



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

May 28, 2021

Contact: Marlys Gaston
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$11,993,602 for the year ended June 30, 2020, a 10.0% decrease from the prior year. Expenses for County operations for the year ended June 30, 2020 totaled \$16,182,569, a 48.2% increase over the prior year. The significant decrease in the revenue is due primarily to the County receiving secondary road infrastructure contributed by the Iowa Department of Transportation in the prior year which was not received in fiscal year 2020. The significant increase in expenses is due primarily to the cost to acquire emergency services communication equipment.

AUDIT FINDINGS:

Sand reported five findings related to the receipt and expenditure of taxpayer funds. They are found on pages 84 through 91 of this report. The findings address issues such as lack of segregation of duties, material amounts of receivables not properly recorded in the County's financial statements, expenditures exceeding the budget and lack of documented review of support for federal reimbursement requests. Sand provided the County with recommendations to address each of these findings.

Three of the five findings discussed above are repeated from the prior year. The County Board of Supervisors and other County 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 Office of Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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UNION COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

Union County



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Rob Sand
Auditor of State

May 21, 2021

Officials of Union County
Creston, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Union 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 Union 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, appearing to read "Rob Sand".

Rob Sand
Auditor of State

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Union County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis Brown	Board of Supervisors	Jan 2021
Rick Friday	Board of Supervisors	Jan 2023
Ron Riley	Board of Supervisors	Jan 2023
Sandy Hysell	County Auditor	Jan 2021
Kelly Busch	County Treasurer	Jan 2023
Katie Carlton	County Recorder	Jan 2023
Rick L. Piel	County Sheriff	Jan 2021
Timothy R. Kenyon	County Attorney	Jan 2023
Mindy Schaefer	County Assessor	Jan 2021



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Independent Auditor's Report

To the Officials of Union 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 Union 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 Union 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 56 through 65 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.

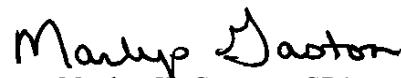
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union 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 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit requirements for Federal Awards (Uniform Guidance), 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 May 21, 2021 on our consideration of Union 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 Union County's internal control over financial reporting and compliance.


Marlys K. Gaston, CPA
Deputy Auditor of State

May 21, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Union 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 10.0%, or approximately \$1,339,000, from fiscal year 2019. Capital grants, contributions and restricted interest decreased approximately \$2,009,000 and operating grants, contributions and restricted interest increased approximately \$142,000.
- Program expenses of the County's governmental activities were 48.2%, or approximately \$5,262,000, more in fiscal year 2020 than in fiscal year 2019. Public safety and legal services expenses increased approximately \$5,228,000.
- The County's net position decreased 27.3% or approximately \$4,189,000, from 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 Union 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 Union 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 Union 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 funds and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

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 of 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, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general government 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 among 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. The fiduciary funds include Agency Funds that account for the Prairie Solid Waste Agency 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. 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	\$ 14,116	18,922
Capital assets	17,606	18,571
Total assets	<u>31,722</u>	<u>37,493</u>
Deferred outflows of resources	665	722
Long-term liabilities	14,350	16,110
Other liabilities	335	478
Total liabilities	<u>14,685</u>	<u>16,588</u>
Deferred inflows of resources	6,552	6,289
Net position:		
Net investment in capital assets	12,817	13,283
Restricted	3,513	2,312
Unrestricted	<u>(5,180)</u>	<u>(257)</u>
Total net position	<u>\$ 11,150</u>	<u>15,338</u>

Net position of Union County's governmental activities decreased 27.3% (approximately \$11.1 million compared to approximately \$15.3 million).

The largest portion of the County's net position is invested in capital assets (e.g. land, buildings, infrastructure and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category decreased 3.5% from the prior year.

