

# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand  
Auditor of State

## NEWS RELEASE

FOR RELEASE

March 15, 2021

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released an audit report on Taylor County, Iowa.

### **FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$10,778,137 for the year ended June 30, 2020, a decrease of less than 1.0% from the prior year. Expenses for County operations for the year ended June 30, 2020 totaled \$10,317,863, a 17.3% increase over the prior year.

### **AUDIT FINDINGS:**

Sand reported four findings related to the receipt and expenditure of taxpayer funds. They are found on pages 74 through 78 of this report. The findings address issues such as lack of segregation of duties and an expenditure which may not meet the test of public purpose. Sand provided the County with recommendations to address each of these findings.

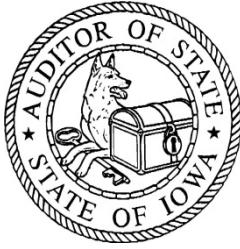
The findings discussed above are repeated from the prior year. The County Board of Supervisors and other elected officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

###

**TAYLOR COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2020**

**Taylor County**



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Rob Sand  
Auditor of State

March 4, 2021

Officials of Taylor County  
Bedford, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Taylor County for the year ended June 30, 2020. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Taylor County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand  
Auditor of State

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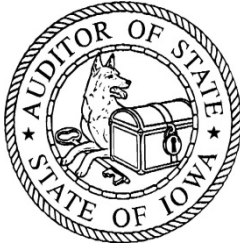
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**Taylor County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Charles Ambrose	Board of Supervisors	Jan 2021
Jerry Murphy	Board of Supervisors	Jan 2021
Doug Horton	Board of Supervisors	Jan 2023
Bethany Murphy	County Auditor	Jan 2021
Dana Davis	County Treasurer	Jan 2023
Rick Sheley	County Recorder	Jan 2023
Josh Weed	County Sheriff	Jan 2021
Clinton L. Spurrier	County Attorney	Jan 2023
Sharon Dalton	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Taylor County:

Report on the Financial Statements

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, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## 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 as of June 30, 2020 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 50 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

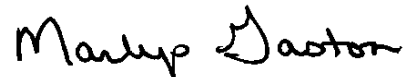
### *Supplementary Information*

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 third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 4, 2021 on our consideration of Taylor County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Taylor County's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA  
Deputy Auditor of State

March 4, 2021

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2020. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2020 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities decreased approximately \$81,000, or less than 1%, from fiscal year 2019 to fiscal year 2020. Charges for service increased approximately \$212,000, or 19.0%, property and other county taxes increased approximately \$184,000, or 4.3%, while capital grants, contributions and restricted interest decreased approximately \$624,000. This decrease is due to the County receiving grant funds for bridge construction in the prior fiscal year.
- Program expenses of the County's governmental activities were 17.3%, or approximately \$1,518,000, more in fiscal year 2020 than in fiscal year 2019. Roads and transportation expenses increased approximately \$1,106,000, public safety and legal services expenses increased approximately \$144,000 and county environment and education expenses increased approximately \$101,000 over fiscal year 2019.
- Net position at June 30, 2020 increased approximately \$461,000, or 2.2%, compared to the June 30, 2019 balance.

### **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 Position 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 financial statements by providing information about the most significant funds. The remaining financial statements provide 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, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

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 Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources 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 Position presents financial information on all the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position 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 position changed during the most recent fiscal year. All changes in net position 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 years.

The County's governmental activities are presented in the Statement of Net Position 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 three 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, Secondary Roads and Rural Services 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) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally amount the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) 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 emergency management services and the County Assessor, 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 governmental fund financial statements follow the governmental fund financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Taylor County's combined net position increased from approximately \$21.2 million to approximately \$21.7 million during the year. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2020	2019
Current and other assets	\$ 11,371	10,165
Capital assets	21,219	22,380
Total assets	32,590	32,545
Deferred outflows of resources	788	821
Long-term liabilities	6,102	7,147
Other liabilities	274	313
Total liabilities	6,376	7,459
Deferred inflows of resources	5,306	4,678
Net position:		
Net investment in capital assets	17,619	17,860
Restricted	3,927	3,335
Unrestricted	143	33
Total net position	\$ 21,689	21,228

Net position of Taylor County's governmental activities increased approximately \$460,001, or 2.2%.

The largest portion of the County's net position 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.

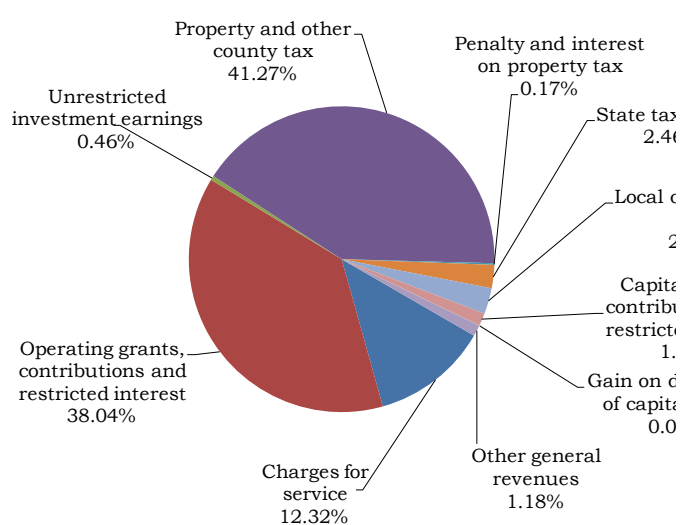
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net position – the part of net position 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 \$33,000 at June 30, 2019 to approximately \$143,000 at the end of the year. The increase in unrestricted net position is primarily due to General Fund revenues continuing to exceed expenditures.

