



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

June 11, 2010

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 \$7,904,624 for the year ended June 30, 2009, which included \$501,426 in tax credits from the state. The County forwarded \$5,346,382 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,558,242 of the local tax revenue to finance County operations, a 4 percent increase over the prior year. Other revenues included charges for service of \$689,176, operating grants, contributions and restricted interest of \$3,055,734, capital grants, contributions and restricted interest of \$340,539, local option sales tax of \$172,166, unrestricted investment earnings of \$48,594 and other general revenues of \$34,828.

Expenses for County operations totaled \$6,720,327, an 8 percent decrease from the prior year. Expenses included \$3,480,170 for roads and transportation, \$917,956 for physical health and social services and \$781,821 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/index.html>.

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TAYLOR COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2009

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Taylor County

Officials

(Before January 2009)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bonnie Godden	Board of Supervisors	Jan 2009
J.B. French	Board of Supervisors	(Deceased)
Charles Ambrose (Appointed)	Board of Supervisors	Nov 2010
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

(After January 2009)

Charles Ambrose	Board of Supervisors	Nov 2010
Robert Lundquist	Board of Supervisors	Jan 2011
Bonnie Godden	Board of Supervisors	Jan 2013
Bonny Baker	County Auditor	Jan 2013
Pam Sprague	County Treasurer	Jan 2011
Rick Sheley	County Recorder	Jan 2011
Lonnie Weed	County Sheriff	Jan 2013
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, 2009, 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, 2009, 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 May 5, 2010 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 eight years ended June 30, 2008 (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

May 5, 2010

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, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Governmental activities revenues decreased approximately \$928,000, or 11.9%, from fiscal year 2008 to fiscal year 2009. Property and other county tax increased approximately \$92,000, or 4.0%. Capital grants, contributions and restricted interest decreased approximately \$470,000, or 58.0%, primarily due to approximately \$341,000 of funding from the Iowa Department of Transportation for road projects in the current year and approximately \$811,000 in fiscal year 2008.
- Governmental activities expenses decreased approximately \$573,000, or 7.9%, from fiscal year 2008 to fiscal year 2009. Roads and transportation expenses decreased approximately \$458,000.
- Net assets increased 1.3%, or approximately \$179,000, from June 30, 2008 to June 30, 2009.

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, and 3) the Debt Service 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 increased slightly from a year ago, increasing from approximately \$14.1 million to approximately \$14.3 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,	
	2009	2008
Current and other assets	\$ 5,706	5,291
Capital assets	12,108	12,665
Total assets	<u>17,814</u>	<u>17,956</u>
Long-term liabilities	938	1,096
Other liabilities	2,623	2,786
Total liabilities	<u>3,561</u>	<u>3,882</u>
Net assets:		
Invested in capital assets, net of related debt	11,341	11,738
Restricted	1,697	1,256
Unrestricted	<u>1,215</u>	<u>1,080</u>
Total net assets	<u>\$ 14,253</u>	<u>14,074</u>

Net assets of Taylor County's governmental activities increased approximately \$179,000, or 1.3%. 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 \$1,080,000 at June 30, 2008 to approximately \$1,215,000 at the end of this year, an increase of 12.5%.

Changes in Net Assets of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2009	2008
Revenues:		
Program revenues:		
Charges for service	\$ 689	662
Operating grants, contributions and restricted interest	3,055	3,403
Capital grants, contributions and restricted interest	341	811
General revenues:		
Property and other county tax	2,396	2,304
Penalty and interest on property tax	33	31
State tax credits	162	167
Local option sales tax	172	164
Unrestricted investment earnings	49	72
Other general revenues	2	213
Total revenues	<u>6,899</u>	<u>7,827</u>
Program expenses:		
Public safety and legal services	782	708
Physical health and social services	918	929
Mental health	475	578
County environment and education	180	285
Roads and transportation	3,480	3,938
Governmental services to residents	265	243
Administration	576	571
Interest on long-term debt	44	41
Total expenses	<u>6,720</u>	<u>7,293</u>
Increase in net assets	179	534
Net assets beginning of year	<u>14,074</u>	<u>13,540</u>
Net assets end of year	<u>\$ 14,253</u>	<u>14,074</u>

The County decreased property tax rates for fiscal year 2009 an average of 2.0%. However, property taxable valuations increased approximately 8.0%. These factors combined to raise the County's property tax revenue approximately \$92,000 in fiscal year 2009. Based on increases in the taxable valuation, property tax revenue is budgeted to increase approximately \$32,000 next year.