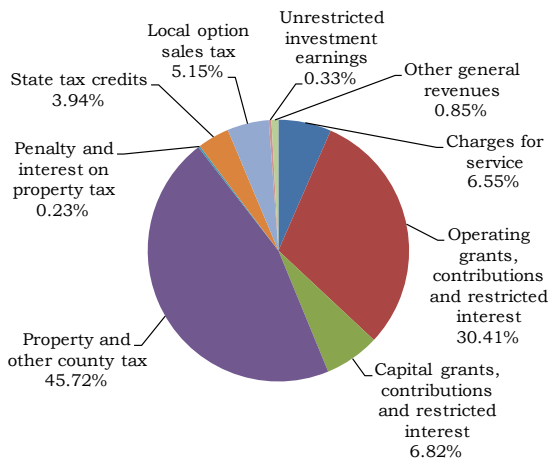
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The increase of 51.9% in restricted net position from the prior year is primarily due to the receipt of FEMA disaster assistance grants which reimbursed the County for flood repairs during the year.

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, decreased from a deficit of approximately \$257,000 at June 30, 2019 to a deficit of approximately \$5,180,000 at the end of this year. During the year, the County purchased approximately \$5,100,000 of emergency communication equipment, consisting of radios and other equipment, which were not capitalized. The outstanding general obligation debt associated with the purchase of the communication equipment is approximately \$4,700,000 at June 30, 2020.

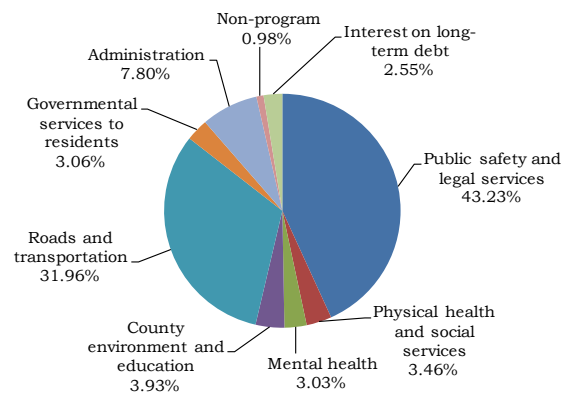
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2020	2019
Revenues:		
Program revenues:		
Charges for service	\$ 838	832
Operating grants, contributions and restricted interest	3,890	2,952
Capital grants, contributions and restricted interest	76	2,882
General revenues:		
Property and other county tax	5,848	5,182
Penalty and interest on property tax	29	82
State tax credits	504	464
Local option sales tax	659	553
Unrestricted investment earnings	42	96
Other general revenues	109	290
Total revenues	11,995	13,333
Program expenses:		
Public safety and legal services	6,995	1,767
Physical health and social services	560	421
Mental health	491	506
County environment and education	636	559
Roads and transportation	5,172	5,432
Governmental services to residents	496	519
Administration	1,263	1,154
Non-program	158	148
Interest on long-term debt	412	415
Total expenses	16,183	10,921
Change in net position	(4,188)	2,412
Net position beginning of year	15,338	12,926
Net position end of year	\$ 11,150	15,338

Revenues by Source



Expenses by Program



Union County's governmental activities net position decreased approximately \$4,189,000 during the year. Revenues for governmental activities decreased approximately \$1,339,000 from the prior year. The significant decrease in revenue was due to a decrease in capital grants, contributions and restricted interest of approximately \$2,806,000, or 97.4%, due to not receiving infrastructure contributions from the Iowa Department of Transportation. This was partially offset by an increase in operating grants, contributions and restricted interest of approximately \$938,000, primarily due to the receipt of FEMA funds and an increase in property tax revenue of approximately \$666,000, primarily due to an increase in the debt service levy.

The cost of all governmental activities this year was approximately \$16.2 million compared to approximately \$10.9 million last year. The significant increase in expenses is primarily due to the purchase of radios and other non-capitalized equipment of approximately \$5,100,000, as part of the emergency communications upgrade. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$11.4 million because some of the cost was paid by those directly benefited from the programs (approximately \$838,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$3,967,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2020 from approximately \$6,666,000 to approximately \$4,805,000, primarily due to the County not receiving contributions of roads infrastructure from the Iowa Department of Transportation.

