



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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NEWS RELEASE

FOR RELEASE March 27, 2008

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released an audit report on Taylor County, Iowa.

The County had local tax revenue of \$7,347,103 for the year ended June 30, 2007, which included \$545,219 in tax credits from the state. The County forwarded \$4,979,837 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,367,266 of the local tax revenue to finance County operations, an 8.2 percent increase over the prior year. Other revenues included charges for service of \$655,988, operating grants, contributions and restricted interest of \$2,851,288, capital grants, contributions and restricted interest of \$3,567,865, local option sales tax of \$175,482, unrestricted investment earnings of \$83,227 and other general revenues of \$622.

Expenses for County operations totaled \$6,646,595, a 6.4 percent increase over the prior year. Expenses included \$3,475,337 for roads and transportation, \$920,612 for physical health and social services and \$682,164 for public safety and legal services.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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TAYLOR COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2007

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Taylor County

Officials

Before January 2007

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert Lundquist	Board of Supervisors	Jan 2007
J. B. French	Board of Supervisors	Jan 2009
Bonnie Godden	Board of Supervisors	Jan 2009
Bonny Baker	County Auditor	Jan 2009
Pam Sprague	County Treasurer	Jan 2007
Rick Sheley	County Recorder	Jan 2007
Lonnie Weed	County Sheriff	Jan 2009
Clinton L. Spurrier	County Attorney	Appointed
Rosalyn Cummings	County Assessor	Jan 2010

After January 2007

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
J. B. French	Board of Supervisors	Jan 2009
Bonnie Godden	Board of Supervisors	Jan 2009
Robert Lundquist	Board of Supervisors	Jan 2011
Bonny Baker	County Auditor	Jan 2009
Pam Sprague	County Treasurer	Jan 2011
Rick Sheley	County Recorder	Jan 2011
Lonnie Weed	County Sheriff	Jan 2009
Clinton L. Spurrier	County Attorney	Jan 2011
Rosalyn Cummings	County Assessor	Jan 2010

Taylor County



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Independent Auditor's Report

To the Officials of Taylor County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Taylor County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Taylor County's management. Our responsibility is to express opinions on these financial statements based on our audit.

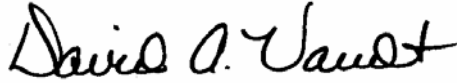
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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 Taylor County at June 30, 2007, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.


In accordance with Government Auditing Standards, we have also issued our report dated February 29, 2008 on our consideration of Taylor County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 38 through 41 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Taylor County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 29, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Taylor 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, 2007. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- Governmental activities revenues increased approximately \$3,421,000, or 54.2%, from fiscal 2006 to fiscal 2007. Property and other county tax increased approximately \$176,000, or 8.7%. Capital grants, contributions and restricted interest increased approximately \$3,043,000, or 580%, primarily due to approximately \$3,485,000 of funding from the Iowa Department of Transportation for road projects.
- Governmental activities expenses increased approximately \$401,000, or 6.4%, from fiscal 2006 to fiscal 2007. Roads and transportation expenses increased approximately \$310,000.
- Net assets increased 29.5%, or approximately \$3,085,000, from June 30, 2006 to June 30, 2007.

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 Assets and a Statement of Activities. These provide information about the activities of Taylor 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 Taylor County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Taylor County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities 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 Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 periods.

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

Fund Financial Statements

The County has two kinds of funds:

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

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for the County Assessor, emergency management services and the Empowerment area, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Taylor County's combined net assets were virtually unchanged from a year ago, increasing from \$10.5 million to \$13.5 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

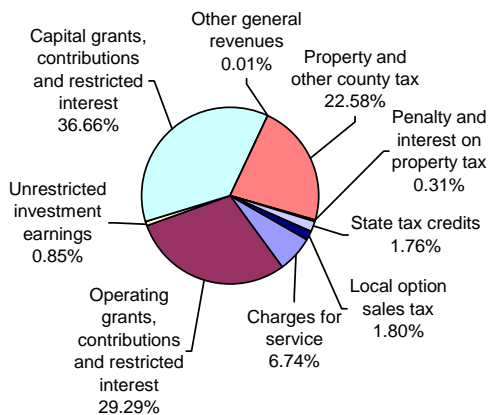
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2007	2006
Current and other assets	\$ 4,966	4,899
Capital assets	11,984	8,714
Total assets	<u>16,950</u>	<u>13,613</u>
Long-term liabilities	796	406
Other liabilities	2,614	2,752
Total liabilities	<u>3,410</u>	<u>3,158</u>
Net assets:		
Invested in capital assets, net of related debt	11,254	8,459
Restricted	1,312	1,228
Unrestricted	974	768
Total net assets	<u>\$ 13,540</u>	<u>10,455</u>

Net assets of Taylor County's governmental activities increased approximately \$3.1 million, or 30%. The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$768,000 at June 30, 2006 to approximately \$974,000 at the end of this year, an increase of 27%.