The cost of all governmental activities this year was approximately \$6.7 million compared to approximately \$7.3 million last year. Some of the cost was paid by those directly benefited from the programs (\$689,000) or by other governments and organizations which subsidized certain programs with grants and contributions (\$3,396,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased in fiscal year 2009 from approximately \$4,876,000 to approximately \$4,085,000. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$2,568,000 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 \$3,008,417, an increase of \$534,253 above last year's total fund balance of \$2,474,164. The increase in the combined fund balance is primarily attributable to an increase in the General Fund and the Special Revenue, Mental Health and Secondary Roads Funds. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund intergovernmental revenues increased due to an increase in grants received. The ending fund balance increased \$132,142 over the prior year to \$1,579,900.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$475,259, a decrease of 17.8% from the prior year. The Mental Health Fund balance at year end increased \$128,648 over the prior year.
- Secondary Roads Fund expenditures decreased approximately \$995,735 from the prior year, due principally to costs for capital projects and the purchase of several new pieces of large equipment in the prior year. The significant decrease in expenditures resulted in an increase in the Secondary Roads Fund ending balance of \$146,570, or 21.6%.
- The Rural Services Fund ended the fiscal year with a \$226,500 balance compared to the prior year ending balance of \$172,929. Property and other county tax for the Rural Services Fund increased \$69,868 and total expenditures increased \$6,648.

BUDGETARY HIGHLIGHTS

Over the course of the year, Taylor County amended its budget three times. The first amendment was made on August 28, 2008 and resulted in an increase in budgeted disbursements related to transfer of jurisdiction funds.

The second amendment was made on April 13, 2009 and resulted in an increase in disbursements relating to the Boyd building, a transfer to Secondary Roads, Veteran's expenses, FEMA expenses, EWP Grant & Hungry Canyon expenses, EMA expenses and Empowerment expenses.

The final amendment was made on June 1, 2009 and resulted in an increase in disbursements related to the care facility building, lightning damage expenses, sheriff radio expenses and conservation expenses.

The County's receipts were \$68,966 less than budgeted. Actual receipts for intergovernmental were \$213,391 less than budgeted. This was primarily due to receipts not being as high as anticipated.

Total disbursements were \$801,239 less than the amended budget. Actual disbursements for the roads and transportation and the physical health and social services functions were \$341,092 and \$132,619, 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, 2009.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, Taylor County had approximately \$12.1 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities and roads and bridges. This is a net decrease (including additions and deletions) of approximately \$557,000, or 4.4%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	Year ended June 30,	
	2009	2008
Land	\$ 892	892
Construction in progress	458	500
Buildings and improvements	586	582
Equipment and vehicles	876	1,103
Infrastructure	9,296	9,588
Total	\$ 12,108	12,665

The County had depreciation expense of \$925,105 in fiscal year 2009 and total accumulated depreciation of \$5,908,432 at June 30, 2009. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2009, Taylor County had approximately \$768,000 in general obligation capital loan notes and other debt outstanding, compared to approximately \$928,000 at June 30, 2008.

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2009	2008
Capital lease purchase agreement	\$ -	3
General obligation notes	646	735
Bank loans	122	190
Total	\$ 768	928

Debt decreased as a result of making the scheduled payments in fiscal year 2009.

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 approximately \$17.9 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 2010. The County had a countywide valuation increase of \$9,479,492 and a rural valuation increase of \$7,538,059 for fiscal year 2010. The rollback totaled 45.5893% for residential property for fiscal year 2010, compared to the fiscal year 2009 rollback of 44.0803%.

Amounts levied for property tax are \$2,625,668, an increase of \$31,651 over fiscal year 2009. Total revenue and other sources for fiscal year 2010 will decrease \$65,539 from the amended budget for fiscal year 2009. This decrease is mainly due to a decrease in grant revenues.

Budgeted disbursements are also expected to decrease \$153,038 from the amended fiscal year 2009 budget. The decrease is primarily due to a decrease in capital projects in fiscal year 2010.

The County has added no major new programs or initiatives to the fiscal year 2010 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly increase by the close of fiscal year 2010.

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, 2009

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 2,296,885
Receivables:	
Property tax:	
Delinquent	8,694
Succeeding year	2,457,000
Interest and penalty on property tax	8,213
Accounts	7,156
Accrued interest	4,270
Due from other governments	473,245
Inventories	276,186
Prepaid insurance	173,269
Capital assets (net of accumulated depreciation)	12,108,867
Total assets	<u>17,813,785</u>
Liabilities	
Accounts payable	73,155
Accrued interest payable	17,227
Salaries and benefits payable	20,698
Due to other governments	54,555
Deferred revenue:	
Succeeding year property tax	2,457,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	90,457
Bank loans	70,846
Compensated absences	85,439
Portion due or payable after one year:	
General obligation notes	555,442
Bank loans	51,232
Compensation absences	84,425
Total liabilities	<u>3,560,476</u>
Net Assets	
Invested in capital assets, net of related debt	11,340,890
Restricted for:	
Supplemental levy purposes	592,556
Mental health purposes	113,440
Secondary roads purposes	726,360
Other purposes	264,684
Unrestricted	1,215,379
Total net assets	<u>\$ 14,253,309</u>

See notes to financial statements.