INDIVIDUAL MAJOR FUND ANALYSIS

As Union County completed the year, its governmental funds reported a combined fund balance of approximately \$6.9 million compared to approximately \$11.8 million at June 30, 2019, a decrease of approximately \$4,869,000. The decrease in fund balance is primarily attributable to the acquisition of emergency services communication equipment and the cost to acquire a building for use by the County Human Services Department. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund, the operating fund for Union County, ended fiscal year 2020 with a balance of \$1,052,952, a decrease of \$158,413 from the fiscal year 2019 ending balance of \$1,211,365. Revenues decreased 2.1% while expenditures increased 3.1%. The increase in public safety and legal services expenditures was due, in part, to the County recording patrol services salary expense in the General Fund in fiscal year 2020. These expenditures were recorded in the Special Revenue, Rural Services Fund in prior years.
- There were no significant changes in revenues, expenditures and fund balance of the Special Revenue, Mental Health Fund. During fiscal year 2020, the County utilized the Special Revenue, Mental Health Fund for the collecting and distributing of property tax to the Southern Hills Regional Mental Health Agency.
- The Special Revenue, Rural Services Fund ending fund balance increased \$145,990, or 93.1%, over the prior year to \$302,811, primarily due to an increase in local option sales tax revenues credited to the fund and a decrease in public safety expenditures due to recording patrol services salary expense in the General Fund in fiscal year 2020.
- The Special Revenue, Secondary Roads Fund ended fiscal year 2020 with a \$2,071,480 fund balance, an increase of \$95.6% compared to the prior year ending fund balance of \$1,059,182. The fund balance increase was due, in part, to FEMA disaster assistance grant funds received to reimburse the County to repair the damage to the County roadways due to flooding.

- The Debt Service Fund balance decreased from \$1,381,608 at the end of fiscal year 2019 to \$955,120 at the end of fiscal year 2020. The fund balance decreased as a result of an increase in Debt Service Fund expenditures of approximately \$352,000. The end of year fund balance includes a \$379,328 receivable from the Prairie Solid Waste Agency for general obligation solid waste disposal notes issued for the Agency.
- The Capital Projects Fund balance decreased by approximately \$5,457,000 or 71%, from the prior year to \$2,224,092. The decrease is primarily due to the acquisition of emergency services communication equipment and the acquisition cost of a building for the County Human Services Department.

BUDGETARY HIGHLIGHTS

Over the course of the year, Union County amended its budget twice. The amendments were made in October 2019 and May 2020 and primarily resulted in an increase in budgeted disbursements related to public safety and legal services disbursements for County Attorney, medical exam and inmate expenses, physical health and social services disbursements for increased expenses due to the new building and juvenile detention and family assistance grants and roads and transportation disbursements for increased costs due to FEMA projects.

The County's receipts were \$46,307 less than budgeted, a variance of 0.41%. Total disbursements were \$130,958 less than the amended budget. The most significant variance was for capital projects disbursements being more than expected after the budget amendment due to more work completed on the upgrade to the emergency communication system than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, Union County had approximately \$17.6 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$964,000, or 5.2%, from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2020	2019
Land	\$ 263	254
Construction in progress, road network	178	312
Buildings	997	596
Improvements other than buildings	12	12
Equipment and vehicles	1,523	1,750
Infrastructure	14,633	15,646
Total	\$ 17,606	18,570

This year's major additions included the building renovation costs of approximately \$290,000 and construction in progress for the communications tower of approximately \$178,000.

Union County had depreciation expense of \$1,441,631 for fiscal year 2020 and total accumulated depreciation of \$13,216,372 at June 30, 2020. More detailed information about the County's capital assets is included in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2020, Union County had approximately \$12,025,000 of general obligation bonds, notes and other debt outstanding, compared to approximately \$13,530,000 at June 30, 2019, as shown below:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2020	2019
General obligation bonds	\$ 11,395	12,820
General obligation solid waste disposal notes	630	710
Total	\$ 12,025	13,530

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. Union County's constitutional debt limit is approximately \$42 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

Union County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 9.1% versus 3.1% a year ago. This compares with the State's unemployment rate of 8.0% and the national rate of 11.1%.

