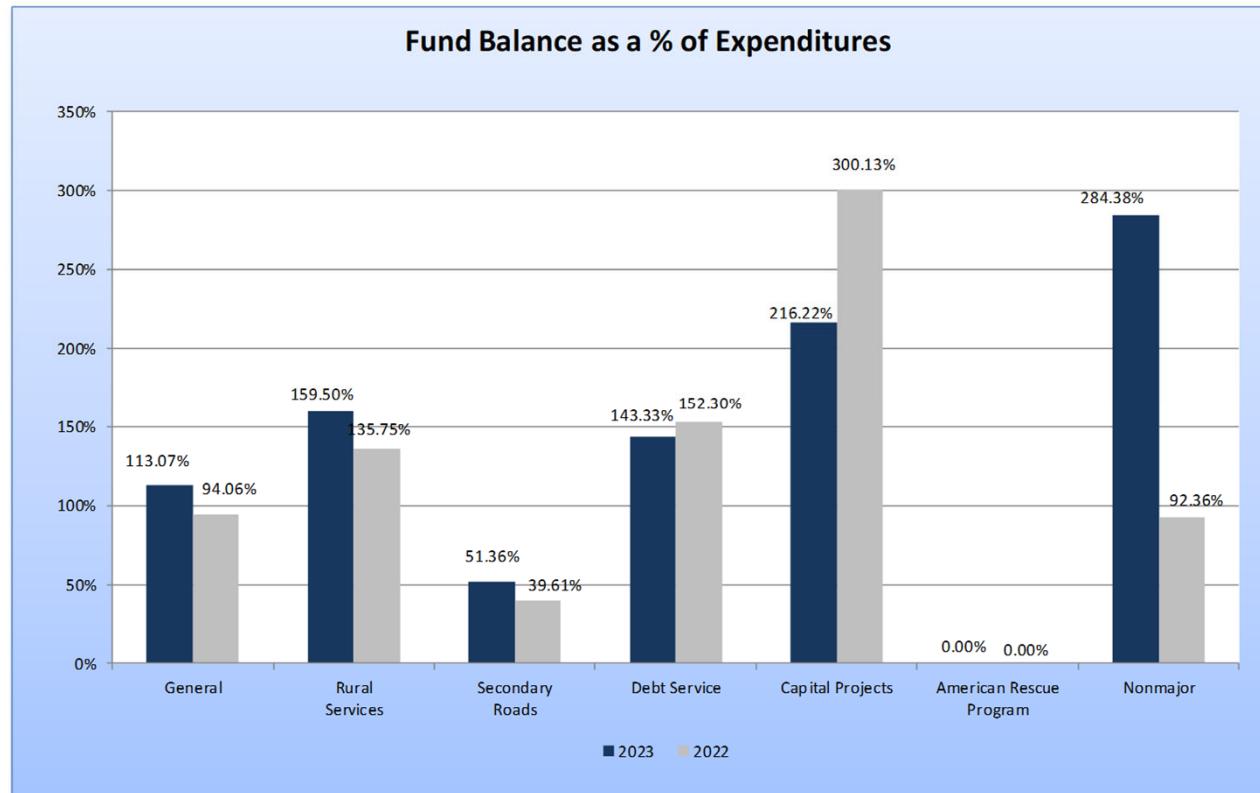
Financial Statement Highlights

Fund Balance - Governmental Funds	\$ 68,124,886
Capital Assets	120,494,717
Long-Term Debt	(11,665,295)
Deferred Inflows and Outflows of Resources	(1,959,101)
Pension and OPEB Related Items	(9,115,002)
Unavailable Revenue	2,519,679
Internal Service Fund	<u>7,545,428</u>
Net Position - Governmental Activities	<u>\$175,945,312</u>



