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CPAs | CONSULTANTS | WEALTH ADVISORS

# County of Black Hawk, Iowa Presentation to the Board of Supervisors

Audit Results

Year Ended June 30, 2023



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# Governance Communication

# 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.

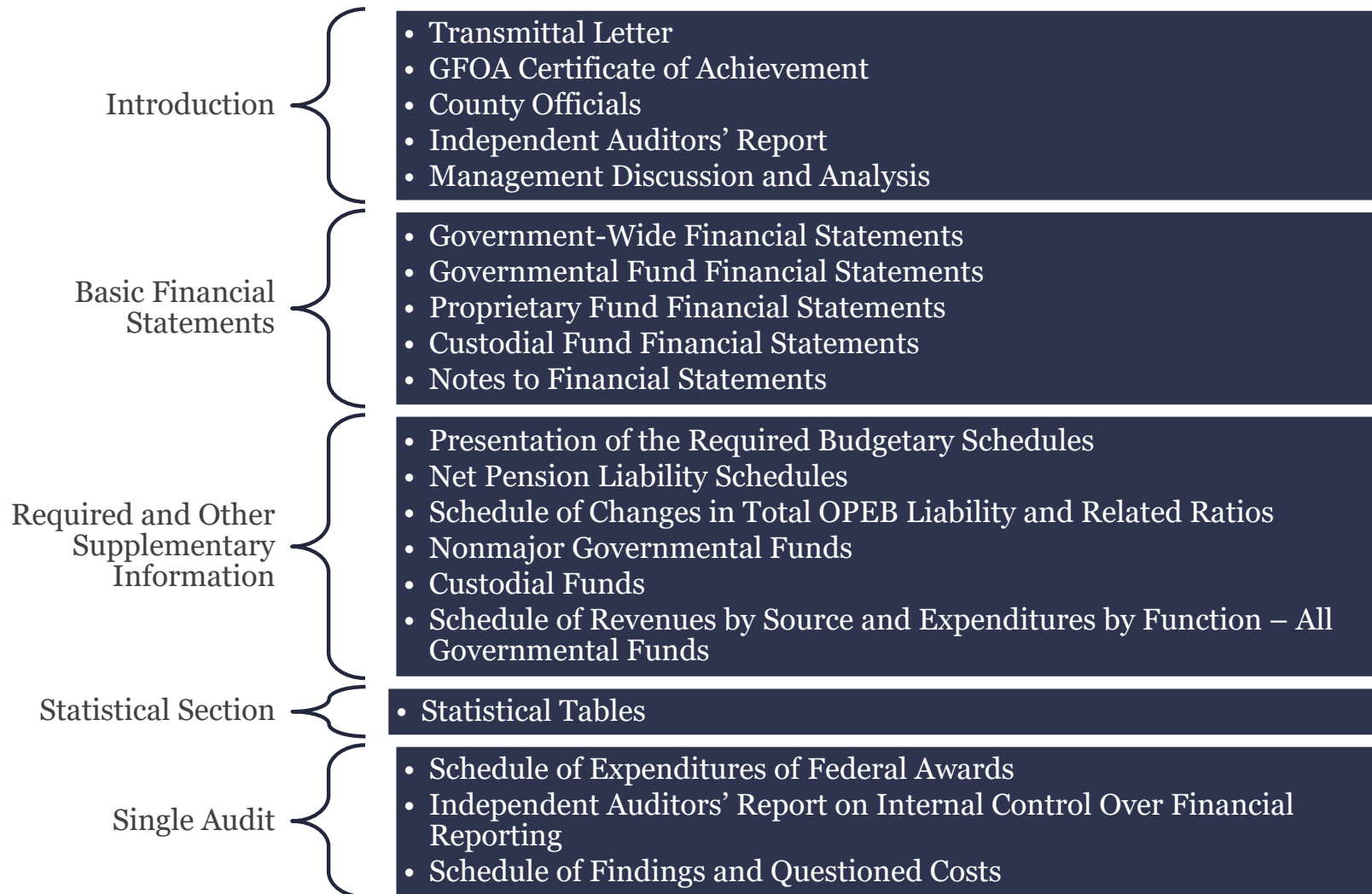




# Financial Statement Highlights



# Financial Statement Highlights





# Financial Statement Highlights

	General	Special Revenue 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
<b>Net Change in Fund Balance</b>	<b>10,350,649</b>	<b>429,314</b>	<b>707,081</b>
Fund balance			
Beginning of year	34,384,982	3,083,756	4,613,224
<b>End of Year</b>	<b>\$ 44,735,631</b>	<b>\$ 3,513,070</b>	<b>\$ 5,320,305</b>
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	-	-
<b>Total</b>	<b>\$ 44,735,631</b>	<b>\$ 3,513,070</b>	<b>\$ 5,320,305</b>