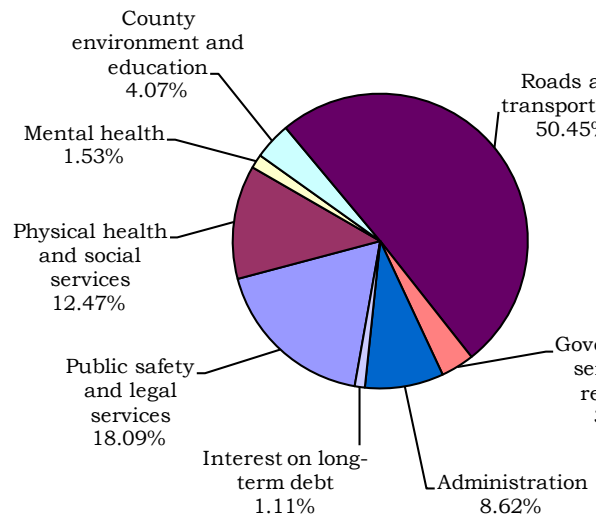
Changes in Net Position of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2020	2019
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,328	1,116
Operating grants, contributions and restricted interest	4,100	4,035
Capital grants, contributions and restricted interest	144	768
<b>General revenues:</b>		
Property and other county tax	4,447	4,263
Penalty and interest on property tax	19	31
State tax credits	296	309
Local option sales tax	265	258
Unrestricted investment earnings	50	46
Gain on disposition of capital assets	2	32
Other general revenues	128	1
<b>Total revenues</b>	<b>10,778</b>	<b>10,859</b>
<b>Program expenses:</b>		
Public safety and legal services	1,866	1,722
Physical health and social services	1,286	1,220
Mental health	158	144
County environment and education	420	319
Roads and transportation	5,206	4,100
Governmental services to residents	377	306
Administration	889	875
Interest on long-term debt	114	112
<b>Total expenses</b>	<b>10,317</b>	<b>8,799</b>
<b>Change in net position</b>	<b>461</b>	<b>2,060</b>
<b>Net position beginning of year</b>	<b>21,228</b>	<b>19,168</b>
<b>Net position end of year</b>	<b>\$ 21,689</b>	<b>21,228</b>

**Revenues by Source**



**Expenses by Program**



The County property tax levy stayed relatively stable, except for the Mental Health property tax levy which increased from 0.36381 to 0.38971 per \$1,000 of taxable valuation, or approximately 7%. The countywide and rural property valuations increased approximately \$12.2 million and \$10.0 million, or 3.2% and 3.4%, respectively. These factors combined to raise the County's property tax revenue approximately \$184,000 in fiscal year 2020. Based on a slight increase in the tax rate and an increase in taxable valuations, property tax revenue is budgeted to increase approximately \$106,000 next year.

The cost of all governmental activities this year was approximately \$10.3 million compared to approximately \$8.8 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$4.8 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,328,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,244,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2020 from approximately \$5,919,000 to approximately \$5,572,000, due primarily to the County receiving grant proceeds in fiscal year 2019 for two bridge construction projects.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Taylor County completed the year, its governmental funds reported a combined fund balance of approximately \$5,951,000, an increase of approximately \$788,000 over last year's total fund balance of approximately \$5,162,000. The increase in the combined fund balance is primarily attributable to an increase in the General and Secondary Roads Fund balances. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund property and other county tax revenue increased due to an increase in the property tax valuations. Intergovernmental revenue increased approximately \$211,000, due, in part, to an increase in ambulance revenue. General Fund expenditures increased approximately \$212,000, due in part to an increase in REAP expenditures and the purchase of a truck for the Conservation Department.
- For fiscal year 2020, Special Revenue, Mental Health Fund expenditures increased approximately \$13,600 over the prior year. Revenues increased approximately \$14,000 due to the receipt of increased property tax in fiscal year 2020. The ending fund balance increased approximately \$1,200 to approximately \$7,300.
- The Special Revenue, Rural Services Fund ended the fiscal year with a balance of \$324,039 compared to the prior year ending balance of \$323,415. Transfers out to the Secondary Roads Fund increased approximately \$198,000. Revenues increased approximately \$39,000, due, in part, to an increase in property taxes. Expenditures decreased approximately \$14,000, or 11.5%, due, in part, to a decrease in flood and erosion construction work.
- The Special Revenue, Secondary Roads Fund expenditures decreased approximately \$859,000, or 17.6%, primarily due to the construction of two bridges in fiscal year 2019. Total revenues decreased approximately \$620,000, primarily due to federal reimbursements received in the prior year for the bridge projects. The ending fund balance in the Secondary Roads Fund increased approximately \$495,000, or 27.5%.
- The Debt Service Fund ended the fiscal year with a fund balance of approximately \$92,000 compared to the prior year ending balance of approximately \$58,000. There were no significant changes in revenues or expenditures. During fiscal year 2020, the County refunded the Series 2014, County law enforcement facility general obligation bonds.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Taylor County amended its budget one time. The amendment was made on May 28, 2020, primarily due to increased expenditures due to COVID-19 and replacement of a vehicle.

The County's receipts were \$347,634 more than budgeted. Actual intergovernmental receipts were \$242,181 more than budgeted. This was due, in part, to road use tax funds received in excess of budgeted receipts.

Total disbursements were \$899,530 less than the amended budget. Actual disbursements for the public safety and legal services, physical health social services and roads and transportation functions were \$189,544, \$189,185, and \$150,389 respectively, less than budgeted. This was primarily due to expenditures not occurring as quickly as anticipated.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2020, Taylor County had approximately \$21.2 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$1,161,000, or 5.2%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2020	2019
Land	\$ 892	892
Construction in progress	-	2,177
Buildings and improvements	3,592	3,672
Equipment and vehicles	2,409	2,329
Intangibles, other	57	62
Infrastructure	14,270	13,248
Total	\$ 21,219	22,380

The County had depreciation/amortization expense of \$1,812,848 in fiscal year 2020 and total accumulated depreciation/amortization of \$20,037,277 at June 30, 2020. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.



## Long-Term Debt

At June 30, 2020, Taylor County had \$3,600,000 of outstanding debt versus \$4,520,000 last year, a decrease of \$920,000 from June 30, 2019.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2020	2019
General obligation bonds	\$ 3,600	4,520

Debt decreased as a result of scheduled debt payments and the refunding of the Series 2014 general obligation bonds during fiscal year 2020.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% 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 \$34.3 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 2021. The County had a countywide valuation increase of \$6,134,995 and the rural valuation increased \$6,590,651 for fiscal year 2021. The rollback totaled 56.4094% for residential property for fiscal year 2020, compared to the fiscal year 2019 rollback of 55.0743%.

Amounts levied for property tax are \$4,813,765, an increase of \$106,347 over fiscal year 2020. Total receipts and other financing sources for fiscal year 2021 increased \$1,516,065 over the amended budget for fiscal year 2020. This increase is mainly due to an increase in expected intergovernmental revenue.

Budgeted disbursements increased \$747,434 from the amended fiscal year 2020 budget. The increase is primarily due to an increase in capital projects disbursements expected in fiscal year 2021.

The County has added no major new programs or initiatives to the fiscal year 2021 budget.

If these estimates are realized, the County's budgetary operating balance is expected to increase by the close of fiscal year 2021.