These indicators were taken into account when adopting the budget for fiscal year 2021. Revenues in the operating budget are approximately \$11.4 million, an increase of 1.8% over the final fiscal year 2020 budget. The property tax rate for urban areas increased slightly from \$9.62573 per \$1,000 of taxable valuation to \$10.09340 per \$1,000 of taxable valuation for fiscal year 2021. The property tax rate in rural areas increased from \$3.79427 per \$1,000 of taxable valuation to \$3.9 per \$1,000 of taxable valuation.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Union 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 Union County Auditor's Office, 300 N. Pine Street, Suite 2, Creston, Iowa 50801.

Basic Financial Statements

Union County
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 5,942,816
Cash held by health plan trustee	319,670
Receivables:	
Property tax:	
Delinquent	121,176
Succeeding year	5,865,000
Interest and penalty on property tax	120,079
Loan	379,328
Accounts	42,809
Accrued interest	20,575
Due from other governments	893,285
Prepaid expense	123,644
Inventories	287,214
Capital assets, net of accumulated depreciation	17,606,287
Total assets	31,721,883
Deferred Outflows of Resources	
Pension related deferred outflows	607,466
OPEB related deferred outflows	57,079
Total deferred outflows of resources	664,545
Liabilities	
Accounts payable	216,566
Accrued interest payable	29,487
Salaries and benefits payable	18,541
Advances from grantors	4,937
Due to other governments	65,576
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	1,585,000
General obligation solid waste disposal notes	85,000
Compensated absences	93,797
Total OPEB liability	29,426
Portion due or payable after one year:	
General obligation bonds	9,810,000
General obligation solid waste disposal notes	545,000
Compensated absences	134,374
Net pension liability	1,729,150
Total OPEB liability	338,206
Total liabilities	14,685,060
Deferred Inflows of Resources	
Unavailable property tax revenue	5,865,000
OPEB related deferred inflows	120,525
Pension related deferred inflows	566,126
Total deferred inflows of resources	6,551,651
Net Position	
Net investment in capital assets	12,817,053
Restricted for:	
Supplemental levy purposes	142,645
Mental health	58,630
Rural services purposes	321,224
Secondary roads purposes	2,008,361
Debt service	327,405
Capital projects	347,789
Other purposes	306,884
Unrestricted	(5,180,274)
Total net position	\$ 11,149,717
See notes to financial statements.	

Union 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	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 6,994,808	91,291	12,788	-	(6,890,729)
Physical health and social services	559,801	29,949	154,895	-	(374,957)
Mental health	490,704	-	-	-	(490,704)
County environment and education	635,624	167,873	70,294	-	(397,457)
Roads and transportation	5,171,774	76,634	3,635,774	-	(1,459,366)
Governmental services to residents	496,584	265,496	-	-	(231,088)
Administration	1,263,258	42,474	-	-	(1,220,784)
Non-program	158,218	164,482	-	-	6,264
Interest on long-term debt	411,798	-	16,721	76,215	(318,862)
Total	\$ 16,182,569	838,199	3,890,472	76,215	(11,377,683)
General Revenues:					
Property and other county tax levied for:					
General purposes					4,519,933
Debt service					1,327,896
Penalty and interest on property tax					29,015
State tax credits					504,024
Local option sales tax					659,086
Unrestricted investment earnings					42,407
Rents					59,490
Gain on disposal of capital assets					39,282
Miscellaneous					7,583
Total general revenues					7,188,716
Change in net position					(4,188,967)
Net position beginning of year					15,338,684
Net position end of year					\$ 11,149,717
See notes to financial statements.					