# 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)
<b>Net Change in Fund Balance</b>	<b>(1,161,109)</b>	<b>(2,415,807)</b>	<b>-</b>	<b>1,427,186</b>	<b>9,337,314</b>
Fund balance					
Beginning of year	9,304,501	6,409,751	-	991,358	58,787,572
<b>End of year</b>	<b>\$ 8,143,392</b>	<b>\$ 3,993,944</b>	<b>\$ -</b>	<b>\$ 2,418,544</b>	<b>\$ 68,124,886</b>
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
<b>Total</b>	<b>\$ 8,143,392</b>	<b>\$ 3,993,944</b>	<b>\$ -</b>	<b>\$ 2,418,544</b>	<b>\$ 68,124,886</b>



# Financial Statement Highlights

<u>Nonmajor Governmental Funds</u>	
<u>Special Revenue</u>	
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
<b>Total Special Revenue</b>	<b><u>\$ 2,418,544</u></b>



# 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
<b>Net Change in Net Position</b>	<b>(122,491)</b>	<b>18,319</b>	<b>(104,172)</b>
Net Position			
Beginning of year	1,607,867	433,067	2,040,934
<b>End of Year</b>	<b>\$ 1,485,376</b>	<b>\$ 451,386</b>	<b>\$ 1,936,762</b>
Net Investment In Capital Assets	\$ 819,511	\$ 185,359	\$ 1,004,870
Unrestricted	665,865	266,026	931,891
<b>Total</b>	<b>\$ 1,485,376</b>	<b>\$ 451,385</b>	<b>\$ 1,936,761</b>



# 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

(99,984,348)

### 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>
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5,625,967

Less Accumulated Depreciation

(4,621,097)

### 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>
<b>Total Governmental Activities</b>	<b><u>\$ 15,725,057</u></b>

	Governmental		Debt
	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
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>

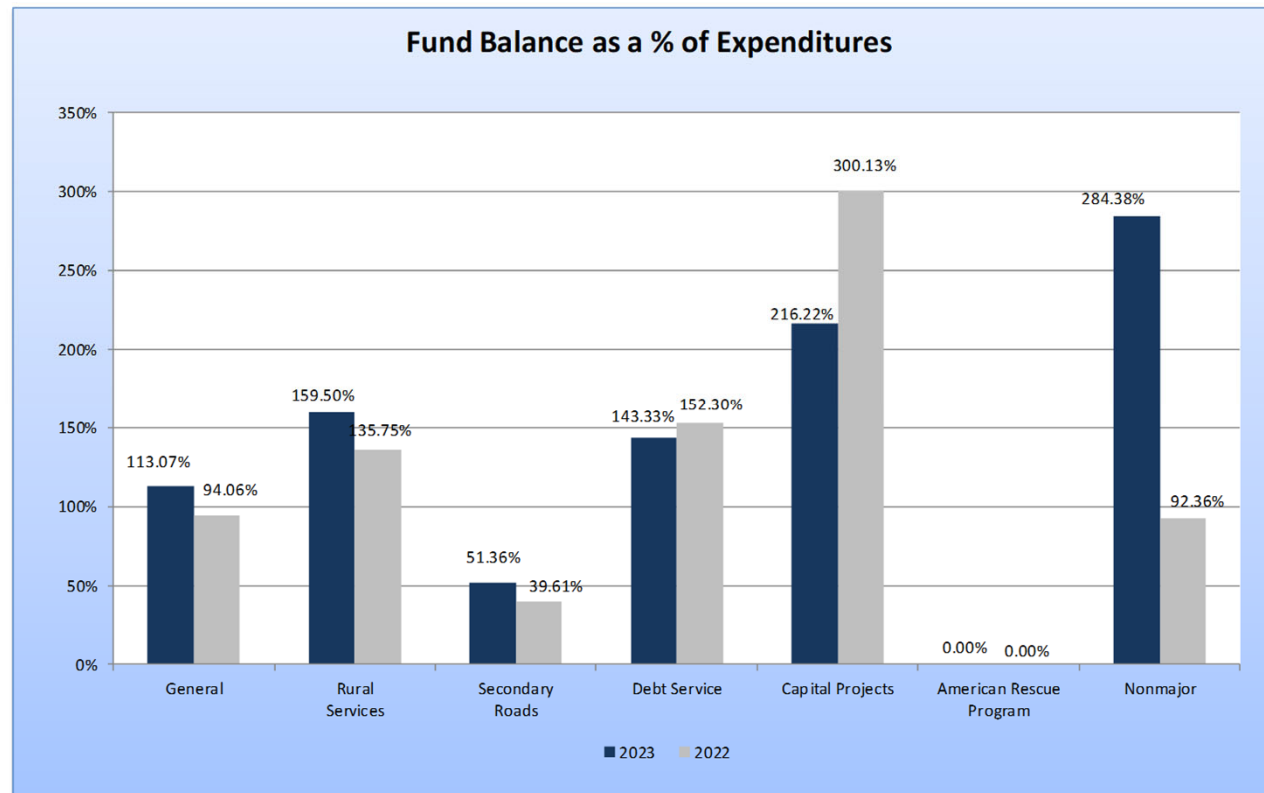
**Net Position - Governmental Activities** **\$175,945,312**