Taylor County
Statement of Activities
Year ended June 30, 2009

	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	\$ 781,821	64,422	9,856	-	(707,543)
Physical health and social services	917,956	440,734	342,792	-	(134,430)
Mental health	475,259	1,619	463,148	-	(10,492)
County environment and education	179,771	9,688	16,574	-	(153,509)
Roads and transportation	3,480,170	68,724	2,222,606	340,539	(848,301)
Governmental services to residents	265,296	95,220	-	-	(170,076)
Administration	576,414	8,769	758	-	(566,887)
Interest on long-term debt	43,640	-	-	-	(43,640)
Total	\$ 6,720,327	689,176	3,055,734	340,539	(2,634,878)
General Revenues:					
Property and other county tax levied for:					
General purposes					2,334,051
Debt service					62,335
Penalty and interest on property tax					32,916
State tax credits					161,856
Local option sales tax					172,166
Unrestricted investment earnings					48,594
Miscellaneous					1,912
Total general revenues					2,813,830
Change in net assets					178,952
Net assets beginning of year					14,074,357
Net assets end of year					\$ 14,253,309

See notes to financial statements.

Taylor County
Balance Sheet
Governmental Funds

June 30, 2009

	General	Special Revenue	
		Mental Health	Secondary Roads
Assets			
Cash and pooled investments	\$ 1,216,332	167,751	454,374
Receivables:			
Property tax:			
Delinquent	7,441	606	-
Succeeding year	1,592,000	130,000	-
Interest and penalty on property tax	8,213	-	-
Accounts	3,550	-	-
Accrued interest	4,270	-	-
Due from other governments	247,721	-	190,991
Inventories	-	-	276,186
Prepaid insurance	170,969	-	2,300
Total assets	\$ 3,250,496	298,357	923,851
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 9,656	4,008	55,101
Salaries and benefits payable	6,343	342	13,722
Due to other governments	3,737	50,567	251
Deferred revenue:			
Succeeding year property tax	1,592,000	130,000	-
Other	58,860	530	30,713
Total liabilities	1,670,596	185,447	99,787
Fund balances:			
Reserved for:			
Supplemental levy purposes	598,881	-	-
Resource enhancement and protection	53,120	-	-
Debt service	-	-	-
Medicaid contingencies	11,775	-	-
Unreserved, designated, reported in:			
Special revenue funds	-	-	276,186
Unreserved, undesignated, reported in:			
General fund	916,124	-	-
Special revenue funds	-	112,910	547,878
Total fund balances	1,579,900	112,910	824,064
Total liabilities and fund balances	\$ 3,250,496	298,357	923,851

See notes to financial statements.

Rural Services	Nonmajor	Total
212,169	246,259	2,296,885
361	286	8,694
674,000	61,000	2,457,000
-	-	8,213
600	3,006	7,156
-	-	4,270
16,685	17,848	473,245
-	-	276,186
-	-	173,269
903,815	328,399	5,704,918
2,284	2,106	73,155
291	-	20,698
-	-	54,555
674,000	61,000	2,457,000
740	250	91,093
677,315	63,356	2,696,501
-	-	598,881
-	-	53,120
-	359	359
-	-	11,775
-	20,139	296,325
-	-	916,124
226,500	244,545	1,131,833
226,500	265,043	3,008,417
903,815	328,399	5,704,918

Taylor County

Taylor County
 Reconciliation of the Balance Sheet -
 Governmental Funds to the Statement of Net Assets
 June 30, 2009

Total governmental fund balances (page 19)	\$	3,008,417
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$18,017,299 and the accumulated depreciation is \$5,908,432.		12,108,867
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.		91,093
Long-term liabilities, including general obligation capital loan 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 governmental funds.		(955,068)
		<hr style="border-top: 1px solid black;"/>
Net assets of governmental activities (page 16)	\$	14,253,309
		<hr style="border-top: 3px double black;"/>

See notes to financial statements.