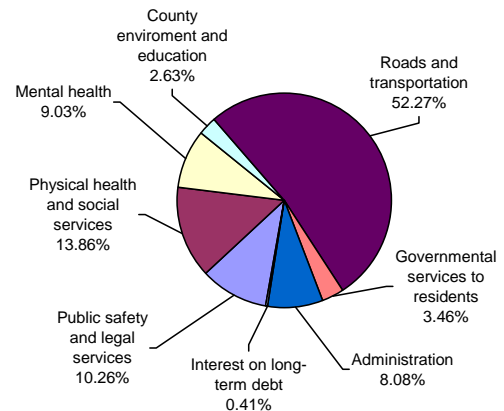
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2007	2006
Revenues:		
Program revenues:		
Charges for service	\$ 656	589
Operating grants, contributions and restricted interest	2,851	2,668
Capital grants, contributions and restricted interest	3,568	525
General revenues:		
Property and other county tax	2,197	2,021
Penalty and interest on property tax	30	32
State tax credits	171	167
Local option sales tax	175	138
Unrestricted investment earnings	83	86
Other general revenues	1	85
Total revenues	9,732	6,311
Program expenses:		
Public safety and legal services	682	670
Physical health and social services	921	807
Mental health	600	552
County environment and education	175	174
Roads and transportation	3,475	3,165
Governmental services to residents	230	334
Administration	537	531
Interest on long-term debt	27	13
Total expenses	6,647	6,246
Increase (decrease) in net assets	3,085	65
Net assets beginning of year	10,455	10,390
Net assets end of year	\$ 13,540	10,455

Revenue by Source



Expenses by Program



The County increased property tax rates for 2007 by an average of 10%. This increase raised the County's property tax revenue approximately \$176,000 in 2007. Based on increases in the total assessed valuation and increases in property tax rates, property tax revenue is budgeted to increase approximately \$74,300 next year.

The cost of all governmental activities this year was \$6.6 million compared to \$6.2 million last year. Some of the cost was paid by those directly benefited from the programs (\$656,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6,419,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, increased in 2007 from approximately \$3,782,000 to approximately \$7,075,000. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$2,372,000 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Taylor County completed the year, its governmental funds reported a combined fund balance of \$2,455,211, an increase of \$325,438 above last year's total fund balance of \$2,129,773. The increase in fund balance is primarily attributable to increased revenues in the General Fund. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund tax and intergovernmental revenues increased due to an increase in property tax and an increase in grants received. The ending fund balance increased \$302,625 over the prior year to \$1,321,585.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$599,619, an increase of 9% over the prior year. The Mental Health Fund balance at year end decreased approximately \$27,000 from the prior year.
- Secondary Roads Fund expenditures decreased approximately \$3,706,000 from the prior year, due principally to decreased costs for capital projects. This decrease in expenditures and decrease in the associated revenues for these capital projects resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$106,000, or 12%.
- The Rural Services Fund ended the fiscal year with a \$146,389 balance compared to the prior year ending balance of \$92,702. Property tax revenue for the Rural Services Fund increased \$94,492. The Rural Services Fund received more local option sales tax dollars in 2007. Sanitation expenditures increased \$23,826.

BUDGETARY HIGHLIGHTS

Over the course of the year, Taylor County amended its budget three times. The first amendment was made on October 23, 2006 and resulted in an increase in budgeted disbursements related to the furnace/window courthouse repair project.

The final amendment was made on June 25, 2007, and resulted in an increase in mental health growth receipts and disbursements related to mental health care expenses. Disbursements were also increased for the care facility building.

The County's receipts were only \$10,685 more than budgeted. There were no significant variances noted.

Total disbursements were \$478,170 less than the amended budget. Actual disbursements for the capital projects and the physical health and social services functions were \$87,234 and \$116,648, respectively, less than budgeted. This was primarily due to disbursements not being as high as anticipated.

The County did not exceed the budget amount for any function during the year ended June 30, 2007.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, Taylor County had approximately \$11.9 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities and roads and bridges. This is a net increase (including additions and deletions) of approximately \$3,180,000, or 36.5%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	Year ended June 30,	
	2007	2006
Land	\$ 892	892
Buildings and improvements	600	385
Equipment and vehicles	863	909
Infrastructure	9,539	6,528
Total	\$ 11,894	8,714

The County had depreciation expense of \$736,339 in fiscal year 2007 and total accumulated depreciation of \$4,653,122 at June 30, 2007. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2007, Taylor County had \$640,000 in general obligation notes and other debt outstanding, compared to \$254,568 at June 30, 2006.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2007	2006
Capital lease purchase agreements	\$ 6	9
General obligation notes	370	50
Bank loans	264	196
Total	\$ 640	255

Debt increased due to the County issuing general obligation notes of \$345,000 for the furnace/windows courthouse repair project and a bank loan for \$119,000 to purchase a wheel loader.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Taylor County's outstanding general obligation debt is significantly below its constitutional debt limit of \$15 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were taken into account when adopting the budget for fiscal year 2008. The County had a countywide valuation increase of \$2,159,737 and a rural valuation increase of \$482,437 for fiscal year 2008. The rollback totaled 45.5596% for residential property for fiscal year 2008, compared to the fiscal year 2007 rollback of 45.996%.

Amounts levied for property taxes are \$2,437,789, an increase of \$74,303 over fiscal year 2007. Total revenue and other sources for fiscal year 2008 will increase \$424,504 from the amended budget for fiscal year 2007. This increase is mainly due to increased taxes and grants.

Budgeted disbursements are also expected to increase \$482,500 from the amended fiscal year 2007 budget. Increases in health insurance, IPERS and salaries, a full time Sanitarian and added services due to grants are some of the differences.