Union County
Balance Sheet
Governmental Funds

June 30, 2020

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 1,018,264	55,565	270,426	1,258,975
Receivables:				
Property tax:				
Delinquent	62,776	8,215	18,413	-
Succeeding year	2,983,000	390,000	973,000	-
Interest and penalty on property tax	120,079	-	-	-
Loan	-	-	-	-
Accounts	2,268	-	-	-
Interest	20,575	-	-	-
Due from other governments	75,465	-	53,786	764,034
Inventories	-	-	-	287,214
Prepaid expenditures	30,244	-	300	-
Total assets	\$ 4,312,671	453,780	1,315,925	2,310,223
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 41,828	-	634	172,540
Salaries and benefits payable	5,949	-	2,109	10,483
Advances from grantors	-	-	-	4,937
Due to other governments	46,087	-	18,958	399
Total liabilities	<u>93,864</u>	<u>-</u>	<u>21,701</u>	<u>188,359</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	2,983,000	390,000	973,000	-
Other	182,855	8,215	18,413	50,384
Total deferred inflows of resources	<u>3,165,855</u>	<u>398,215</u>	<u>991,413</u>	<u>50,384</u>
Fund balances:				
Nonspendable:				
Inventories	-	-	-	287,214
Prepaid expenditures	30,244	-	300	-
Restricted for:				
Supplemental levy purposes	106,131	-	-	-
Mental health	-	55,565	-	-
Rural services purposes	-	-	302,511	-
Secondary roads purposes	-	-	-	1,784,266
Debt service	-	-	-	-
Capital projects	-	-	-	-
Conservation land acquisition/ capital improvements	29,470	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Care facility	11,920	-	-	-
Commissary	4,924	-	-	-
Inmate medical	98,927	-	-	-
Unassigned	771,336	-	-	-
Total fund balances	<u>1,052,952</u>	<u>55,565</u>	<u>302,811</u>	<u>2,071,480</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 4,312,671	453,780	1,315,925	2,310,223

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
575,792	2,225,006	277,303	5,681,331
31,772	-	-	121,176
1,519,000	-	-	5,865,000
-	-	-	120,079
379,328	-	-	379,328
-	-	-	2,268
-	-	-	20,575
-	-	-	893,285
-	-	-	287,214
-	-	111	30,655
2,505,892	2,225,006	277,414	13,400,911
-	782	-	215,784
-	-	-	18,541
-	-	-	4,937
-	132	-	65,576
-	914	-	304,838
1,519,000	-	-	5,865,000
31,772	-	-	291,639
1,550,772	-	-	6,156,639
-	-	-	287,214
-	-	111	30,655
-	-	-	106,131
-	-	-	55,565
-	-	-	302,511
-	-	-	1,784,266
955,120	-	-	955,120
-	2,224,092	-	2,224,092
-	-	-	29,470
-	-	277,303	277,303
-	-	-	11,920
-	-	-	4,924
-	-	-	98,927
-	-	-	771,336
955,120	2,224,092	277,414	6,939,434
2,505,892	2,225,006	277,414	13,400,911

Union County

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

June 30, 2020

Total governmental fund balances (page 19) \$ 6,939,434

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 \$30,822,659 and the accumulated depreciation is \$13,216,372. 17,606,287

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. 291,639

The Internal Service Fund is used by management to charge the cost of the premiums for the County's health insurance benefit plan. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 713,903

Pension and OPEB 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	\$ 664,545	
Deferred inflows of resources	<u>(686,651)</u>	(22,106)

Long-term liabilities, including bonds and notes 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. (14,379,440)

Net position of governmental activities (page 16) \$ 11,149,717

See notes to financial statements.

