

June 4th, 2019

The Board of Supervisors of Shelby County, Iowa, met pursuant to law and rules of said board in regular session at 9:00 a.m. in the Supervisors Chambers of the Shelby County Courthouse with the following members present: Steve Kenkel, Chairman; Charles Parkhurst, Vice-Chairperson; Darin Haake, Supervisor; Mark Maxwell, Clerk.

The Chair asked that any Conflict of Interest be stated concerning any item on the agenda. No conflicts were stated.

A motion was made by Parkhurst and seconded by Haake to approve the agenda with no additions. AYES: Unanimous NAYES: None

A motion was made by Haake with a second by Parkhurst, to approve the minutes of the April regular meeting on May 21st. AYES: Unanimous NAYES: None

It was moved by Parkhurst, seconded by Haake, to approve the Claims of May 30th, 2019 as listed in the Claims Register. AYES: Unanimous NAYES: None

Darin Haake then reported that the Workforce Development Board combined the 16 regions in the State of Iowa and created six, against this regions objections. The State has put Shelby County in the southern district that stretches from southwest Iowa all the way east to almost the Mississippi river. Geography and travel time being the main concern with the redistricting.

Steve Holt, Shelby County Representative in the Iowa House, had requested time with the Supervisors advising of his new duties on the House Judiciary Committee, the volume and complexity of issues increases greatly with the new responsibilities. Representative Holt asked the Supervisors to participate in weekly teleconference calls as they see fit to keep him abreast of district issues.

Todd Valline, representing the Shelby County Chamber of Commerce was present to inform the Board of recent activities including; this Thursday there is a small business seminar being conducted with over 20 participants at the Chamber offices. Networking and sharing of ideas, as well as education are the main topics to be taken from this event. Golden Hills Resource Center is looking to place signage on Shelby County roads to make the public aware that bicyclist may be using the road also. The Supervisors asked that before that happens those installing the signs please consult the Shelby County Engineer for approval of the placements.

The Chairman then recessed the meeting and called to order the Public Hearing for the 2019 Budget Amendment. Auditor Maxwell advised that no public comment had been heard in his office. It was then asked if there was any public comment. After hearing that no comments had been made concerning the proposed amendment a motion was made by Parkhurst and seconded by Haake to close the hearing as well as approve the proposed amendment. Kenkel, Parkhurst and Haake all voted in favor of approving the budget amendment for fiscal year 2019 contained in resolution number 2019-20 as follows.

RESOLUTION NO. 2019-20 ENTRY RECORD OF THE HEARING AND  
DETERMINATION OF THE AMENDMENT TO THE COUNTY  
BUDGET FOR FISCAL YEAR 2019.

BE IT REMEMBERED on this 4th day of June 2019, the Board of Supervisors met in scheduled session for the filing and considering of an amendment to the Shelby County Budget for Fiscal Year 2019. THEREUPON, the Board investigated and found that the notice of the time and place of hearing had, according to law, and as directed by the Board, been published and that the affidavit of publication is on file with the County Auditor. THEREUPON, on said day, the hearing was taken up and considered. There were no written or oral comments.

THEREFORE, BE IT RESOLVED, that the Shelby County Budget Service Areas be amended as follows:

Published Budget Amendment fiscal Year 2019		Total Budget as Certified or Last  Amended		Proposed Current Amendment	Total Budget After Current Amendment
REVENUES & OTHER FINANCING SOURCES					
Taxes Levied on Property		1	6,293,261	0	6,293,261
Less: Uncollected Delinquent Taxes - Levy Year		2	0	0	0
Less: Credits to Taxpayers		3	297,200	0	297,200
Net Current Property Taxes		4	5,996,061	0	5,996,061
Delinquent Property Tax Revenue		5	200	0	200
Penalties, Interest & Costs on Taxes		6	30,000	0	30,000
Other County Taxes/TIF Tax Revenues		7	740,124	0	740,124
Intergovernmental		8	4,657,149	0	4,657,149
Licenses & Permits		9	143,941	0	143,941
Charges for Service		10	308,215	0	308,215
Use of Money & Property		11	52,009	10,000	62,009
Miscellaneous		12	86,900	0	86,900
Subtotal Revenues		13	12,014,599	10,000	12,024,599
Other Financing Sources:					
General Long-Term Debt Proceeds		14	0	0	0
Operating Transfers In		15	2,901,399	0	2,901,399
Proceeds of Fixed Asset Sales		16			0
Total Revenues & Other Sources		17	14,915,998	10,000	14,925,998
EXPENDITURES & OTHER FINANCING USES					
Operating:					
Public Safety & Legal Services		18	2,564,670	84,000	2,648,670
Physical Health & Social Services		19	647,973	(9,000)	638,973
Mental Health, ID & DD		20	271,400	0	271,400
County Environment & Education		21	442,593	86,000	528,593
Roads & Transportation		22	6,223,936	587,568	6,811,504
Government Services to Residents		23	440,370	0	440,370
Administration		24	1,256,133	30,000	1,286,133
Nonprogram Current		25	0	0	0
Debt Service		26	200,100	0	200,100
Capital Projects		27	796,878	96,000	892,878
Subtotal Expenditures		28	12,844,053	874,568	13,718,621
Other Financing Uses:					
Operating Transfers Out		29	2,901,399	0	2,901,399
Refunded Debt/Payments to Escrow		30			0
Total Expenditures & Other Uses		31	15,745,452	874,568	16,620,020
Excess of Revenues & Other Sources over (under) Expenditures & Other Uses		32	(829,454)	(864,568)	(1,694,022)
Beginning Fund Balance - July 1,		33	4,190,229		4,190,229

The changed department appropriations will be as follows:

DEPARTMENT	INCREASE / DECREASE	NEW
ATTORNEY	\$5,000.00	\$193,915.00
SECONDARY ROADS	\$631,558.00	\$6,811,504.00
CONSERVATION	\$71,000.00	\$346,546.00
REAP	\$20,000.00	\$30,000.00
MISC. COURT COSTS	-\$15,000.00	\$103,833.00
DRUG FORFEITURE	-\$5,000.00	\$10,000.00
JAIL	\$75,000.00	\$581,456.00
JAIL COMMISSARY	\$4,000.00	\$14,000.00
JAIL ROOM AND BOARD	\$5,000.00	\$5,000.00
GENERAL ASSISTANCE	\$4,000.00	\$45,855.00
OTHER ENVIRONMENTAL CONTROL	\$15,000.00	\$25,125.00
DHS	\$1,000.00	\$6,320.00
SUBSTANCE ABUSE	\$1,000.00	\$16,935.00
CENTRAL PURCHASING	\$109,000.00	\$368,800.00
GIS	\$1,000.00	\$144,608.00
BUILDING AND GROUNDS	-\$50,000.00	\$272,793.00

Federal regulation regarding receiving federal funds require Shelby County adopt a segregation of duties policy and a conflict of interest policy to receive certain funds in the future. Supervisor Parkhurst made a motion to approve the segregation of duties policy by resolution as follows:

#### **RESOLUTION 2019-21 Segregation of Duties Policy**

**A RESOLUTION** of Shelby County, Iowa Adopting a Segregation of Duties for Officers, Employees, and Agents. **INTRODUCTION;** State and federal policies require that accounting transactions be authorized according to sound management practices. One of the most basic, yet most important principles of sound management is that of segregation of duties. Segregation of duties is critical because it ensures separation of different functions and defines authority and responsibility over transactions. Segregation of duties is critical to effective internal control; it reduces the risk of both erroneous and inappropriate actions. The fundamental premise of segregated duties is that an individual should not be in a position to initiate, approve, and review the same action. Also, the accounting/reconciling function, and the asset (e.g., money, inventory) custody function should be separated among employees. These are called incompatible duties when performed by the same individual. **POLICY STATEMENT** Responsible administrators must consider the principle of segregation of duties when designing and defining job duties. They must implement processes and control procedures that, to the extent feasible, segregate duties among employees and that include effective oversight of activities and transactions. Maintaining segregation of duties is especially challenging for units with small numbers of employees. When these functions cannot be separated, more reliance must be placed on administrative oversight. A detailed supervisory review of activities involving finances, inventory, and other assets is required as a compensating control activity

Supervisor Haake seconded the motion to approve the resolution 2019-21. A vote was held with Haake, Kenkel and Parkhurst voting for approval. No nays were cast.