The County has added no major new programs or initiatives to the 2008 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly increase by the close of 2008.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Taylor County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Taylor County Auditor's Office, 405 Jefferson Street, Bedford, Iowa 50833.

Taylor County

Basic Financial Statements

Exhibit A

Taylor County
Statement of Net Assets
June 30, 2007

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 1,938,332
Receivables:	
Property tax:	
Delinquent	3,155
Succeeding year	2,259,000
Interest and penalty on property tax	4,264
Accounts	40,963
Accrued interest	2,027
Due from other governments	397,667
Inventories	229,749
Prepaid insurance	180,559
Capital assets (net of accumulated depreciation)	11,893,982
Total assets	<u>16,949,698</u>
Liabilities	
Accounts payable	204,587
Accrued interest payable	21,910
Salaries and benefits payable	7,104
Due to other governments	121,169
Deferred revenue:	
Succeeding year property tax	2,259,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	2,823
General obligation notes	52,515
Bank loans	74,497
Compensated absences	79,781
Portion due or payable after one year:	
Capital lease purchase agreement	2,826
General obligation notes	317,485
Bank loans	189,854
Compensation absences	76,263
Total liabilities	<u>3,409,814</u>
Net Assets	
Invested in capital assets, net of related debt	11,253,982
Restricted for:	
Supplemental levy purposes	410,288
Secondary roads purposes	683,602
Other purposes	217,874
Unrestricted	974,138
Total net assets	<u>\$ 13,539,884</u>

See notes to financial statements.

Taylor County
Statement of Activities
Year ended June 30, 2007

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 682,164	65,355	16,354	-	(600,455)
Physical health and social services	920,612	374,562	370,641	-	(175,409)
Mental health	599,619	2,175	429,832	-	(167,612)
County environment and education	174,596	8,431	46,856	-	(119,309)
Roads and transportation	3,475,337	72,674	1,985,450	3,567,865	2,150,652
Governmental services to residents	230,527	99,434	2,020	-	(129,073)
Administration	536,982	33,357	135	-	(503,490)
Interest on long-term debt	27,122	-	-	-	(27,122)
Total	\$ 6,646,959	655,988	2,851,288	3,567,865	428,182
General Revenues:					
Property and other county tax levied for:					
General purposes					2,161,634
Debt service					34,841
Penalty and interest on property tax					30,277
State tax credits					170,791
Local option sales tax					175,482
Unrestricted investment earnings					83,227
Miscellaneous					622
Total general revenues					2,656,874
Change in net assets					3,085,056
Net assets beginning of year					10,454,828
Net assets end of year					\$ 13,539,884

See notes to financial statements.

Taylor County
Balance Sheet
Governmental Funds

June 30, 2007

Assets	Special Revenue		
	General	Mental Health	Secondary Roads
Cash and pooled investments	\$ 938,625	87,837	587,488
Receivables:			
Property tax:			
Delinquent	2,744	245	-
Succeeding year	1,460,000	130,000	-
Interest and penalty on property tax	4,264	-	-
Accounts	35,936	-	23
Accrued interest	2,027	-	-
Due from other governments	195,803	1,150	159,995
Inventories	-	-	229,749
Prepaid insurance	178,259	-	2,300
Total assets	\$ 2,817,658	219,232	979,555
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 25,484	7,298	167,485
Salaries and benefits payable	84	-	7,020
Due to other governments	3,853	115,378	738
Deferred revenue:			
Succeeding year property tax	1,460,000	130,000	-
Other	6,652	1,835	-
Total liabilities	1,496,073	254,511	175,243
Fund balances:			
Reserved for:			
Supplemental levy purposes	415,391	-	-
Resource enhancement and protection	24,882	-	-
Debt service	-	-	-
Medicaid contingencies	11,775	-	-
Unreserved, designated, reported in:			
Special revenue funds	-	-	559,825
Unreserved, undesignated, reported in:			
General fund	869,537	-	-
Special revenue funds	-	(35,279)	244,487
Capital projects fund	-	-	-
Total fund balances	1,321,585	(35,279)	804,312
Total liabilities and fund balances	\$ 2,817,658	219,232	979,555

See notes to financial statements.

Rural Services	Nonmajor	Total
128,845	195,537	1,938,332
1	165	3,155
582,000	87,000	2,259,000
-	-	4,264
2,536	2,468	40,963
-	-	2,027
19,643	21,076	397,667
-	-	229,749
-	-	180,559
733,025	306,246	5,055,716
3,435	885	204,587
-	-	7,104
1,200	-	121,169
582,000	87,000	2,259,000
1	157	8,645
586,636	88,042	2,600,505
-	-	415,391
-	-	24,882
-	330	330
-	-	11,775
-	37,652	597,477
-	-	869,537
146,389	150,604	506,201
-	29,618	29,618
146,389	218,204	2,455,211
733,025	306,246	5,055,716

Taylor County

Taylor County

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets

June 30, 2007

Total governmental fund balances (page 19) \$ 2,455,211

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$16,547,104 and the accumulated depreciation is \$4,653,122. 11,893,982

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 8,645

Long-term liabilities, including capital lease purchase agreements payable, notes payable, bank loans payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. (817,954)

Net assets of governmental activities (page 16) \$ 13,539,884

See notes to financial statements.