## 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.

## **Basic Financial Statements**

**Exhibit A**

Taylor County  
Statement of Net Position  
June 30, 2020

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 5,143,924
Receivables:	
Property tax:	
Delinquent	54,003
Succeeding year	4,810,000
Interest and penalty on property tax	18,040
Accounts	135,328
Accrued interest	438
Due from other governments	536,759
Inventories	420,252
Prepaid items	252,397
Capital assets, net of accumulated depreciation	<u>21,219,213</u>
<b>Total assets</b>	<u>32,590,354</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	<u>787,513</u>
<b>Liabilities</b>	
Accounts payable	234,588
Accrued interest payable	6,695
Salaries and benefits payable	26,375
Due to other governments	6,460
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	870,000
Compensated absences	159,118
Total OPEB liability	7,120
Portion due or payable after one year:	
General obligation bonds	2,730,000
Compensated absences	102,040
Net pension liability	1,926,786
Total OPEB liability	<u>313,781</u>
<b>Total liabilities</b>	<u>6,382,963</u>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	4,810,000
Pension related deferred inflows	<u>496,287</u>
<b>Total deferred inflows of resources</b>	<u>5,306,287</u>
<b>Net Position</b>	
Net investment in capital assets	17,619,213
Restricted for:	
Supplemental levy purposes	686,411
Mental health purposes	9,127
Rural services purposes	332,133
Secondary roads purposes	2,115,308
Debt services	97,248
Conservation purposes	32,189
Ambulance services	215,045
Other purposes	439,069
Unrestricted	<u>142,874</u>
<b>Total net position</b>	<u>\$ 21,688,617</u>

See notes to financial statements.

Taylor County

Statement of Activities

Year ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,866,372	711,616	18,854	-	(1,135,902)
Physical health and social services	1,286,193	320,619	651,912	-	(313,662)
Mental health	157,570	-	-	-	(157,570)
County environment and education	419,930	11,308	8,915	-	(399,707)
Roads and transportation	5,206,210	102,588	3,419,622	144,377	(1,539,623)
Governmental services to residents	377,317	148,033	-	-	(229,284)
Administration	889,912	33,777	1,060	-	(855,075)
Interest on long-term debt	114,359	-	-	-	(114,359)
Total	\$ 10,317,863	1,327,941	4,100,363	144,377	(4,745,182)
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					3,517,501
Debt service					929,409
Penalty and interest on property tax					18,614
State tax credits					295,743
Local option sales tax					265,008
Unrestricted investment earnings					49,545
Gain on disposition of capital assets					2,063
Miscellaneous					127,573
Total general revenues					5,205,456
Change in net position					460,274
Net position beginning of year					21,228,343
Net position end of year					\$ 21,688,617

See notes to financial statements.

Taylor County  
Balance Sheet  
Governmental Funds

June 30, 2020

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 2,370,524	7,257	317,251	1,677,619
Receivables:				
Property tax:				
Delinquent	31,665	1,870	8,728	-
Succeeding year	2,691,000	159,000	959,000	-
Interest and penalty on property tax	18,040	-	-	-
Accounts	127,084	-	-	8,244
Accrued interest	438	-	-	-
Due from other governments	119,867	-	7,372	395,829
Inventories	-	-	-	420,252
Prepaid items	252,397	-	-	-
<b>Total assets</b>	<b>\$ 5,611,015</b>	<b>168,127</b>	<b>1,292,351</b>	<b>2,501,944</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 59,897	-	584	174,107
Salaries and benefits payable	1,564	-	-	24,811
Due to other governments	2,558	-	-	3,902
Total liabilities	<b>64,019</b>	<b>-</b>	<b>584</b>	<b>202,820</b>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	2,691,000	159,000	959,000	-
Other	67,003	1,870	8,728	-
Total deferred inflows of resources	<b>2,758,003</b>	<b>160,870</b>	<b>967,728</b>	<b>-</b>
Fund balances:				
Nonspendable:				
Inventories	-	-	-	420,252
Prepaid items	252,397	-	-	-
Restricted for:				
Supplemental levy purposes	480,400	-	-	-
Mental health purposes	-	7,257	-	-
Rural services purposes	-	-	324,039	-
Secondary roads purposes	-	-	-	1,878,872
Conservation purposes	32,189	-	-	-
Debt service	-	-	-	-
Other purposes	-	-	-	-
Committed for ambulance purposes	197,747	-	-	-
Unassigned	1,826,260	-	-	-
Total fund balances	<b>2,788,993</b>	<b>7,257</b>	<b>324,039</b>	<b>2,299,124</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,611,015</b>	<b>168,127</b>	<b>1,292,351</b>	<b>2,501,944</b>

See notes to financial statements.

<hr/>		
Debt		
Service	Nonmajor	Total
92,203	425,378	4,890,232
11,740	-	54,003
1,001,000	-	4,810,000
-	-	18,040
-	-	135,328
-	-	438
-	13,691	536,759
-	-	420,252
-	-	252,397
<hr/> 1,104,943	<hr/> 439,069	<hr/> 11,117,449
-	-	234,588
-	-	26,375
-	-	6,460
<hr/> -	<hr/> -	<hr/> 267,423
1,001,000	-	4,810,000
<hr/> 11,740	<hr/> -	<hr/> 89,341
<hr/> 1,012,740	<hr/> -	<hr/> 4,899,341
-	-	420,252
-	-	252,397
-	-	480,400
-	-	7,257
-	-	324,039
-	-	1,878,872
-	-	32,189
92,203	-	92,203
-	439,069	439,069
-	-	197,747
<hr/> -	<hr/> -	<hr/> 1,826,260
<hr/> 92,203	<hr/> 439,069	<hr/> 5,950,685
<hr/> 1,104,943	<hr/> 439,069	<hr/> 11,117,449

**Taylor County**

Taylor County  
 Reconciliation of the Balance Sheet –  
 Governmental Funds to the Statement of Net Position

June 30, 2020

**Total governmental fund balances (page 19)** \$ 5,950,685

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$41,256,490 and the accumulated depreciation/amortization is \$20,037,277. 21,219,213

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 89,341

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 253,692

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 787,513	
Deferred inflows of resources	<u>(496,287)</u>	291,226

Long-term liabilities, including the general obligation bonds payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (6,115,540)

**Net position of governmental activities (page 16)** \$ 21,688,617

See notes to financial statements.