# Financial Statement Highlights

## Status of Fund Balance



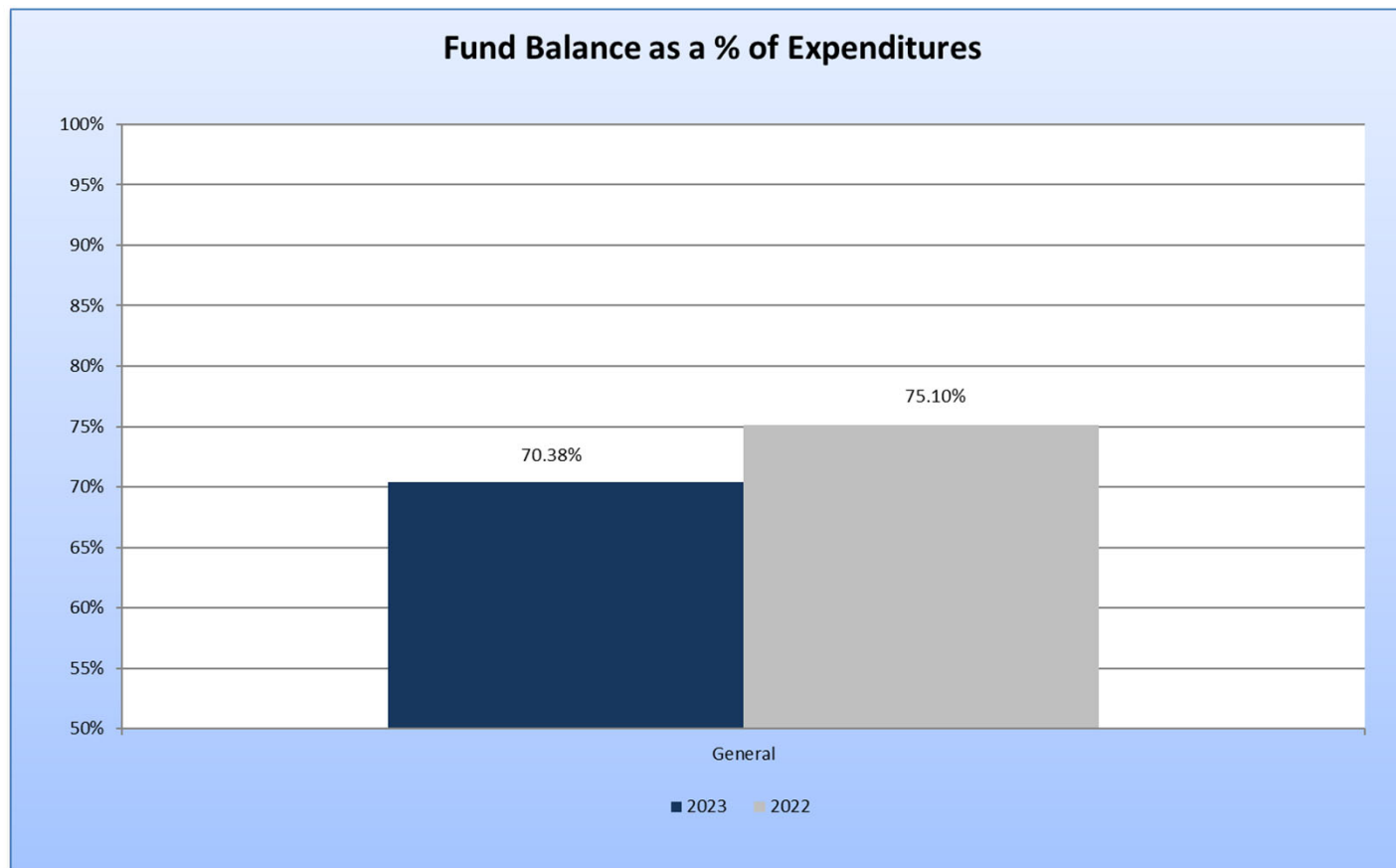
	<u>General</u>	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>American Rescue Program</u>	<u>Nonmajor</u>
<i>Fund Balance as a % Expenditures</i>							
2023	113.07%	159.50%	51.36%	143.33%	216.22%	0.00%	284.38%
2022	94.06%	135.75%	39.61%	152.30%	300.13%	0.00%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

# 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

# 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



# 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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