Taylor County

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2007

	Special Revenue			
	General	Mental Health	Secondary Roads	Rural Services
Revenues:				
Property and other county tax	\$ 1,445,184	130,184	-	645,594
Interest and penalty on property tax	28,502	-	-	-
Intergovernmental	862,346	440,109	2,041,510	74,731
Licenses and permits	-	-	1,007	9,899
Charges for service	158,421	-	-	-
Use of money and property	84,516	-	-	-
Miscellaneous	50,360	2,175	98,358	174
Total revenues	<u>2,629,329</u>	<u>572,468</u>	<u>2,140,875</u>	<u>730,398</u>
Expenditures:				
Operating:				
Public safety and legal services	637,174	-	-	33,526
Physical health and social services	853,793	-	-	61,940
Mental health	-	599,619	-	-
County environment and education	108,420	-	-	24,138
Roads and transportation	-	-	2,639,275	29,714
Governmental services to residents	229,628	-	-	1,022
Administration	506,617	-	-	-
Debt service	3,072	-	49,063	-
Capital projects	-	-	204,337	-
Total expenditures	<u>2,338,704</u>	<u>599,619</u>	<u>2,892,675</u>	<u>150,340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>290,625</u>	<u>(27,151)</u>	<u>(751,800)</u>	<u>580,058</u>
Other financing sources (uses):				
Operating transfers in	12,000	-	526,371	-
Operating transfers out	-	-	-	(526,371)
Proceeds from sale of notes	-	-	-	-
Bank loan proceeds	-	-	119,000	-
Total other financing sources (uses)	<u>12,000</u>	<u>-</u>	<u>645,371</u>	<u>(526,371)</u>
Net change in fund balances	302,625	(27,151)	(106,429)	53,687
Fund balances beginning of year	1,018,960	(8,128)	910,741	92,702
Fund balances end of year	<u>\$ 1,321,585</u>	<u>(35,279)</u>	<u>804,312</u>	<u>146,389</u>

See notes to financial statements.

Nonmajor	Total
148,799	2,369,761
-	28,502
2,733	3,421,429
-	10,906
1,551	159,972
27,945	112,461
6,937	158,004
<u>187,965</u>	<u>6,261,035</u>

109	670,809
-	915,733
-	599,619
39,503	172,061
-	2,668,989
1,227	231,877
24,138	530,755
37,443	89,578
<u>315,839</u>	<u>520,176</u>
<u>418,259</u>	<u>6,399,597</u>

<u>(230,294)</u>	<u>(138,562)</u>
------------------	------------------

12,500	550,871
(24,500)	(550,871)
345,000	345,000
-	119,000
<u>333,000</u>	<u>464,000</u>

102,706	325,438
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<u>115,498</u>	<u>2,129,773</u>
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<u>218,204</u>	<u>2,455,211</u>
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Taylor County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds to the Statement
of Activities

Year ended June 30, 2007

Net change in fund balances - Total governmental funds (page 23) \$ 325,438

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

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

Expenditures for capital assets	\$ 443,273	
Capital assets contributed by the Iowa Department of Transportation	3,485,114	
Depreciation expense	<u>(736,339)</u>	3,192,048

In the Statement of Activities, the loss on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (11,960)

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

Property tax	2,196	
Other	<u>(16,330)</u>	(14,134)

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

Issued	(464,000)	
Repaid	<u>78,568</u>	(385,432)

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:

Compensated absences	(4,792)	
Interest on long-term debt	<u>(16,112)</u>	<u>(20,904)</u>

Change in net assets of governmental activities (page 17) \$ 3,085,056

See notes to financial statements.

Taylor County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2007

Assets

Cash and pooled investments:	
County Treasurer	\$ 359,718
Other County officials	5,363
Receivables:	
Property tax:	
Delinquent	13,176
Succeeding year	4,615,000
Accounts	132
Prepaid insurance	4,943
Total assets	4,998,332

Liabilities

Accounts payable	481
Due to other governments	4,986,680
Trusts payable	6,387
Compensated absences	4,784
Total liabilities	4,998,332

Net assets	\$ -
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See notes to financial statements.

Taylor County

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Taylor County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. Taylor 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: Taylor County Assessor's Conference Board, Taylor County Empowerment Board and Taylor County Emergency Management Commission. 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 Agency Funds of the County.

The County also participates in the following jointly governed organizations: Prairie Solid Waste Agency (formerly Adams and Taylor Counties Regional Service Agency), South Iowa Area Crime Commission, Innovative Industries Sheltered Workshop, Matura, Southern Iowa Council of Governments, Southern Iowa Rural Water Association and Southern Iowa Regional Housing Authority.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary 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.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

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

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

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

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.

Additionally, the County reports the following funds:

Fiduciary Funds - Agency 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.

C. Measurement Focus and Basis of Accounting

The government-wide 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 period or soon enough thereafter to pay liabilities of the current period. 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 capital leases 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 assets 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.

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

D. Assets, Liabilities and Fund Equity

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

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

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 receivable represents 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 receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is 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, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2006.

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.

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.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at 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 initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment	2 - 20
Vehicles	3 - 10

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.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted by function.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2007 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 insure there will be no loss of public funds.