Taylor County

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

Year ended June 30, 2009

	General	Special Revenue	
		Mental Health	Secondary Roads
Revenues:			
Property and other county tax	\$ 1,585,444	130,306	-
Interest and penalty on property tax	31,213	-	-
Intergovernmental	816,691	471,982	2,182,187
Licenses and permits	-	-	1,744
Charges for service	138,828	-	-
Use of money and property	50,151	-	-
Miscellaneous	26,592	1,619	76,686
Total revenues	2,648,919	603,907	2,260,617
Expenditures:			
Operating:			
Public safety and legal services	728,993	-	-
Physical health and social services	830,660	-	-
Mental health	-	475,259	-
County environment and education	109,191	-	-
Roads and transportation	-	-	2,583,425
Governmental services to residents	259,433	-	-
Administration	548,036	-	-
Debt service	2,912	-	135,602
Capital projects	-	-	19,507
Total expenditures	2,479,225	475,259	2,738,534
Excess (deficiency) of revenues over (under) expenditures	169,694	128,648	(477,917)
Other financing sources (uses):			
Operating transfers in	6,000	-	624,487
Operating transfers out	(43,552)	-	-
Total other financing sources (uses)	(37,552)	-	624,487
Net change in fund balances	132,142	128,648	146,570
Fund balances beginning of year	1,447,758	(15,738)	677,494
Fund balances end of year	\$ 1,579,900	112,910	824,064

See notes to financial statements.

Rural Services	Nonmajor	Total
714,482	174,245	2,604,477
-	-	31,213
64,051	4,216	3,539,127
5,634	-	7,378
-	1,333	140,161
-	33,580	83,731
830	5,000	110,727
<u>784,997</u>	<u>218,374</u>	<u>6,516,814</u>
29,809	11,700	770,502
64,862	-	895,522
-	-	475,259
23,980	34,391	167,562
29,698	-	2,613,123
2,142	3,130	264,705
-	23,478	571,514
-	66,353	204,867
-	-	19,507
<u>150,491</u>	<u>139,052</u>	<u>5,982,561</u>
<u>634,506</u>	<u>79,322</u>	<u>534,253</u>
-	12,500	642,987
(580,935)	(18,500)	(642,987)
<u>(580,935)</u>	<u>(6,000)</u>	<u>-</u>
53,571	73,322	534,253
172,929	191,721	2,474,164
<u>226,500</u>	<u>265,043</u>	<u>3,008,417</u>

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, 2009

Net change in fund balances - Total governmental funds (page 23)

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

\$ 534,253

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

Expenditures for capital assets	\$ 28,000	
Capital assets contributed by the Iowa Department of Transportation	340,539	
Depreciation expense	<u>(925,105)</u>	(556,566)

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	(28,606)	
Other	<u>70,532</u>	41,926

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.

159,529

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	(1,888)	
Interest on long-term debt	<u>1,698</u>	<u>(190)</u>

Change in net assets of governmental activities (page 17)

\$ 178,952

See notes to financial statements.

Taylor County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Assets	
Cash and pooled investments:	
County Treasurer	\$ 380,508
Other County officials	5,865
Receivables:	
Property tax:	
Delinquent	35,923
Succeeding year	5,053,000
Accounts	7,712
Prepaid insurance	4,683
Total assets	<u>5,487,691</u>
 Liabilities	
Accounts payable	3,546
Due to other governments	5,474,296
Trusts payable	4,215
Compensated absences	5,634
Total liabilities	<u>5,487,691</u>
 Net assets	 <u><u>\$ -</u></u>

See notes to financial statements.

Taylor County

Notes to Financial Statements

June 30, 2009

(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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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, 2009. 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 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, 2009, disbursements did not exceed the amounts budgeted by function.

(2) Cash and Pooled Investments

The County’s deposits in banks at June 30, 2009 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, 2009 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 43,552
Special Revenue: Secondary Roads	Special Revenue: Rural Services	580,935
SIRWA Grid Sinking Reserve	Local Option Sales Tax	12,500
General	Special Revenue: Child Health (0-5 years)	<u>6,000</u>
Total		<u><u>\$ 642,987</u></u>

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, 2009 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	499,793	340,539	(381,833)	458,499
Total capital assets not being depreciated	1,391,502	340,539	(381,833)	1,350,208
Capital assets being depreciated:				
Buildings	1,203,008	28,000	-	1,231,008
Improvements other than buildings	238,151	-	-	238,151
Equipment and vehicles	3,636,592	-	-	3,636,592
Infrastructure, road network	11,179,507	381,833	-	11,561,340
Total capital assets being depreciated	16,257,258	409,833	-	16,667,091
Less accumulated depreciation for:				
Buildings	849,541	18,868	-	868,409
Improvements other than buildings	9,526	4,763	-	14,289
Equipment and vehicles	2,533,471	226,728	-	2,760,199
Infrastructure, road network	1,590,789	674,746	-	2,265,535
Total accumulated depreciation	4,983,327	925,105	-	5,908,432
Total capital assets being depreciated, net	11,273,931	(515,272)	-	10,758,659
Governmental activities capital assets, net	\$ 12,665,433	(174,733)	(381,833)	12,108,867