Union 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
Revenues:				
Property and other county tax	\$ 2,976,300	452,242	999,610	-
Local option sales tax	121,797	-	207,746	329,543
Interest and penalty on property tax	30,254	-	-	-
Intergovernmental	452,959	42,279	136,965	3,590,143
Licenses and permits	18,121	-	6,823	3,865
Charges for service	477,163	-	628	-
Use of money and property	93,812	-	-	-
Miscellaneous	45,772	-	-	68,016
Total revenues	<u>4,216,178</u>	<u>494,521</u>	<u>1,351,772</u>	<u>3,991,567</u>
Expenditures:				
Operating:				
Public safety and legal services	1,854,618	-	2,801	-
Physical health and social services	311,424	-	126,762	-
Mental health	-	495,156	-	-
County environment and education	429,226	-	112,155	-
Roads and transportation	-	-	113,640	3,823,810
Governmental services to residents	488,942	-	-	-
Administration	1,140,369	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	88,835
Total expenditures	<u>4,224,579</u>	<u>495,156</u>	<u>355,358</u>	<u>3,912,645</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,401)</u>	<u>(635)</u>	<u>996,414</u>	<u>78,922</u>
Other financing sources (uses):				
Sale of capital assets	1,205	-	-	-
Transfers in	-	-	-	933,376
Transfers out	(151,217)	-	(850,424)	-
Total other financing sources (uses)	<u>(150,012)</u>	<u>-</u>	<u>(850,424)</u>	<u>933,376</u>
Change in fund balances	(158,413)	(635)	145,990	1,012,298
Fund balances beginning of year	<u>1,211,365</u>	<u>56,200</u>	<u>156,821</u>	<u>1,059,182</u>
Fund balances end of year	<u>\$ 1,052,952</u>	<u>55,565</u>	<u>302,811</u>	<u>2,071,480</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,327,896		-	5,756,048
-	-	-	659,086
-	-	-	30,254
141,685	-	14,368	4,378,399
-	-	-	28,809
-	-	2,321	480,112
16,721	76,215	3,230	189,978
7,583	-	-	121,371
1,493,885	76,215	19,919	11,644,057
-	-	-	1,857,419
-	-	-	438,186
-	-	-	495,156
-	-	2,701	544,082
-	-	-	3,937,450
-	-	1,813	490,755
-	-	-	1,140,369
1,920,373	-	-	1,920,373
-	5,601,682	-	5,690,517
1,920,373	5,601,682	4,514	16,514,307
(426,488)	(5,525,467)	15,405	(4,870,250)
-	-	-	1,205
-	68,553	6,897	1,008,826
-	-	(7,185)	(1,008,826)
-	68,553	(288)	1,205
(426,488)	(5,456,914)	15,117	(4,869,045)
1,381,608	7,681,006	262,297	11,808,479
955,120	2,224,092	277,414	6,939,434

Union 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) \$ (4,869,045)

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

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

Expenditures for capital assets	\$ 439,234	
Depreciation expense	<u>(1,441,631)</u>	(1,002,397)

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. 38,077

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	91,781	
Other	<u>49,145</u>	140,926

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,505,000

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. 281,885

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	20,297	
OPEB expense	(3,803)	
Pension expense	(353,041)	
Interest on long-term debt	<u>3,575</u>	(332,972)

The Internal Service Fund is used by management to charge the costs of the premiums of the County's health insurance benefit plan . The change in net position of the Internal Service Fund is reported with governmental activities. 49,559

Change in net position of governmental activities (page 17) \$ (4,188,967)

See notes to financial statements.

Union County
Statement of Net Position
Proprietary Fund

June 30, 2020

	<u>Internal Service - Employee Group Health</u>
Current Assets	
Cash, cash equivalents and pooled investments	\$ 261,485
Cash held by health plan trustee	319,670
Accounts receivable	40,541
Prepaid expense	<u>92,989</u>
Total current assets	714,685
Current Liabilities	
Account payable	<u>782</u>
Net Position	
Unrestricted	<u>\$ 713,903</u>
See notes to financial statements.	

Union 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	\$ 1,140,287
Reimbursements from employees and others	<u>33,585</u>
Total operating revenues	1,173,872
Operating expenses:	
Insurance premiums	<u>1,129,168</u>
Operating income	44,704
Non-operating revenues:	
Interest income	<u>4,855</u>
Net income	49,559
Net position beginning of year	<u>664,344</u>
Net position end of year	<u>\$ 713,903</u>

See notes to financial statements.

Union County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2020

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,178,836
Cash paid to suppliers for services	(1,117,746)
Net cash provided by operating activities	61,090
Cash flows from investing activities:	
Interest on investments	4,855
Net increase in cash and cash equivalents	65,945
Cash and cash equivalents beginning of year	515,210
Cash and cash equivalents end of year	\$ 581,155
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 44,704
Adjustment to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Account receivable	4,965
Prepaid expense	10,802
Account payable	619
Net cash provided by operating activities	\$ 61,090

See notes to financial statements.