The supervisors then approved a conflict of interest policy, contained in resolution number 2019-22. This coming after a motion by Haake and a second by Parkhurst to approve and cover all departments in Shelby County.

#### **RESOLUTION 2019-22 Conflict of Interest Policy**

This Conflict of Interest Policy governs the activities of the Board of Supervisors, Appointed Board Members, Elected Officials and staff of Shelby County. It is the duty of all members of the Board of Supervisors, Appointed Board Members, Elected Officials and staff to be aware of this policy, and to identify conflicts of interest and situations that may result in the appearance of a conflict and to disclose those situations/conflicts/or potential conflicts to (i) the employee's supervisor in the case of staff members (ii) the chairperson of the appointed board if a board member (iii) the Chair of the Board of Supervisors if an elected official or member of the Board of Supervisors, or other designated person, as appropriate. This policy provides guidelines for identifying conflicts, disclosing conflicts and procedures to be followed to assist Shelby County to manage conflicts of interest and situations that may result in the appearance of a conflict. **Definitions**

- *Apparent Conflict of Interest:* One in which a reasonable person would think that the decision-maker's judgment is likely to be compromised.
- *Closely Associated With:* In a close relationship or position in time or space.
- *Conflict of Interest:* A situation in which financial or other personal considerations have the potential to compromise or bias professional judgment and objectivity.
- *Employee:* A person who works for another in return for financial or other compensation.
- *Family Member:* Two or more people related by marriage, blood relation, or adoption.
- *Financial Interest:* Any financial interest in or relationship or prospective relationship with an entity, including, but not limited to, ownership of stocks, bonds, partnerships or other equity interests, rights to patent or lease payments,

receipt of consulting fees, salary, loans, gifts, compensation for serving on boards of directors, or other forms of remuneration.

- *Personal Interest:* To one person's interest or advantage. The pursuit of one's interest. Self interest.
- *Position of Authority:* One with a position of power, influence and authority over another.
- *Potential Conflict of Interest:* A situation that may develop into a conflict of interest.

1. **What is a conflict of interest?** A conflict of interest arises when a board member, elected official, or staff member has a personal interest that conflicts with the interests of Shelby County or arise in situations where a board member/elected official/staff member has divided loyalties (also known as a "duality of interest"). The former can result in situations that result in inappropriate financial gain to employees and persons in authority at Shelby County.

Similarly, situations or transactions arising out of a conflict of interest can result in either inappropriate financial gain or the appearance of a lack of integrity in Shelby County's

decision-making process. Both results are damaging to Shelby County and are to be avoided. *Example #1:* an employee or person in a position of authority may benefit financially from a transaction between Shelby County or an applicant for permits or other special consideration by Shelby County, and the board/elected official/staff member; or others closely associated with the board/elected official/staff member may be affected financially. Family members, or their businesses, or other persons or the businesses of persons with whom the board/elected official/staff member is closely associated, could benefit from similar transactions. *Example #2:* A conflict of interest could be a direct or indirect *financial interest* such as those described above, or a *personal interest* such as the situation where a board member of Shelby County is also a board member of another nonprofit or for-profit entity in the community with which Shelby County collaborates or conducts business.

2. **Who might be affected by this policy?** Shelby County takes a broad view of conflicts and board/elected official/staff members are urged to think of how a situation/transaction would appear to outside parties when identifying conflicts or possible conflicts of interest.