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 8,751
Physical health and social services	21,675
County environment and education	12,209
Roads and transportation	877,133
Administration	5,337
Total depreciation expense - governmental activities	\$ 925,105

(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	\$ 3,737
Special Revenue:		
Mental Health	Services	50,567
Secondary Roads	Services	251
		<u>50,818</u>
Total for governmental funds		<u>\$ 54,555</u>
Agency:		
County Assessor	Collections	\$ 273,202
Schools		3,627,445
Community Colleges		180,686
Corporations		965,257
Townships		134,235
All other		293,471
Total for agency funds		<u>\$ 5,474,296</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	Capital Lease Purchase Agreement	General Obligation Capital Loan Notes	Bank Loans	Compensated Absences	Total
Balance beginning of year	\$ 2,826	734,826	189,854	167,976	1,095,482
Increases	-	-	-	152,362	152,362
Decreases	2,826	88,927	67,776	150,474	310,003
Balance end of year	<u>\$ -</u>	<u>645,899</u>	<u>122,078</u>	<u>169,864</u>	<u>937,841</u>
Due within one year	<u>\$ -</u>	<u>90,457</u>	<u>70,846</u>	<u>85,439</u>	<u>246,742</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 County paid the remaining balance of \$2,826 during the year ended June 30, 2009

General Obligation Capital Loan Notes

A summary of the County's June 30, 2009 general obligation capital loan note indebtedness is as follows:

Year ending June 30,	Series 2006			Series 2007			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2010	5.30%	\$ 50,809	14,401	5.10%	\$ 39,648	19,273	90,457	33,674
2011	5.30	52,170	11,671	5.10	41,670	17,251	93,840	28,922
2012	5.30	53,544	8,892	5.10	43,795	15,125	97,339	24,017
2013	5.30	55,003	5,991	5.10	45,994	12,927	100,997	18,918
2014	5.30	56,476	3,035	5.10	206,790	10,546	263,266	13,581
Total		<u>\$ 268,002</u>	<u>43,990</u>		<u>\$ 377,897</u>	<u>75,122</u>	<u>645,899</u>	<u>119,112</u>

During the year ended June 30, 2009, the County retired \$88,927 of note principal.

Bank Loans

A summary of the County's June 30, 2009 bank loans payable is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2010	4.10-5.10%	\$ 70,846	5,835	76,681
2011	5.10	24,970	2,649	27,619
2012	5.10	26,262	1,358	27,620
Total		<u>\$ 122,078</u>	<u>9,842</u>	<u>131,920</u>

During the year ended June 30, 2009, the County repaid \$67,776 of loan principal.

(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 4.10% of their annual covered salary and the County is required to contribute 6.35% of 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, 2009, 2008 and 2007 were \$167,355, \$139,468 and \$127,500, respectively, equal to the required contributions for each year.

(8) Risk Management

The 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 577 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 200 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, 2009 were \$105,955.

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 \$10,000,000 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, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of

whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty 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) Southern Iowa Rural Water Association (SIRWA) Agreement

On May 23, 2005, the County entered into a 28E agreement with SIRWA and nine other counties to provide joint financing of certain water development facilities at Gooseberry Lake to enable SIRWA to withdraw water sufficient to supply treated water to portions of SIRWA's rural water distribution system. Pursuant to the agreement, SIRWA will obtain a loan for \$500,000 to cover the initial costs. Liability for repayment of the loan will be borne by the respective parties (counties) to the agreement. Taylor County's share of the debt is 12.5%, or \$62,500. Each participant is required to establish a SIRWA Grid Sinking Reserve Fund, into which there shall be sufficient funds to pay the principal and interest on the loan. As of June 30, 2009, the County has transferred \$37,500 to this fund in compliance with the 28E agreement. At June 30, 2009, no debt has been issued by SIRWA and, accordingly, a liability has not been reflected in the County's financial statements.

(10) Designated Fund Equity

The County has designated amounts from the Special Revenue, Secondary Roads and Special Revenue, Child Health Funds. At June 30, 2009, the amounts designated are as follows:

Description	Amount
Special Revenue:	
Secondary Roads:	
Transfer of jurisdiction from the Iowa Department of Transportation	\$ 276,186
Child Health:	
Empowerment funds	<u>20,139</u>
Total	<u>\$ 296,325</u>

(11) Construction Commitment

The County has entered into a contract totaling \$357,184 for sub-drainage for a roadway. As of June 30, 2009, no costs on the project have been incurred. The balance of \$357,184 remaining on the contract at June 30, 2009 will be paid as work on the project progresses.