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Child Health (0-5 years)	\$ 12,000
Special Revenue: Secondary Roads SIRWA Grid Sinking Reserve	Special Revenue: Rural Services Local Option Sales Tax	526,371 12,500
Total		\$ 550,871

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 891,709	-	-	891,709
Construction in progress, road network	3,462,811	3,485,114	(6,947,925)	-
Total capital assets not being depreciated	4,354,520	3,485,114	(6,947,925)	891,709
Capital assets being depreciated:				
Buildings	1,203,008	-	-	1,203,008
Improvements other than buildings	-	238,151	-	238,151
Equipment and vehicles	3,586,336	205,122	(63,881)	3,727,577
Infrastructure, road network	3,538,734	6,947,925	-	10,486,659
Total capital assets being depreciated	8,328,078	7,391,198	(63,881)	15,655,395
Less accumulated depreciation for:				
Buildings	818,125	18,308	-	836,433
Improvements other than buildings	-	4,763	-	4,763
Equipment and vehicles	2,677,130	238,996	(51,921)	2,864,205
Infrastructure, road network	473,449	474,272	-	947,721
Total accumulated depreciation	3,968,704	736,339	(51,921)	4,653,122
Total capital assets being depreciated, net	4,359,374	6,654,859	(11,960)	11,002,273
Governmental activities capital assets, net	\$ 8,713,894	10,139,973	(6,959,885)	11,893,982

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 24,892
Physical health and social services	23,202
County environment and education	13,707
Roads and transportation	669,202
Administration	5,336
Total depreciation expense - governmental activities	\$ 736,339

Equipment includes assets acquired under capital leases with a book value of \$12,040.

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 3,853
Special Revenue:		
Mental Health	Services	115,378
Secondary Roads	Services	738
Rural Services	Services	1,200
		<u>117,316</u>
Total for governmental funds		<u>\$ 121,169</u>
Agency:		
County Assessor	Collections	\$ 234,068
Schools		3,405,992
Community Colleges		148,028
Corporations		861,340
Auto License and Use Tax		119,356
All other		217,896
Total for agency funds		<u>\$ 4,986,680</u>

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Capital Lease Purchase Agreement	General Obligation Notes	Bank Loans	Compensated Absences	Total
Balance beginning of year	\$ 8,356	50,000	196,212	151,252	405,820
Increases	-	345,000	119,000	151,454	615,454
Decreases	2,707	25,000	50,861	146,662	225,230
Balance end of year	<u>\$ 5,649</u>	<u>370,000</u>	<u>264,351</u>	<u>156,044</u>	<u>796,044</u>
Due within one year	<u>\$ 2,823</u>	<u>52,515</u>	<u>74,497</u>	<u>79,781</u>	<u>209,616</u>

Capital Lease Purchase Agreement

In a prior year, the County entered into a capital lease purchase agreement to lease a mower with an historical cost of \$17,200. The following is a schedule of the future minimum lease payments, including interest at 4.25% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2007:

Year ending June 30,	Amount
2008	\$ 3,072
2009	2,953
Total minimum lease payments	6,025
Less amount representing interest	(376)
Present value of net minimum lease payments	<u>\$ 5,649</u>

Payments under the capital lease purchase agreement totaled \$3,072 for the year ended June 30, 2007.

General Obligation Notes

A summary of the County's June 30, 2007 general obligation note indebtedness is as follows:

Year ending June 30,	Series 2002			Series 2006			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2008	4.75%	\$ 25,000	1,188	5.30%	\$ 27,515	30,475	52,515	31,663
2009		-	-	5.30	49,483	17,060	49,483	17,060
2010		-	-	5.30	50,809	14,401	50,809	14,401
2011		-	-	5.30	52,170	11,671	52,170	11,671
2012		-	-	5.30	53,544	8,892	53,544	8,892
2013-2014		-	-	5.30	111,479	9,026	111,479	9,026
Total		<u>\$ 25,000</u>	<u>1,188</u>		<u>\$ 345,000</u>	<u>91,525</u>	<u>370,000</u>	<u>92,713</u>

During the year ended June 30, 2007, the County issued \$345,000 of capital loan notes and retired \$25,000 of notes.

Bank Loans

A summary of the County's June 30, 2007 bank loans payable is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2008	4.10-5.10%	\$ 74,497	12,254	86,751
2009	4.10-5.10	67,777	8,905	76,682
2010	4.10-5.10	70,846	5,835	76,681
2011	5.10	24,970	2,649	27,619
2012	5.10	26,261	1,358	27,619
Total		<u>\$ 264,351</u>	<u>31,001</u>	<u>295,352</u>

During the year ended June 30, 2007, the County borrowed \$119,000 and repaid \$50,861 of loans.

(7) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$127,500, \$117,224 and \$115,581, respectively, equal to the required contributions for each year.

(8) Risk Management

Taylor County is a member in 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 556 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 and inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual 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 due and payable in the current 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 to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current 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 risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2007 were \$107,017.

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 \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. 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, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, 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 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. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

(9) Deficit Fund Balance

The Special Revenue, Mental Health Fund had a deficit fund balance of \$35,279 at June 30, 2007. The deficit will be eliminated with future state funding.

(10) Subsequent Event

In October 2007, the County issued \$417,341 of general obligation capital loan notes to pay the cost of acquiring two graders and an excavator for the Secondary Roads Department.