Taylor County

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

Year ended June 30, 2020

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 2,438,035	148,087	892,155	-
Local option sales tax	-	-	91,087	-
Interest and penalty on property tax	16,548	-	-	-
Intergovernmental	1,734,867	10,713	58,642	3,460,260
Licenses and permits	-	-	5,700	4,405
Charges for service	373,689	-	1,700	-
Use of money and property	50,557	-	-	-
Miscellaneous	73,270	-	-	106,013
<b>Total revenues</b>	<b>4,686,966</b>	<b>158,800</b>	<b>1,049,284</b>	<b>3,570,678</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	1,738,912	-	-	-
Physical health and social services	1,225,795	-	44,059	-
Mental health	-	157,570	-	-
County environment and education	238,812	-	28,181	-
Roads and transportation	-	-	30,000	3,838,040
Governmental services to residents	331,138	-	2,852	-
Administration	897,495	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	181,070
<b>Total expenditures</b>	<b>4,432,152</b>	<b>157,570</b>	<b>105,092</b>	<b>4,019,110</b>
Excess (deficiency) of revenues over (under) expenditures	254,814	1,230	944,192	(448,432)
<b>Other financing sources (uses):</b>				
Transfers in	14,055	-	-	943,568
Transfers out	-	-	(943,568)	-
Proceeds from long term debt	-	-	-	-
Premium on bonds issued	-	-	-	-
Refunded note	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>14,055</b>	<b>-</b>	<b>(943,568)</b>	<b>943,568</b>
Change in fund balances	268,869	1,230	624	495,136
Fund balances beginning of year	2,520,124	6,027	323,415	1,803,988
Fund balances end of year	\$ 2,788,993	7,257	324,039	2,299,124

See notes to financial statements.

Debt Service	Nonmajor	Total
918,741	-	4,397,018
-	173,921	265,008
-	-	16,548
66,431	-	5,330,913
-	-	10,105
-	995	376,384
-	-	50,557
-	100	179,383
<u>985,172</u>	<u>175,016</u>	<u>10,625,916</u>
-	300	1,739,212
-	-	1,269,854
-	-	157,570
-	184,609	451,602
-	-	3,868,040
-	1,458	335,448
-	-	897,495
960,378	-	960,378
-	-	181,070
<u>960,378</u>	<u>186,367</u>	<u>9,860,669</u>
<u>24,794</u>	<u>(11,351)</u>	<u>765,247</u>
-	-	957,623
(14,055)	-	(957,623)
2,570,000	-	2,570,000
97,993	-	97,993
(2,645,000)	-	(2,645,000)
<u>8,938</u>	<u>-</u>	<u>22,993</u>
33,732	(11,351)	788,240
<u>58,471</u>	<u>450,420</u>	<u>5,162,445</u>
<u>92,203</u>	<u>439,069</u>	<u>5,950,685</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, 2020

**Change in fund balances - Total governmental funds (page 23)** \$ 788,240

**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/amortization expense to allocate those expenditures over the life of the assets. Depreciation/amortization expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 649,649	
Depreciation/amortization expense	<u>(1,812,848)</u>	(1,163,199)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 2,063

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

Property tax	49,892	
Other	<u>(105,915)</u>	(56,023)

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

Issued	(2,570,000)	
Repaid	<u>3,490,000</u>	920,000

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 335,910

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	33,053	
OPEB expense	(32,926)	
Pension expense	(469,997)	
Interest on long-term debt	<u>1,019</u>	(468,851)

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 102,134

**Change in net position of governmental activities (page 17)** \$ 460,274

See notes to financial statements.

Taylor County  
Statement of Net Position  
Proprietary Fund  
June 30, 2020

	Internal Service - Employee Group Health
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 253,692
<b>Liabilities</b>	
None	-
<b>Net position</b>	
Unrestricted	\$ 253,692

See notes to financial statements.

Taylor County  
Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Fund

Year ended June 30, 2020

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 184,422
Operating expenses:	
Medical claims	<u>82,288</u>
Operating income	102,134
Non-operating revenues:	
None	<u>-</u>
Net income	102,134
Net position beginning of year	<u>151,558</u>
Net position end of year	<u>\$ 253,692</u>

See notes to financial statements.

Taylor County  
Statement of Cash Flows  
Proprietary Fund

June 30, 2020

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities and net increase in cash and cash equivalents:	
Cash received from operating fund reimbursements	\$ 184,422
Cash paid to suppliers for services	<u>(82,288)</u>
Net cash provided by operating activities and net increase in cash and cash equivalents	102,134
Cash and cash equivalents beginning of year	<u>151,558</u>
Cash and cash equivalents end of year	<u>\$ 253,692</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income and net cash provided by operating activities	<u>\$ 102,134</u>

See notes to financial statements.

**Taylor County**

Taylor County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2020

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 626,058
Other County officials	13,760
Receivables:	
Property tax:	
Delinquent	105,605
Succeeding year	8,121,000
Prepaid items	4,800
<b>Total assets</b>	8,871,223

**Liabilities**

Accounts payable	16,588
Salaries and benefits payable	801
Due to other governments	8,845,950
Trusts payable	2
Compensated absences	7,882
<b>Total liabilities</b>	8,871,223

<b>Net position</b>	\$ -
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See notes to financial statements.



Taylor County

Notes to Financial Statements

June 30, 2020

**(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 Emergency Management Commission and Taylor County Joint 911 Service Board. 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, Matura, Southern Iowa Council of Governments, and Southern Iowa Regional Housing Authority.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position 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 Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets 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 position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints 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 to be used to fund mental health, intellectual disabilities and developmental disabilities services.

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.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

Proprietary Fund – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost-reimbursement basis.

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, proprietary fund 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 year or soon enough thereafter to pay liabilities of the current year. 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 position 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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Propriety funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

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

Cash, Cash Equivalents 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 amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

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 reported as a deferred inflow of resources 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, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

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 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, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. 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
Intangibles	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized 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
Intangibles	2 - 20
Equipment	2 - 20
Vehicles	3 - 10

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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.

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, proprietary fund 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, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds

Total OPEB Liability – For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year-end, Committed amounts cannot be used for any other purposes unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2020 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 ensure 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. 72.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer to	Transfer from	Amount
General	Debt Service	\$ 14,055
Special Revenue: Secondary Roads	Special Revenue: Rural Services	<u>943,568</u>
Total		<u>\$ 957,623</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, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 891,709	-	-	891,709
Construction in progress	<u>2,177,028</u>	108,188	(2,285,216)	-
Total capital assets not being depreciated/amortized	<u>3,068,737</u>	108,188	(2,285,216)	891,709
Capital assets being depreciated/amortized:				
Buildings	4,169,860	-	-	4,169,860
Improvements other than buildings	238,151	-	-	238,151
Equipment and vehicles	6,332,646	544,661	(116,864)	6,760,443
Intangibles, other	77,750	-	-	77,750
Infrastructure, road network	<u>26,833,361</u>	2,285,216	-	29,118,577
Total capital assets being depreciated/amortized	<u>37,651,768</u>	2,829,877	(116,864)	40,364,781
Less accumulated depreciation/amortization for:				
Buildings	673,411	76,095	-	749,506
Improvements other than buildings	61,919	4,763	-	66,682
Equipment and vehicles	4,003,602	463,477	(115,727)	4,351,352
Intangibles, other	15,549	5,183	-	20,732
Infrastructure, road network	<u>13,585,675</u>	1,263,330	-	14,849,005
Total accumulated depreciation/amortization	<u>18,340,156</u>	1,812,848	(115,727)	20,037,277
Total capital assets being depreciated/amortized, net	<u>19,311,612</u>	1,017,029	(1,137)	20,327,504
Governmental activities capital assets, net	<u>\$ 22,380,349</u>	1,125,217	(2,286,353)	21,219,213