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, 2009

	<u>Actual</u>
Receipts:	
Property and other county tax	\$ 2,606,018
Interest and penalty on property tax	30,485
Intergovernmental	3,484,092
Licenses and permits	7,378
Charges for service	137,163
Use of money and property	94,132
Miscellaneous	114,163
Total receipts	<u>6,473,431</u>
Disbursements:	
Public safety and legal services	774,339
Physical health and social services	923,644
Mental health	518,596
County environment and education	163,630
Roads and transportation	2,753,908
Governmental services to residents	264,503
Administration	556,493
Debt service	204,867
Capital projects	19,505
Total disbursements	<u>6,179,485</u>
Excess (deficiency) of receipts over (under) disbursements	293,946
Balance beginning of year	<u>2,002,939</u>
Balance end of year	<u>\$ 2,296,885</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
2,558,547	2,558,547	47,471
4,510	4,510	25,975
3,489,678	3,697,483	(213,391)
12,275	12,275	(4,897)
126,180	126,180	10,983
70,105	70,105	24,027
64,300	73,297	40,866
<u>6,325,595</u>	<u>6,542,397</u>	<u>(68,966)</u>
769,509	783,609	9,270
1,035,548	1,056,263	132,619
597,431	597,431	78,835
221,644	234,549	70,919
2,717,000	3,095,000	341,092
319,882	319,882	55,379
633,915	669,264	112,771
205,221	205,221	354
141,000	19,505	-
<u>6,641,150</u>	<u>6,980,724</u>	<u>801,239</u>
(315,555)	(438,327)	732,273
<u>1,635,348</u>	<u>1,635,348</u>	<u>367,591</u>
<u>1,319,793</u>	<u>1,197,021</u>	<u>1,099,864</u>

Taylor County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 6,473,431	43,383	6,516,814
Expenditures	6,179,485	(196,924)	5,982,561
Net	293,946	240,307	534,253
Other financing sources, net	-	-	-
Beginning fund balances	2,002,939	471,225	2,474,164
Ending fund balances	\$ 2,296,885	711,532	3,008,417

See accompanying independent auditor's report.

Taylor County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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 ten major classes of expenditures known as functions, not by fund. These ten 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 and the Debt Service 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 \$339,574. 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, 2009, disbursements did not exceed the amounts budgeted by function.

Taylor County

Other Supplementary Information

Taylor County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2009

	Special			
	County Recorder's Records Management	Forfeitures	Child Health (0-5 years)	Care Facility Building
Assets				
Cash and pooled investments	\$ 6,929	10,849	20,139	24,356
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	3,006
Due from other governments	-	-	-	-
Total assets	\$ 6,929	10,849	20,139	27,362
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	-	-	1,533
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total liabilities	-	-	-	1,533
Fund equity:				
Fund balances:				
Reserved for debt service	-	-	-	-
Unreserved:				
Designated	-	-	20,139	-
Undesignated	6,929	10,849	-	25,829
Total fund equity	6,929	10,849	20,139	25,829
Total liabilities and fund equity	\$ 6,929	10,849	20,139	27,362

See accompanying independent auditor's report.

Revenue				
Local Option Sales Tax	SIRWA Grid Sinking Reserve	Conservation Land Acquisition	Debt Service	Total
136,932	37,500	9,231	323	246,259
-	-	-	286	286
-	-	-	61,000	61,000
-	-	-	-	3,006
17,848	-	-	-	17,848
154,780	37,500	9,231	61,609	328,399
573	-	-	-	2,106
-	-	-	61,000	61,000
-	-	-	250	250
573	-	-	61,250	63,356
-	-	-	359	359
-	-	-	-	20,139
154,207	37,500	9,231	-	244,545
154,207	37,500	9,231	359	265,043
154,780	37,500	9,231	61,609	328,399

Taylor County

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

Year ended June 30, 2009

	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	1,333	-	-	-
Use of money and property	-	-	-	33,578
Miscellaneous	-	5,000	-	-
Total revenues	<u>1,333</u>	<u>5,000</u>	<u>-</u>	<u>33,578</u>
Expenditures:				
Operating:				
Public safety and legal services	-	11,700	-	-
County environment and education	-	-	-	-
Governmental services to residents	3,130	-	-	-
Administration	-	-	-	23,478
Debt service	-	-	-	-
Total expenditures	<u>3,130</u>	<u>11,700</u>	<u>-</u>	<u>23,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,797)</u>	<u>(6,700)</u>	<u>-</u>	<u>10,100</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(6,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(6,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,797)</u>	<u>(6,700)</u>	<u>(6,000)</u>	<u>10,100</u>
Fund balances beginning of year	<u>8,726</u>	<u>17,549</u>	<u>26,139</u>	<u>15,729</u>
Fund balances end of year	<u>\$ 6,929</u>	<u>10,849</u>	<u>20,139</u>	<u>25,829</u>

See accompanying independent auditor's report.