Required Supplementary Information

Taylor County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2007

	<u>Actual</u>
Receipts:	
Property and other county tax	\$ 2,357,334
Interest and penalty on property tax	28,519
Intergovernmental	3,291,935
Licenses and permits	8,373
Charges for service	161,056
Use of money and property	110,442
Miscellaneous	127,169
Total receipts	<u>6,084,828</u>
Disbursements:	
Public safety and legal services	670,563
Physical health and social services	927,938
Mental health	646,163
County environment and education	174,148
Roads and transportation	2,777,979
Governmental services to residents	232,343
Administration	536,682
Debt service	89,578
Capital projects	607,766
Total disbursements	<u>6,663,160</u>
Excess (deficiency) of receipts over (under) disbursements	(578,332)
Other financing sources, net	<u>464,000</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(114,332)
Balance beginning of year	<u>2,052,664</u>
Balance end of year	<u>\$ 1,938,332</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
2,292,988	2,311,539	45,795
4,510	4,510	24,009
3,425,154	3,439,471	(147,536)
9,500	10,845	(2,472)
126,865	127,835	33,221
51,605	81,605	28,837
4,715	98,338	28,831
5,915,337	6,074,143	10,685
722,337	722,337	51,774
917,156	1,044,586	116,648
552,203	648,781	2,618
254,281	272,281	98,133
2,478,000	2,778,000	21
276,191	276,191	43,848
580,007	614,572	77,890
89,582	89,582	4
400,000	695,000	87,234
6,269,757	7,141,330	478,170
(354,420)	(1,067,187)	488,855
-	464,000	-
(354,420)	(603,187)	488,855
1,379,955	1,379,955	672,709
1,025,535	776,768	1,161,564

Taylor County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2007

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 6,084,828	176,207	6,261,035
Expenditures	6,663,160	(263,563)	6,399,597
Net	(578,332)	439,770	(138,562)
Other financing sources, net	464,000	-	464,000
Beginning fund balances	2,052,664	77,109	2,129,773
Ending fund balances	\$ 1,938,332	516,879	2,455,211

See accompanying independent auditor's report.

Taylor County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

This 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 Agency 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 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$871,573. 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 Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted by function.

Taylor County

Other Supplementary Information

Taylor County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2007

	County Recorder's Records Management	Forfeitures	Child Health (0-5 years)	Special Care Facility Building
Assets				
Cash and pooled investments	\$ 8,656	17,020	36,139	1,513
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	2,468
Due from other governments	-	-	-	-
Total assets	\$ 8,656	17,020	36,139	3,981
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	-	-	221
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total liabilities	-	-	-	221
Fund equity:				
Fund balances:				
Reserved for debt service	-	-	-	-
Unreserved:				
Designated	-	-	36,139	1,513
Undesignated	8,656	17,020	-	2,247
Total fund equity	8,656	17,020	36,139	3,760
Total liabilities and fund equity	\$ 8,656	17,020	36,139	3,981

See accompanying independent auditor's report.

Revenue						
Local Option Sales Tax	SIRWA Grid Sinking Reserve	Conservation Land Acquisition	Debt Service	Capital Projects	Total	
80,561	12,500	9,208	322	29,618	195,537	
-	-	-	165	-	165	
-	-	-	87,000	-	87,000	
-	-	-	-	-	2,468	
21,076	-	-	-	-	21,076	
101,637	12,500	9,208	87,487	29,618	306,246	
664	-	-	-	-	885	
-	-	-	87,000	-	87,000	
-	-	-	157	-	157	
664	-	-	87,157	-	88,042	
-	-	-	330	-	330	
-	-	-	-	-	37,652	
100,973	12,500	9,208	-	29,618	180,222	
100,973	12,500	9,208	330	29,618	218,204	
101,637	12,500	9,208	87,487	29,618	306,246	

Taylor County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2007

				Special
	County Recorder's Records Management	Forfeitures	Child Health (0-5 years)	Care Facility Building
Revenues:				
Property and other county tax	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for service	1,551	-	-	-
Use of money and property	1	-	-	27,898
Miscellaneous	-	6,480	-	-
Total revenues	<u>1,552</u>	<u>6,480</u>	<u>-</u>	<u>27,898</u>
Expenditures:				
Operating:				
Public safety and legal services	-	109	-	-
County environment and education	-	-	-	-
Governmental services to residents	1,227	-	-	-
Administration	-	-	-	24,138
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>1,227</u>	<u>109</u>	<u>-</u>	<u>24,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>325</u>	<u>6,371</u>	<u>-</u>	<u>3,760</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(12,000)	-
Note proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(12,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>325</u>	<u>6,371</u>	<u>(12,000)</u>	<u>3,760</u>
Fund balances beginning of year	<u>8,331</u>	<u>10,649</u>	<u>48,139</u>	<u>-</u>
Fund balances end of year	<u>\$ 8,656</u>	<u>17,020</u>	<u>36,139</u>	<u>3,760</u>

See accompanying independent auditor's report.