3. **Disclosure of Conflicts.** Board members, elected officials and staff shall disclose conflicts as they arise as well as to disclose those situations that are evolving that may result in a conflict of interest. Advance disclosure must occur so that a determination may be made as to the appropriate plan of action to manage the conflict. Staff should disclose to their supervisor and board members should disclose to the board/Chairperson of the board as soon as the person with the conflict is aware of the conflict/potential conflict or appearance of a conflict exists. Board of Supervisor members should report conflicts or potential conflicts to the Chair of the Board of Supervisors.

4. **Procedures to manage conflicts.** For each interest disclosed, the full board should determine whether the board should: (a) take no action or (b) disclose the situation more broadly and invite discussion/resolution by the full board of what action to take, or (c) refrain from taking action and otherwise avoid the conflict. In most cases the broadest disclosure possible is advisable so that decision-makers can make informed decisions that are in the best interests of the organization.

- When the conflict involves a decision-maker, the person with the conflict ("interested party"): (i) must fully disclose the conflict to all other decision-makers; (ii) may not be involved in the decision of what action to take (e.g., may not participate in a vote). In some cases the person with the conflict may be asked to recuse him/herself from sensitive discussions so as not to unduly influence the discussion of the conflict. In all cases, decisions will be made only by persons without an identifiable conflict of interest.
- The fact that a conflict was managed and the outcome will be documented in the minutes of board meetings if the conflict was related to a board member, and reported by the board/Chair of the board/other appropriate committee of the board if the conflict was related to a board/elected official/staff member.

- All members of an appointed or elected board, and department heads should monitor proposed or ongoing transactions of the designated organization or employees and staff (e.g., contracts with vendors and collaborations with third parties) for conflicts of interest and disclose them to the Board chair, or Board of Supervisors Chair, as appropriate, whether discovered before or after the transaction has occurred.

A vote was held and the resolution was approved with Kenkel, Parkhurst and Haake all voting in favor of the resolution with no nays cast.

Brandon Burmeister, Shelby County Engineer then informed the board that his department is considering the purchase of an excavator at the cost of \$225,925.00 this being about \$43,000 less than the next highest bid. Supervisor Haake made a motion to approve the purchase a second was made by Parkhurst. A unanimous vote was counted in favor of the purchase.

A statement was then read by Supervisor Chairperson Steve Kenkel, regarding the recent audit conducted by the State Auditors office. It included.

The Shelby County Board of Supervisors has reviewed the findings of the State Auditor's report and is continuing to take steps to implement the recommendations contained in the report. The Board, in conjunction with the County Auditor's Office, had concerns regarding the finding that Karen Goans used excessive paid leave. The current County Auditor reviewed the payroll records that were submitted to the State Auditor and discovered that the State Auditor had not received the records that show Ms. Goans' participated in a program to convert sick leave to vacation. This program is contained in the County's personnel policies and provides that employees that have accrued the maximum amount of sick leave may convert their annual entitlement of sick leave to vacation at the conversion rate of 4 hours of sick leave to 1 hour of vacation. This has been a long-standing policy of the County to incentivize employees not to misuse sick leave.

The County Auditor determined that if the "sick leave conversion" records had been reviewed by the State Auditor, there would have been no finding that Ms. Goans had received excessive paid leave. It is the position of the County that Ms. Goans has not engaged in any misconduct and the documents supporting this position originated in the County Auditor's Office and are available in the County Auditor's Office for review. These supporting documents have been forwarded to the State Auditor's Office. Any questions regarding this matter should be directed to Mark Maxwell, Shelby County Auditor.

The Board continues to review the findings regarding the improper use of leave and other alleged improprieties by other employees that are governed by a separate board. The County is currently waiting on a decision by the Attorney General's Office on how that Office will proceed.

Having no further business to discuss the Supervisors adjourned at 9:41 AM

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Steve Kenkel, Chairman  
ATTEST:

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Mark L. Maxwell  
Clerk to the Board of Supervisors