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 149,244
Physical health and social services	5,370
County environment and education	21,125
Roads and transportation	1,631,965
Administration	<u>5,144</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 1,812,848</u>



**(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 at June 30, 2020 is as follows:

Fund	Description	Amount
General	Services	\$ 2,558
Special Revenue:		
Secondary Roads	Services	3,902
Total for governmental funds		<u>\$ 6,460</u>
Agency:		
County Assessor	Collections	\$ 516,050
Schools		5,971,713
Community Colleges		381,310
Corporations		1,393,562
Townships		185,684
All other		<u>397,631</u>
Total for agency funds		<u>\$ 8,845,950</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	General Obligation Bonds	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 4,520,000	294,212	2,045,096	287,975	7,147,283
Increases	2,570,000	291,005	-	48,780	2,909,785
Decreases	3,490,000	324,059	118,310	15,854	3,948,223
Balance end of year	<u>\$ 3,600,000</u>	<u>261,158</u>	<u>1,926,786</u>	<u>320,901</u>	<u>6,108,845</u>
Due within one year	<u>\$ 870,000</u>	<u>159,118</u>	<u>-</u>	<u>7,120</u>	<u>1,036,238</u>

General Obligation Bonds

On March 9, 2012, the County issued \$6,000,000 of general obligation county road improvement bonds, Series 2012, with interest rates ranging from 0.40-1.90% per annum. The bonds were issued to reconstruct and improve County roads. During the year ended June 30, 2020 the County paid principal of \$615,000 and interest of \$31,915 on the bonds.

On October 29, 2019 the County Issued \$2,570,000 of general obligation refunding bonds, Series 2019A, with an interest rate ranging from 2.0-4.00% per annum. The notes were issued to refund the \$2,645,000 outstanding balance of the general obligation capital loan notes, Series 2014, dated March 28, 2014. The Series 2014, general obligation capital loan notes, were issued to construct, furnish and equip the County law enforcement facility. During the year ended June 30, 2020, the County paid principal of \$230,000 and interest of \$46,669 on the bonds.

The refunding was undertaken to reduce total debt service payments by \$79,483 and resulted in an economic gain (difference between the present value of the debt service payments and the old and new debt) of \$68,318.

A summary of the County's June 30, 2020 general obligation bond indebtedness is as follows:

Series 2012				
County Road Reconstruction and Improvement				
Issued March 9, 2012				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2021	1.70%	\$ 625,000	22,690	647,690
2022	1.90	635,000	12,064	647,064
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026-2030		-	-	-
Total		\$ 1,260,000	34,754	1,294,754

Series 2019A							
County Law Enforcement Facility Refunding							
Issued October 29, 2019							
Year Ending June 30,	Interest Rates	Principal	Interest	Total	Total		
					Principal	Interest	Total
2021	4.00%	\$ 245,000	70,050	315,050	870,000	92,740	962,740
2022	3.00	240,000	60,250	300,250	875,000	72,314	947,314
2023	3.00	245,000	53,050	298,050	245,000	53,050	298,050
2024	3.00	260,000	45,700	305,700	260,000	45,700	305,700
2025	4.00	265,000	37,900	302,900	265,000	37,900	302,900
2026-2030	2.00-3.00	1,085,000	61,550	1,146,550	1,085,000	61,550	1,146,550
Total		\$ 2,340,000	328,500	2,668,500	3,600,000	363,254	3,963,254

During the year ended June 30, 2020, the County retired \$3,490,000 of general obligation bond principal.

**(7) Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's and protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll for a total rate of 15.73%. The Sheriffs, deputies and the County each contributed 9.51% of covered payroll for a total rate of 19.02%. Protection occupation members contributed 6.61% of covered payroll and the County contributed 9.91% for a total rate of 16.52%.

The County's contributions to IPERS for the year ended June 30, 2020 were \$335,910.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the County reported a liability of \$1,926,786 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the County's proportion was 0.033274%, which was an increase of 0.000957% over its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$469,997. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,255	83,857
Changes of assumptions	280,530	67,023
Net difference between projected and actual earnings on IPERS' investments	-	314,361
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	157,818	31,046
County contributions subsequent to the measurement date	335,910	-
<b>Total</b>	<b>\$ 787,513</b>	<b>496,287</b>

\$335,910 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2021	\$ 74,272
2022	(49,078)
2023	(43,402)
2024	(33,005)
2025	6,529
<b>Total</b>	<b>\$ (44,684)</b>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	100.0%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS’ investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 4,019,163	1,926,786	172,225

IPERS’ Fiduciary Net Position – Detailed information about IPERS’ fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at [www.ipers.org](http://www.ipers.org).

**(8) Other Postemployment Benefits (OPEB)**

Plan Description – The County administers a single-employer benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Taylor County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>72</u>
Total	<u>73</u>

Total OPEB Liability – The County’s total OPEB liability of \$320,901 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	2.60% per annum.
Discount rate (effective June 30, 2020)	3.51% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	8.00% initial rate decreasing annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.51% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Pub-2010 general headcount, public safety headcount and contingent survivor headcount, weighted mortality tables fully generational using Scale MP-2019.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 287,975
Changes for the year:	
Service cost	25,380
Interest	11,823
Differences between expected and actual experiences	4,149
Changes in assumptions	7,428
Benefit payments	<u>(15,854)</u>
Net changes	<u>32,926</u>
Total OPEB liability end of year	<u>\$ 320,901</u>

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2019 to 3.51% in fiscal year 2020.

Sensitivity of the County’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.51%) or 1% higher (4.51%) than the current discount rate.

	<u>1% Decrease (2.51%)</u>	<u>Discount Rate (3.51%)</u>	<u>1% Increase (4.51%)</u>
Total OPEB liability	\$ 354,390	320,901	292,348

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates.

	Healthcare		
	1%	Cost Trend	1%
	Decrease	Rate	Increase
	(7.00%)	(8.00%)	(9.00%)
Total OPEB liability	\$ 285,342	320,901	364,090

OPEB Expense – For the year ended June 30, 2020, the County recognized OPEB expense of \$32,926. The County utilized the alternative measurement method which results in all deferred outflows of resources and deferred inflows of resources related to OPEB being fully recognized in the current fiscal year.

**(9) Risk Management**

The County is a member of 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 779 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, 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 casualty 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 estimated for the fiscal 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 at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal 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 Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2020 were \$151,921.