Financial Statement Highlights

Status of Fund Balance



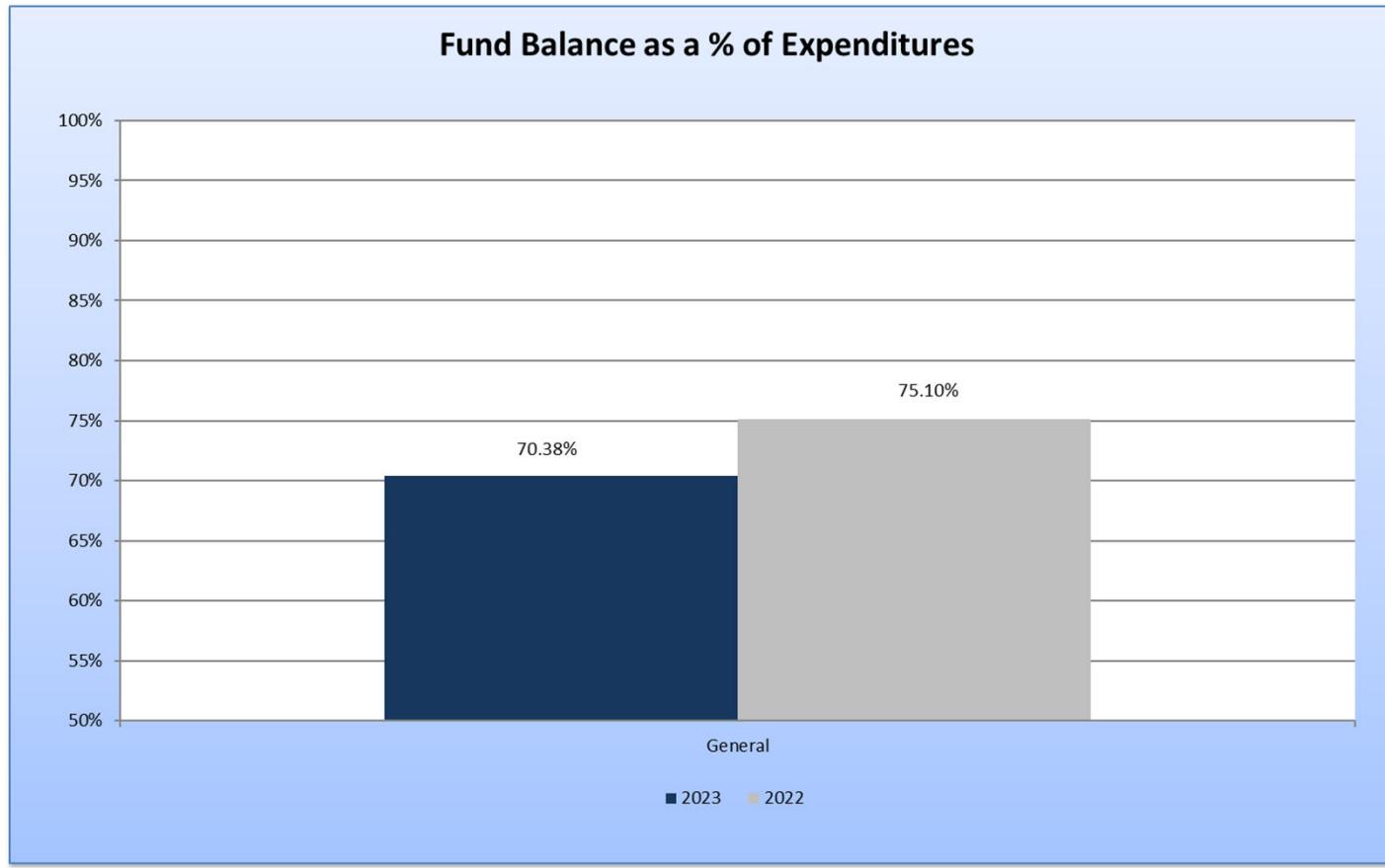
	<u>General</u>	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>American Rescue Program</u>	<u>Nonmajor</u>
<i>Fund Balance as a % Expenditures</i>							
2023	113.07%	159.50%	51.36%	143.33%	216.22%	0.00%	284.38%
2022	94.06%	135.75%	39.61%	152.30%	300.13%	0.00%	92.36%

Government Finance Officers' Association (GFOA) indicates
Governments should maintain a healthy fund balance (varies from 3-5 months)



General Fund –Operating Fund of the County

- Unassigned Fund Balance (available for spending) as a % of Expenditures





Financial Statement Findings and Recommendations

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Financial Statement Findings and Recommendations

Fiscal Year Ending June 30, 2023

Material Weakness

- 2023-001: Prior Period Adjustment:
 - Beginning net position was restated by \$1,871,746 to properly state construction in progress





Federal Award Findings and Questioned Costs

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Federal Awards

- Federal expenditures totaled \$10,125,407
- Major program tested was the COVID-19 Coronavirus State and Local Fiscal Recovery Funds which totaled \$8,352,237.
- No findings to report





Iowa State Compliance Findings

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Iowa State Compliance Findings

- IV-A-23 Certified Budget – none
- IV-B-23 Questionable Expenditures – none
- IV-C-23 Travel Expenditures – none
- IV-D-23 Business Transactions – none
- IV-E-23 Bond Coverage – none
- IV-F-23 Board Minutes – none
- IV-G-23 Deposits and Investments – none
- IV-H-23 Resource Enhancement and Protection Certification - none
- IV-I-23 County Extension Office – none
- IV-J-23 Donations – none
- IV-K-23 Restricted Donor Activity - none



Thank you for allowing us to serve Black Hawk County

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