Revenue					
Local Option Sales Tax	SIRWA Grid Sinking Reserve	Conservation Land Acquisition	Debt Service	Capital Projects	Total
114,063	-	-	34,736	-	148,799
-	-	-	2,733	-	2,733
-	-	-	-	-	1,551
-	-	46	-	-	27,945
-	-	-	-	457	6,937
114,063	-	46	37,469	457	187,965
-	-	-	-	-	109
39,503	-	-	-	-	39,503
-	-	-	-	-	1,227
-	-	-	-	-	24,138
-	-	-	37,443	-	37,443
-	-	-	-	315,839	315,839
39,503	-	-	37,443	315,839	418,259
74,560	-	46	26	(315,382)	(230,294)
-	12,500	-	-	-	12,500
(12,500)	-	-	-	-	(24,500)
-	-	-	-	345,000	345,000
(12,500)	12,500	-	-	345,000	333,000
62,060	12,500	46	26	29,618	102,706
38,913	-	9,162	304	-	115,498
100,973	12,500	9,208	330	29,618	218,204

Taylor County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,740	82,198	85,569	3,756
Other County officials	5,363	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	126	282	6,423	272
Succeeding year	-	67,000	150,000	3,314,000	144,000
Accounts	132	-	-	-	-
Prepaid insurance	-	-	4,152	-	-
Total assets	\$ 5,495	68,866	236,632	3,405,992	148,028
Liabilities					
Accounts payable	\$ -	-	-	-	-
Due to other governments	629	68,866	234,068	3,405,992	148,028
Trusts payable	4,415	-	-	-	-
Compensated absences	451	-	2,564	-	-
Total liabilities	\$ 5,495	68,866	236,632	3,405,992	148,028

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Other	Total
13,268	3,028	119,356	50,803	359,718
-	-	-	-	5,363
6,072	-	-	1	13,176
842,000	97,000	-	1,000	4,615,000
-	-	-	-	132
-	-	-	791	4,943
<u>861,340</u>	<u>100,028</u>	<u>119,356</u>	<u>52,595</u>	<u>4,998,332</u>
-	-	-	481	481
861,340	100,028	119,356	48,373	4,986,680
-	-	-	1,972	6,387
-	-	-	1,769	4,784
<u>861,340</u>	<u>100,028</u>	<u>119,356</u>	<u>52,595</u>	<u>4,998,332</u>

Taylor County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 8,896	68,272	286,266	3,388,444	146,900
Additions:					
Property and other county tax	-	67,132	150,536	3,321,705	144,758
E911 surcharge	-	-	-	-	-
State tax credits	-	5,219	17,257	257,376	11,267
Office fees and collections	143,606	-	-	-	-
Electronic transaction fees	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Drivers license fees	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	27,171	-	-	-	-
Miscellaneous	23	-	1,144	-	-
Total additions	170,800	72,351	168,937	3,579,081	156,025
Deductions:					
Agency remittances:					
To other funds	66,120	-	-	-	-
To other governments	81,392	71,757	218,571	3,561,533	154,897
Trusts paid out	26,689	-	-	-	-
Total deductions	174,201	71,757	218,571	3,561,533	154,897
Balances end of year	\$ 5,495	68,866	236,632	3,405,992	148,028

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	Empower- ment Area	Other	Total
863,808	95,804	93,834	93,860	53,479	5,099,563
822,410	97,991	-	-	877	4,605,409
-	-	-	-	43,847	43,847
76,390	6,850	-	-	69	374,428
-	-	-	-	-	143,606
-	-	-	-	1,569	1,569
-	-	1,398,950	-	-	1,398,950
-	-	9,669	-	-	9,669
-	-	-	-	3,693	3,693
-	-	-	-	116,706	143,877
-	-	-	40,345	18,000	59,512
898,800	104,841	1,408,619	40,345	184,761	6,784,560
-	-	61,495	-	-	127,615
901,268	100,617	1,321,602	134,205	92,097	6,637,939
-	-	-	-	93,548	120,237
901,268	100,617	1,383,097	134,205	185,645	6,885,791
861,340	100,028	119,356	-	52,595	4,998,332

Taylor County

Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

For the Last Seven Years

	Modified Accrual Basis			
	2007	2006	2005	2004
Revenues:				
Property and other county tax	\$ 2,369,761	2,157,427	2,058,299	1,901,086
Interest and penalty on property tax	28,502	31,257	33,807	26,953
Intergovernmental	3,421,429	3,315,325	4,616,305	4,640,502
Licenses and permits	10,906	10,636	11,628	7,188
Charges for service	159,972	153,664	181,176	165,947
Use of money and property	112,461	87,895	121,049	81,135
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	158,004	182,748	102,562	101,390
Total	\$ 6,261,035	5,938,952	7,124,826	6,924,201
Expenditures:				
Operating:				
Public safety and legal services	\$ 670,809	671,836	667,610	630,218
Physical health and social services	915,733	786,264	730,376	788,912
Mental health	599,619	552,081	546,380	489,836
County environment and education	172,061	166,628	149,417	109,305
Roads and transportation	2,668,989	2,721,434	2,823,099	2,271,756
Governmental services to residents	231,877	332,668	258,022	244,175
Administration	530,755	519,928	541,352	536,656
Debt service	89,578	201,648	138,593	138,149
Capital projects	520,176	3,747,310	430,777	314,663
Total	\$ 6,399,597	9,699,797	6,285,626	5,523,670

See accompanying independent auditor's report.