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 \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

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, 2020, no liability has been recorded in the County's financial statements. As of June 30, 2020, 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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation in the amount of \$2,000,000. 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.

#### **(10) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Secure Benefits Systems. This agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$4,250. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Secure Benefits Systems from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2020 was \$184,422.

The County was not required to obtain an actuarial report for the period ended June 30, 2020 since its plan qualifies as a “mini plan”. A liability is established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. There were no amounts payable from the Employee Group Health Fund at June 30, 2020. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$	-
Incurred claims		82,288
Payments on claims during the fiscal year		<u>(82,288)</u>
Unpaid claims end of year	<u>\$</u>	<u>-</u>

**(11) Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

**Tax Abatements of Other Entities**

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Lenox	Urban renewal and economic development projects	\$ 9,003

**(12) Taylor County Financial Information Included in the Southern Hills Mental Health Region**

Southern Hills Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Adair County, Adams County, Union County and Taylor County. The financial activity of Taylor County's Special Revenue, Mental Health Fund is included in the Southern Hills Mental Health Region for the year ended June 30, 2020, as follows:

Revenues:	
Property and other county tax	\$ 148,087
Intergovernmental:	
State tax credits	<u>10,713</u>
Total revenues	158,800
Expenditures:	
Distribution to regional fiscal agent	<u>157,570</u>
Excess of revenues over expenditures	1,230
Fund balance beginning of year	<u>6,027</u>
Fund balance end of year	<u><u>\$ 7,257</u></u>

**(13) Subsequent Event**

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of Taylor County, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Taylor County. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Taylor County.

**(14) Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

**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, 2020

	Actual	Budgeted Original
Receipts:		
Property and other county tax	\$ 4,640,963	4,646,211
Interest and penalty on property tax	16,548	-
Intergovernmental	5,217,689	4,842,918
Licenses and permits	10,000	4,766
Charges for service	305,680	278,750
Use of money and property	51,161	40,710
Miscellaneous	174,838	24,218
Total receipts	10,416,879	9,837,573
Disbursements:		
Public safety and legal services	1,729,571	1,768,500
Physical health and social services	1,251,236	1,398,983
Mental health	167,570	169,000
County environment and education	448,861	483,287
Roads and transportation	4,009,161	4,129,550
Governmental services to residents	334,609	383,822
Administration	933,754	948,314
Debt service	960,378	988,655
Capital projects	181,070	302,500
Total disbursements	10,016,210	10,572,611
Excess (deficiency) of receipts over (under) disbursements	400,669	(735,038)
Other financing sources, net	22,993	-
Change in balances	423,662	(735,038)
Balance beginning of year	4,466,570	3,656,832
Balance end of year	\$ 4,890,232	2,921,794

See accompanying independent auditor's report.

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<u>Amounts</u>	<u>Final to</u>
Final	Actual
	Variance
4,646,211	(5,248)
-	16,548
4,975,508	242,181
4,766	5,234
284,250	21,430
40,710	10,451
117,800	57,038
<u>10,069,245</u>	<u>347,634</u>
1,919,115	189,544
1,440,421	189,185
169,000	1,430
552,687	103,826
4,159,550	150,389
390,037	55,428
993,775	60,021
988,655	28,277
302,500	121,430
<u>10,915,740</u>	<u>899,530</u>
(846,495)	1,247,164
-	22,993
(846,495)	1,270,157
<u>3,656,832</u>	<u>809,738</u>
<u>2,810,337</u>	<u>2,079,895</u>

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Taylor County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2020

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 10,416,879	209,037	10,625,916
Expenditures	10,016,210	(155,541)	9,860,669
Net	400,669	364,578	765,247
Other financing sources, net	22,993	-	22,993
Beginning fund balances	4,466,570	695,875	5,162,445
Ending fund balances	<u>\$ 4,890,232</u>	<u>1,060,453</u>	<u>5,950,685</u>

See accompanying independent auditor's report.

Taylor County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2020

The 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 the Internal Service and 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, one budget amendment increased budgeted disbursements by \$343,129. The budget amendment is 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 Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.



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Taylor County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Six Years\*  
(In Thousands)

Required Supplementary Information

	2020	2019	2018	2017
County's proportion of the net pension liability	0.033274%	0.032317%	0.035010%	0.032409%
County's proportionate share of the net pension liability	\$ 1,927	2,045	2,332	2,040
County's covered payroll	\$ 3,386	3,129	3,143	2,846
County's proportionate share of the net pension liability as a percentage of its covered payroll	56.91%	65.36%	74.20%	71.68%
Plan fiduciary net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

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<u>2016</u>	<u>2015</u>
0.031002%	0.030002%
1,532	1,190
2,672	2,602
57.34%	45.73%
85.19%	87.61%

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Taylor County

Schedule of County Contributions

Iowa Public Employees' Retirement System  
For the Last Ten Years  
(In Thousands)

Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 336	324	283	286
Contributions in relation to the statutorily required contribution	<u>(336)</u>	<u>(324)</u>	<u>(283)</u>	<u>(286)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 3,538	3,386	3,129	3,143
Contributions as a percentage of covered payroll	9.50%	9.57%	9.04%	9.10%

See accompanying independent auditor's report.

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2016	2015	2014	2013	2012	2011
258	242	237	227	201	173
(258)	(242)	(237)	(227)	(201)	(173)
-	-	-	-	-	-
2,846	2,672	2,602	2,543	2,391	2,366
9.07%	9.06%	9.11%	8.93%	8.41%	7.31%

Taylor County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

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Taylor County

Schedule of Changes in the County's  
Total OPEB Liability, Related Ratios and Notes

For the Last Three Years  
Required Supplementary Information

	2020	2019	2018
Service cost	\$ 25,380	27,038	17,919
Interest cost	11,823	11,177	12,689
Difference between expected and actual experiences	4,149	(27,951)	(137,357)
Changes in assumptions	7,428	(7,445)	(24,723)
Benefit payment	(15,854)		
Net change in total OPEB liability	32,926	2,819	(131,472)
Total OPEB liability beginning of year	287,975	285,156	416,628
Total OPEB liability end of year	\$ 320,901	287,975	285,156
Covered-employee payroll	\$ 3,142,573	3,050,418	2,954,400
Total OPEB liability as a percentage of covered-employee payroll	10.2%	9.4%	9.7%

**Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios**

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2020	3.51%
Year ended June 30, 2019	3.87%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	2.92%

**Taylor County**

## **Supplementary Information**



Taylor County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2020

	Special	
	County Recorder's Records Management	Forfeitures
<b>Assets</b>		
Cash, cash equivalents and pooled investments	\$ 2,371	22,731
Due from other governments	-	-
<b>Total assets</b>	2,371	22,731
<b>Liabilities and Fund Balances</b>		
Liabilities:		
None	-	-
Fund balances:		
Restricted for other purposes	2,371	22,731
<b>Total liabilities and fund balances</b>	\$ 2,371	22,731

See accompanying independent auditor's report.