Revenue				
Local Option Sales Tax	SIRWA Grid Sinking Reserve	Conservation Land Acquisition	Debt Service	Total
111,908	-	-	62,337	174,245
-	-	-	4,216	4,216
-	-	-	-	1,333
-	-	2	-	33,580
-	-	-	-	5,000
111,908	-	2	66,553	218,374
-	-	-	-	11,700
34,391	-	-	-	34,391
-	-	-	-	3,130
-	-	-	-	23,478
-	-	-	66,353	66,353
34,391	-	-	66,353	139,052
77,517	-	2	200	79,322
-	12,500	-	-	12,500
(12,500)	-	-	-	(18,500)
(12,500)	12,500	-	-	(6,000)
65,017	12,500	2	200	73,322
89,190	25,000	9,229	159	191,721
154,207	37,500	9,231	359	265,043

Taylor County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,211	95,715	56,898	2,857
Other County officials	5,865	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	352	823	16,547	829
Succeeding year	-	75,000	176,000	3,554,000	177,000
Accounts	70	-	-	-	-
Prepaid insurance	-	-	4,683	-	-
Total assets	\$ 5,935	76,563	277,221	3,627,445	180,686
Liabilities					
Accounts payable	\$ 3,168	-	73	-	-
Due to other governments	2,403	76,563	273,202	3,627,445	180,686
Trusts payable	364	-	-	-	-
Compensated absences	-	-	3,946	-	-
Total liabilities	\$ 5,935	76,563	277,221	3,627,445	180,686

See accompanying independent auditor's report.

Corpor- ations	Townships	Auto License and Use Tax	Other	Total
9,988	2,136	128,175	83,528	380,508
-	-	-	-	5,865
17,269	99	-	4	35,923
938,000	132,000	-	1,000	5,053,000
-	-	-	7,642	7,712
-	-	-	-	4,683
<u>965,257</u>	<u>134,235</u>	<u>128,175</u>	<u>92,174</u>	<u>5,487,691</u>
-	-	-	305	3,546
965,257	134,235	128,175	86,330	5,474,296
-	-	-	3,851	4,215
-	-	-	1,688	5,634
<u>965,257</u>	<u>134,235</u>	<u>128,175</u>	<u>92,174</u>	<u>5,487,691</u>

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

Year ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 3,981	74,756	285,449	3,532,746	175,855
Additions:					
Property and other county tax	-	74,538	175,115	3,537,932	176,217
E911 surcharge	-	-	-	-	-
State tax credits	-	4,916	11,462	231,419	11,604
Office fees and collections	99,656	-	-	-	-
Electronic transaction fees	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Drivers license fees	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	28,613	-	-	-	-
Miscellaneous	661	-	1,118	-	-
Total additions	128,930	79,454	187,695	3,769,351	187,821
Deductions:					
Agency remittances:					
To other funds	58,277	-	-	-	-
To other governments	42,448	77,647	195,923	3,674,652	182,990
Trusts paid out	26,251	-	-	-	-
Total deductions	126,976	77,647	195,923	3,674,652	182,990
Balances end of year	\$ 5,935	76,563	277,221	3,627,445	180,686

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	Other	Total
903,828	117,650	109,507	61,414	5,265,186
909,475	132,695	-	840	5,006,812
-	-	-	49,930	49,930
72,827	7,285	-	57	339,570
-	-	-	-	99,656
-	-	-	1,292	1,292
-	-	1,405,412	-	1,405,412
-	-	30,815	-	30,815
-	-	-	4,099	4,099
-	-	-	175,709	204,322
-	-	-	44,270	46,049
982,302	139,980	1,436,227	276,197	7,187,957
-	-	88,697	100,972	247,946
920,873	123,395	1,328,862	144,465	6,691,255
-	-	-	-	26,251
920,873	123,395	1,417,559	245,437	6,965,452
965,257	134,235	128,175	92,174	5,487,691