2003	2002	2001
1,765,389	1,581,492	1,457,969
30,749	28,427	22,052
4,526,047	3,230,238	3,012,875
7,517	5,949	6,021
167,913	128,293	117,391
43,031	68,525	155,393
-	1,593	3,644
35,844	27,884	142,152
6,576,490	5,072,401	4,917,497

618,784	608,862	736,036
829,081	741,172	717,998
561,049	583,944	558,470
102,044	119,392	116,062
2,161,540	2,667,618	2,428,712
228,899	221,911	204,223
499,680	469,669	459,710
131,049	164,511	161,017
100,100	406,549	885
5,232,226	5,983,628	5,383,113

Taylor County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Taylor County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Taylor County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 29, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Taylor County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Taylor County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Taylor County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Taylor County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Taylor County's financial statements that is more than inconsequential will not be prevented or detected by Taylor County's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Taylor County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above and reported as item (A) is a material weakness.

Compliance and Other Matters

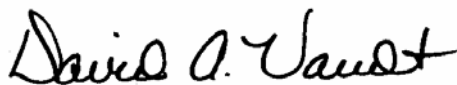
As part of obtaining reasonable assurance about whether Taylor County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 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.

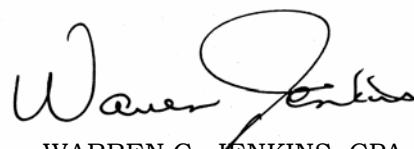
Taylor County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Taylor County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Taylor County and other parties to whom Taylor County may report. This 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 personnel of Taylor County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 29, 2008

Taylor County
Schedule of Findings
Year ended June 30, 2007

Part I: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

(A) Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the County Recorder's office may have control over the following areas for which no compensating controls exist:

(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is prepared. However, an independent reconciliation of the listing to the accounting records is not performed.

(2) Checks are not signed by an individual who does not otherwise participate in preparing the checks, recording cash receipts, handling petty cash and approving disbursements.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Recorder should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances. The County Recorder should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response – We are limited to our options because of our low workforce, but we will attempt to segregate our duties as much as possible.

Conclusion – Response acknowledged. In many instances, the segregation of duties can be improved by seeking assistance from other County offices.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Taylor County
Schedule of Findings
Year ended June 30, 2007

Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted by function.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Dana Davis, Treasurer's office employee, spouse is Doug Davis	Well closure	\$ 400
Mary Eagan, Sheriff's Office employee, spouse owns Eagan Services	Mowing services	3,460
Danielle Gray, Sheriff's Office employee, spouse is Nick Gray	Well closure	350
Lori Hughes, Deputy Recorder, spouse owns Hughes Feed & Supply and is County Auditor's brother	Corrugated pipe, seed, steel, and misc items	55,013
Rick Sheley, County Recorder, spouse owns Marla's Country Garden	Potting mix, flowers, spikes, flowers for Courthouse	29
Karen Norton, County Breast and Cervical Cancer Clinic employee, spouse is Paul Norton	Well closure	325
Julie Thomas, County Nurse, spouse is Andy Thomas	Repair Sheriff's office porch, attic and close two windows in basement	7,350

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions less than \$1,500 per year do not appear to represent conflicts of interest. The purchases of seed, supplies and corrugated pipe from Hughes Feed and Supply, the purchases of mowing services from Eagan Services and the repair work performed on the Sheriff's office by Andy Thomas may represent conflicts of interest as defined in Chapter 331.342 of the Code of Iowa because the transactions are more than \$1,500 per year by individual.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – We want to keep our services to Taylor County residents. There is no direct correlation between Taylor County's employees and the services.

Conclusion – Response acknowledged. The Board should consult legal counsel regarding transactions with related parties.

Taylor County

Schedule of Findings

Year ended June 30, 2007

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. Minutes were not published for the meeting held on February 22, 2007 as required by the Code of Iowa.

Recommendation – Minutes should be published as required by Chapter 21.4 of the Code of Iowa.

Response – Board minutes are sent to the newspaper office via the internet. This day apparently was not received by the newspaper office. All other minutes were published as per the Code of Iowa.

Conclusion – Response acknowledged. Minutes should still be published as required by Chapter 21.4 of the Code of Iowa.

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County's investment policy were noted.
- (8) 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).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2007 for the County Extension Office did not exceed the amount budgeted.

- (10) Deficit Fund Balance – The Special Revenue, Mental Health Fund had a deficit fund balance of \$35,279 at June 30, 2007.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – Taylor County's Mental Health Fund had a cash balance of \$87,837. It was only in the accrual balance that there was a deficit. No checks were written until there was cash to pay for it. Taylor County has levied the maximum for several years and has done everything that the law would allow to try to keep it in a sound financial position including cutting services to the mentally ill.

Conclusion – Response accepted.

Taylor County

Schedule of Findings

Year ended June 30, 2007

- (11) Conservation Board Annual Report – Chapter 350.3 of the Code of Iowa states “The board shall annually make a full and complete report to the county board of supervisors of its transactions and operations for the preceding year. Such report shall contain a full statement of its receipts, disbursements, and the program of work for the period covered, and may include such recommendations as may deemed advisable.” The Conservation Board did not prepare this report.

Recommendation – The County Conservation Board should comply with the Code of Iowa and complete this report annually and submit it to the County Board of Supervisors.

Response – We will start doing the report again.

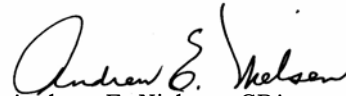
Conclusion – Response accepted.

Taylor County

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager
Melissa M. Wellhausen, CPA, Senior Auditor
Tiffany A. Gossweiler, Staff Auditor
Marta M. Sobieszkoda, Staff Auditor
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