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<u>Revenue</u>	
<u>Local Option Sales Tax</u>	<u>Total</u>
400,276	425,378
<u>13,691</u>	<u>13,691</u>
<u>413,967</u>	<u>439,069</u>
-	-
<u>413,967</u>	<u>439,069</u>
<u>413,967</u>	<u>439,069</u>

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

Year ended June 30, 2020

	Special	
	County Recorder's Records	
	Management	Forfeitures
Revenues:		
Local option sales tax	\$ -	-
Charges for service	995	-
Miscellaneous	-	100
Total revenues	995	100
Expenditures:		
Operating:		
Public safety and legal services	-	300
County environment and education	-	-
Governmental services to residents	1,458	-
Total expenditures	1,458	300
Deficiency of revenues under expenditures	(463)	(200)
Fund balances beginning of year	2,834	22,931
Fund balances end of year	\$ 2,371	22,731

See accompanying independent auditor's report.

Revenue

<u>Local Option Sales Tax</u>	<u>Total</u>
173,921	173,921
-	995
-	100
<u>173,921</u>	<u>175,016</u>
-	300
184,609	184,609
-	1,458
<u>184,609</u>	<u>186,367</u>
(10,688)	(11,351)
<u>424,655</u>	<u>450,420</u>
<u>413,967</u>	<u>439,069</u>

Taylor County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,034	235,082	91,583	5,939
Other County officials	13,760	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	1,517	3,289	66,130	4,371
Succeeding year	-	129,000	279,000	5,814,000	371,000
Prepaid items	-	-	4,800	-	-
<b>Total assets</b>	<b>\$ 13,760</b>	<b>132,551</b>	<b>522,171</b>	<b>5,971,713</b>	<b>381,310</b>
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ 13,758	-	253	-	-
Salaries and benefits payable	-	-	-	-	-
Due to other governments	-	132,551	516,050	5,971,713	381,310
Trusts payable	2	-	-	-	-
Compensated absences	-	-	5,868	-	-
<b>Total liabilities</b>	<b>\$ 13,760</b>	<b>132,551</b>	<b>522,171</b>	<b>5,971,713</b>	<b>381,310</b>

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Other	Total
18,931	3,030	187,022	82,437	626,058
-	-	-	-	13,760
28,631	1,654	-	13	105,605
1,346,000	181,000	-	1,000	8,121,000
-	-	-	-	4,800
<b>1,393,562</b>	<b>185,684</b>	<b>187,022</b>	<b>83,450</b>	<b>8,871,223</b>
-	-	-	2,577	16,588
-	-	-	801	801
1,393,562	185,684	187,022	78,058	8,845,950
-	-	-	-	2
-	-	-	2,014	7,882
<b>1,393,562</b>	<b>185,684</b>	<b>187,022</b>	<b>83,450</b>	<b>8,871,223</b>

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

Year ended June 30, 2020

<b>Assets and Liabilities</b>	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Balances beginning of year	\$ 13,516	118,232	416,191	5,447,730	346,592
Additions:					
Property and other county tax	-	130,169	281,386	5,844,094	373,021
911 surcharge	-	-	-	-	-
State tax credits	-	8,448	12,462	390,857	24,671
Office fees and collections	206,456	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Drivers license fees	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	500	-	-
Total additions	206,456	138,617	294,348	6,234,951	397,692
Deductions:					
Agency remittances:					
To other funds	62,512	-	-	-	-
To other governments	76,246	124,298	188,368	5,710,968	362,974
Trusts paid out	67,454	-	-	-	-
Total deductions	206,212	124,298	188,368	5,710,968	362,974
Balances end of year	\$ 13,760	132,551	522,171	5,971,713	381,310

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Other	Total
1,300,903	164,904	158,104	104,014	8,070,186
1,267,401	184,848	-	2,132	8,083,051
-	-	-	58,256	58,256
194,601	7,935	-	145	639,119
-	-	-	1,404	207,860
-	-	2,097,221	-	2,097,221
-	-	25,477	-	25,477
-	-	-	4,662	4,662
-	-	-	135,078	135,078
-	-	-	38,279	38,779
1,462,002	192,783	2,122,698	239,956	11,289,503
-	-	94,774	-	157,286
1,369,343	172,003	1,999,006	120,173	10,123,379
-	-	-	140,347	207,801
1,369,343	172,003	2,093,780	260,520	10,488,466
1,393,562	185,684	187,022	83,450	8,871,223



Taylor County

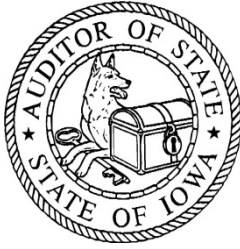
Schedule of Revenues By Source and Expenditures By Function –  
All Governmental Funds

For the Last Ten Years

	2020	2019	2018	2017
<b>Revenues:</b>				
Property and other county tax	\$ 4,397,018	4,264,033	3,922,160	3,604,824
Local option sales tax	265,008	258,392	129,833	214,492
Interest and penalty on property tax	16,548	35,286	34,201	32,003
Intergovernmental	5,330,913	5,707,191	4,876,057	5,353,030
Licenses and permits	10,105	6,630	5,710	5,284
Charges for service	376,384	236,124	352,992	413,874
Use of money and property	50,557	46,623	38,326	39,215
Miscellaneous	179,383	174,571	199,475	252,317
Total	<u>\$ 10,625,916</u>	<u>10,728,850</u>	<u>9,558,754</u>	<u>9,915,039</u>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 1,739,212	1,647,467	1,561,358	1,588,224
Physical health and social services	1,269,854	1,261,926	1,234,413	1,279,399
Mental health	157,570	144,000	95,508	95,642
County environment and education	451,602	311,756	228,110	238,045
Roads and transportation	3,868,040	3,994,224	4,233,036	4,295,584
Governmental services to residents	335,448	313,206	324,015	364,445
Administration	897,495	915,620	823,747	751,252
Debt service	960,378	947,889	951,723	953,603
Capital projects	181,070	914,523	39,771	698,401
Total	<u>\$ 9,860,669</u>	<u>10,450,611</u>	<u>9,491,681</u>	<u>10,264,595</u>