Taylor County

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

For the Last Nine Years

	2009	2008	2007	2006
Revenues:				
Property and other county tax	\$ 2,604,477	2,428,851	2,369,761	2,157,427
Interest and penalty on property tax	31,213	29,623	28,502	31,257
Intergovernmental	3,539,127	3,868,432	3,421,429	3,315,325
Licenses and permits	7,378	9,771	10,906	10,636
Charges for service	140,161	158,056	159,972	153,664
Use of money and property	83,731	101,420	112,461	87,895
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	110,727	166,773	158,004	182,748
Total	\$ 6,516,814	6,762,926	6,261,035	5,938,952
Expenditures:				
Operating:				
Public safety and legal services	\$ 770,502	699,623	670,809	671,836
Physical health and social services	895,522	926,405	915,733	786,264
Mental health	475,259	578,073	599,619	552,081
County environment and education	167,562	262,597	172,061	166,628
Roads and transportation	2,613,123	3,103,584	2,668,989	2,721,434
Governmental services to residents	264,705	241,462	231,877	332,668
Administration	571,514	565,113	530,755	519,928
Debt service	204,867	173,987	89,578	201,648
Capital projects	19,507	613,520	520,176	3,747,310
Total	\$ 5,982,561	7,164,364	6,399,597	9,699,797

See accompanying independent auditor's report.

Modified Accrual Basis				
2005	2004	2003	2002	2001
2,058,299	1,901,086	1,765,389	1,581,492	1,457,969
33,807	26,953	30,749	28,427	22,052
4,616,305	4,640,502	4,526,047	3,230,238	3,012,875
11,628	7,188	7,517	5,949	6,021
181,176	165,947	167,913	128,293	117,391
121,049	81,135	43,031	68,525	155,393
-	-	-	1,593	3,644
102,562	101,390	35,844	27,884	142,152
7,124,826	6,924,201	6,576,490	5,072,401	4,917,497
667,610	630,218	618,784	608,862	736,036
730,376	788,912	829,081	741,172	717,998
546,380	489,836	561,049	583,944	558,470
149,417	109,305	102,044	119,392	116,062
2,823,099	2,271,756	2,161,540	2,667,618	2,428,712
258,022	244,175	228,899	221,911	204,223
541,352	536,656	499,680	469,669	459,710
138,593	138,149	131,049	164,511	161,017
430,777	314,663	100,100	406,549	885
6,285,626	5,523,670	5,232,226	5,983,628	5,383,113

Taylor County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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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, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated May 5, 2010. 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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

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 deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies 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 deficiencies described above and reported as items (A) and (B) are material weaknesses.

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, 2009 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.

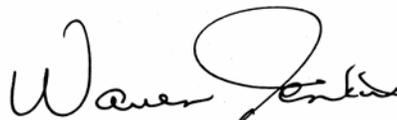
Taylor County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Taylor County's responses and, accordingly, we express no opinion on them.

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

May 5, 2010

Taylor County
Schedule of Findings
Year ended June 30, 2009

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.

- (B) Financial Reporting – During the audit, we identified material amounts of receivables, construction in progress and infrastructure assets not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, construction in progress and infrastructure assets are identified and included in the County's financial statements.

Response – We will record construction in progress, infrastructure assets and receivables correctly in the future.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Taylor County
Schedule of Findings
Year ended June 30, 2009

Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2009 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
Mary Eagan, Sheriff's Office employee, spouse owns Eagan Services	Mowing services	\$ 3,380
Lori Hughes, Deputy Recorder, spouse owns Hughes Feed and Supply and is County Auditor's brother	Corrugated pipe, grass seed, steel and miscellaneous items	15,235
Julie Thomas, County Nurse, spouse is Andy Thomas	Repair work on sidewalk and other miscellaneous repairs	3,445

The purchases of grass seed, miscellaneous items and corrugated pipe from Hughes Feed and Supply, mowing services from Eagan Services and repair work performed 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 and the provisions of Chapter 331.342 of the Code of Iowa.

- (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 – Certain interfund transfers were not approved in the minutes by Board resolution as required by Chapter 331.432 of the Code of Iowa.

Recommendation – All interfund transfers should be approved by the Board of Supervisors by resolution in accordance with Chapter 331.432 of the Code of Iowa.

Response – We will do so in the future.

Conclusion – Response accepted.

Taylor County

Schedule of Findings

Year ended June 30, 2009

- (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, 2009 for the County Extension Office did not exceed the amount budgeted.

Taylor County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager
Melissa M. Wellhausen, CPA, Senior Auditor
Lori M. Dinville, Staff Auditor
Shelley M. Klingbeil, Staff Auditor
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Andrew E. Nielsen, CPA
Deputy Auditor of State