Union County

Union County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2020

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 3,056,914
Other County officials	49,621
Receivables:	
Property tax:	
Delinquent	289,862
Succeeding year	13,587,000
Accounts	46,167
Special assessments	61,601
Due from other governments	34,777
Prepaid expenses	43,434
Total assets	17,169,376

Liabilities

Accounts payable	293,529
Salaries and benefits payable	747
Due to other governments	16,704,129
Trusts payable	130,393
Compensated absences	40,578
Total liabilities	17,169,376

Net position	\$ -
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See notes to financial statements.

Union County

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

Union 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, Union 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. The 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: Union County Assessor's Conference Board and Union County Emergency Management Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations: Prairie Solid Waste Agency, Creston-Union Law Enforcement Commission, South Central Iowa Regional 911 Service Board and Union County Development Association.

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 three 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, proprietary 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 roads 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.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

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.

Proprietary 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 revenue of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund 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 the investment in non-negotiable certificates of deposit which is 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 represent 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.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in no more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have 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, equipment and vehicles, intangibles and infrastructure 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	\$ 65,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	20 - 50
Land improvements	20 - 50
Infrastructure	10 - 65
Vehicles	5 - 15
Machinery and equipment	3 - 20

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 and OPEB 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 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 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, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Union 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.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

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. During the year ended June 30, 2020, disbursements exceeded the amount budgeted in the capital project function.

(2) Cash, Cash Equivalents 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:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 90,849
	Special Revenue: Rural Services	<u>842,527</u>
		<u>933,376</u>
Special Revenue: Flood and Erosion	Special Revenue: Rural Services	<u>6,897</u>
Capital Projects	General	60,368
	Special Revenue: Resource Enhancement and Protection	7,185
	Rural Services	<u>1,000</u>
		<u>68,553</u>
Total		<u>\$ 1,008,826</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
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 253,619	9,740	-	263,359
Construction in progress	311,749	178,090	311,749	178,090
Total capital assets not being depreciated	565,368	187,830	311,749	441,449
Capital assets being depreciated:				
Buildings	2,310,986	449,809	-	2,760,795
Improvements other than buildings	48,202	-	-	48,202
Equipment and vehicles	4,839,303	156,321	129,834	4,865,790
Infrastructure, road network	22,706,423	-	-	22,706,423
Total capital assets being depreciated	29,904,914	606,130	129,834	30,381,210
Less accumulated depreciation for:				
Buildings	1,715,358	47,816	-	1,763,174
Improvements other than buildings	35,908	512	-	36,420
Equipment and vehicles	3,088,522	379,537	124,934	3,343,125
Infrastructure, road network	7,059,887	1,013,766	-	8,073,653
Total accumulated depreciation	11,899,675	1,441,631	124,934	13,216,372
Total capital assets being depreciated, net	18,005,239	(835,501)	4,900	17,164,838
Governmental activities capital assets, net	\$ 18,570,607	(647,671)	316,649	17,606,287

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 78,454
Physical health and social services	18,604
County environment and education	34,848
Roads and transportation	1,290,693
Administration	19,032
Total depreciation expense - governmental activities	<u>\$ 1,441,631</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	\$ 46,087
Special Revenue:		
Rural services	Services	18,958
Secondary Roads		399
Capital Projects	Services	132
Total for governmental funds		<u>\$ 65,576</u>
Agency:		
County Assessor	Collections	\$ 625,693
County Hospital		1,083,914
Schools		8,266,926
Community Colleges		447,669
Corporations		3,511,504
Townships		202,224
Auto License and Use Tax		415,478
Prairie Solid Waste		1,263,214
All other		887,507
Total for agency funds		<u>\$ 16,704,129</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 Solid					
	General Obligation Bonds	Waste Disposal Notes	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
	Balance beginning of year	\$ 12,820,000	710,000	248,468	1,849,138	482,001
Increases	-	-	164,662	-	-	164,662
Decreases	1,425,000	80,000	184,959	119,988	114,369	1,924,316
Balance end of year	<u>\$ 11,395,000</u>	<u>630,000</u>	<u>228,171</u>	<u>1,729,150</u>	<u>367,632</u>	<u>14,349,953</u>
Due within one year	<u>\$ 1,585,000</u>	<u>85,000</u>	<u>93,797</u>	<u>-</u>	<u>29,426</u>	<u>1,793,223</u>