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
3,572,048	3,553,111	3,202,539	3,144,805	2,625,373	2,538,207
216,613	199,132	174,982	197,786	223,876	206,378
30,783	32,793	36,407	34,621	30,172	31,208
5,214,924	4,476,827	4,390,596	4,325,426	4,018,382	3,978,151
6,297	13,673	11,376	18,211	14,991	15,361
213,362	226,729	254,164	218,298	181,998	176,801
53,838	83,608	69,648	42,206	81,394	67,272
192,703	222,099	212,779	243,752	375,840	147,965
<b>9,500,568</b>	<b>8,807,972</b>	<b>8,352,491</b>	<b>8,225,105</b>	<b>7,552,026</b>	<b>7,161,343</b>
1,526,825	1,251,207	1,240,341	972,594	861,724	818,628
985,114	1,019,411	1,029,654	978,082	1,001,890	954,126
141,450	146,341	220,261	411,244	661,178	511,893
417,695	183,274	332,326	265,601	634,221	192,113
3,051,454	3,131,219	3,420,299	3,048,635	3,018,866	3,086,672
340,789	333,788	314,675	382,556	299,745	285,559
685,828	681,521	645,329	612,607	594,981	584,532
1,184,630	1,011,973	730,759	839,551	197,356	208,634
1,491,432	3,121,078	742,959	2,500,535	3,912,468	495,022
<b>9,825,217</b>	<b>10,879,812</b>	<b>8,676,603</b>	<b>10,011,405</b>	<b>11,182,429</b>	<b>7,137,179</b>



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

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 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, the 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, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 4, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Taylor County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Taylor County's internal control. Accordingly, we do not express an opinion on the effectiveness of Taylor County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item (A) to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (B) to be a significant deficiency.

### 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 which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which 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, 2020 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.

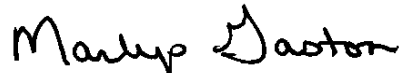
### Taylor County's Responses to the Findings

Taylor County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Taylor County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.

  
Marlys K. Gaston, CPA  
Deputy Auditor of State

March 4, 2021

Taylor County  
Schedule of Findings  
Year ended June 30, 2020

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County’s financial statements.

Condition – Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) All incoming mail is opened by an employee who is also authorized to make entries to the accounting records.	Treasurer, Recorder, Public Health Nurse, Engineer, Conservation
(2) Generally, one individual may have control over collecting, depositing, posting and maintaining receivable records for which no compensating controls exist.	Public Health Nurse, Engineer, Sheriff, Conservation
(3) The person responsible for the detailed record keeping of investments is also the custodian of the investments. Investments are not periodically inspected or reconciled to investment records by an independent person.	Treasurer
(4) The change fund and cash drawers are shared between employees.	Treasurer

Cause – The County offices noted above have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect each County office’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Taylor County

Schedule of Findings

Year ended June 30, 2020

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County officials should review the operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials and personnel from other County offices, to provide additional control through review of financial transactions, reconciliations and reports. Evidence of the review should be documented by the signature or initials of the independent reviewer and the date of the review.

Responses

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

County Sheriff – We understand the importance of segregation of duties and with a small office it is difficult. However, we will review office procedures and attempt to maximize the best internal control.

County Treasurer – The Office will review procedures and identify ways to segregate duties as much as possible and implement compensating controls where increased control can be achieved.

County Conservation – With limited staff, segregation of duties is difficult. We will work with staff to obtain the maximum internal control under current circumstances.

Engineer – With limited staff, segregation of duties is difficult. We will work with staff to obtain the maximum internal control under current circumstances.

Public Health Nurse – We feel we are above average in segregating duties while being fiscally responsible with employee's time and expertise. To train more staff to take on the complexities of this office's fiscal management opens a door for more errors than the risk of theft or fraud poses. Two separate staff are trained and take turns preparing deposits that are given to the County Treasurer. The Administration reviews the inception (check mail listing) document and the receipts from the County Treasurer to ensure all monies are accounted for and deposited correctly.

Conclusion – County Recorder, County Sheriff, County Treasurer, County Conservation and County Engineer: responses accepted.

Public Health Nurse – the Public Health Nurse office should continue to look for ways to maximize internal controls, including ensuring mail is opened and tested by someone independent of recording receipts.

Taylor County

Schedule of Findings

Year ended June 30, 2020

(B) Ambulance Receivables

Criteria – A deficiency in internal control over financial reporting exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

Condition – Certain ambulance receivables were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statement.

Cause – County policies do not require, and procedures have not been established to require independent review of year end cut-off and other transactions to ensure the County's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in county employees not detecting the error in the normal course of performing their assigned functions. As a result, material adjustments to the County's financial statement were necessary.

Recommendation – The County should establish procedures to ensure all receivables are identified and properly reported in the County's financial statements.

Response – We will work to ensure all receivables are identified and properly reported.

Conclusion – Response accepted.

Taylor County  
Schedule of Findings  
Year ended June 30, 2020

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted.
- (2) Questionable Expenditures – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General’s opinion dated April 25, 1979, public funds may only be spent for public benefit. An expenditure was noted which we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion since the public benefits to be derived have not been clearly documented. The expenditure from the Emergency Management Agency is detailed as follows:

Paid to	Purpose	Amount
Visa Card Services	Amazon prime and Netflix memberships	\$ 26

According to the opinion, it is possible for such an expenditure to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The County should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirement for proper public purpose documentation.

Response – The Board will obtain documentation of public benefit before authorizing any further payments.

Conclusion – Response accepted.

- (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
Josh Weed, County Sheriff, owns Hawn Sanitation	Garbage and sanitation services and rental	\$ 2,110
Jeremiah Ambrose, son of a County Supervisor, owns ABC Plumbing & Electric	Maintenance	6,192

The transactions with Josh Ward do not appear to represent a conflict of interest in accordance with Chapter 331.342(d) of the Code of Iowa since the total transactions were less than \$6,000 during the year.

In accordance with Chapter 331.342 of the Code of Iowa, the transactions with Jeremiah Ambrose may represent a conflict of interest since the transactions were greater than \$6,000 during the fiscal year and were not competitively bid.



Taylor County

Schedule of Findings

Year ended June 30, 2020

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

Response – We like to try to keep County dollars local. With a small County, it is difficult to hire someone that is not related to someone already employed by Taylor County.

Conclusion – Response acknowledged. The Board of Supervisors should consult legal counsel regarding transactions with related parties and the provisions of Chapter 331.342 of the Code of Iowa.

- (5) Restricted Donor Activity – No transactions were noted between the county, County officials or county employees and restricted donors in compliance with Chapter 68B of the code of Iowa.
- (6) 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.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) 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.
- (9) 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).

Taylor County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy  
Michelle B. Meyer, CPA, Manager  
Noelle M. Johnson, Staff Auditor  
Ethan M. Snedigar, Staff Auditor  
Joseph G. Timmons, Assistant Auditor  
Matthew R. Baumhover, Assistant Auditor