General Obligation Bonds

On September 29, 2010 the County issued \$3,980,000 of General Obligation County Purpose Bonds, Series 2010, with an interest rate ranging from 0.80% to 3.40% per annum. The bonds were issued to provide funds to pay the costs of projects in the Union County Road and Bridge Improvement Urban Renewal Area. During the year ended June 30, 2020, the County paid principal of \$295,000 and interest of \$51,350 on the bonds.

On June 29, 2011 the County issued \$3,300,000 of General Obligation Urban Renewal County Road and Refunding Bonds, Series 2011, with an interest rate ranging from 2.00% to 3.00% per annum. The bonds were issued to provide funds to pay the costs of projects within the Union County Urban Renewal Area and to refund the outstanding General Obligation Urban Renewal Refunding Bonds, Series 2004. During the year ended June 30, 2020, the County paid principal of \$55,000 and interest of \$3,135 on the bonds.

On July 24, 2017 the county issued \$3,000,000 of General Obligation Urban Renewal and Refunding Bonds, Series 2017, with an interest rate of 3.00% per annum. The bonds were issued to provide funds to pay the costs of road and culvert improvements in the Union County Road and Bridge Improvements Urban Renewal Area and to refund the outstanding General Obligation Solid Waste Disposal Notes, Series 2007B. During the year ended June 30, 2020, the County paid principal of \$160,000 and interest of \$58,800 on the bonds.

On December 3, 2018 the County issued \$9,470,000 of General Obligation County Purpose and Refunding Bonds, Series 2018, with an interest rate ranging from 3.00% to 3.25% per annum. The bonds were issued to provide funds to pay the cost of the acquisition and remodeling of a building, the acquisition of emergency services communication equipment and to refund the outstanding General Obligation County Purpose Bonds, Series 2009A. During the year ended June 30, 2020, the County paid principal of \$915,000 and interest of \$278,688 on the bonds.

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

Year Ending June 30,	Roads, Bridges and Litigation Issued September 29, 2010			Roads and Refunding Issued June 29, 2011		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2021	3.10%	\$ 310,000	42,795	3.00%	\$ 55,000	1,650
2022	3.20	325,000	33,185		-	-
2023	3.30	335,000	22,785		-	-
2024	3.40	345,000	11,730		-	-
2025		-	-		-	-
2026-2030		-	-		-	-
Total		\$ 1,315,000	110,495		\$ 55,000	1,650

Year Ending June 30,	Urban Renewal Issued July 24, 2017			2009A Current Refunding Issued December 3, 2018		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2021	3.00%	\$ 165,000	54,000	3.00%	\$ 360,000	31,350
2022	3.00	165,000	49,050	3.00	350,000	20,550
2023	3.00	170,000	44,100	3.00	335,000	10,050
2024	3.00	175,000	39,000		-	-
2025	3.00	925,000	33,750		-	-
2026-2030	3.00	200,000	86,850		-	-
Total		\$ 1,800,000	306,750		\$ 1,045,000	61,950

Year Ending June 30,	Building Project			Communications Project		
	Issued December 3, 2018			Issued December 3, 2018		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2021	3.00%	\$ 50,000	17,162	3.00%	\$ 645,000	202,725
2022	3.00	55,000	15,663	3.00	670,000	183,375
2023	3.00	55,000	14,012	3.00	695,000	163,275
2024	3.00	55,000	12,363	3.00	705,000	142,425
2025	3.00	65,000	10,713	3.00	725,000	121,275
2026-2030	3.00-3.25	280,000	22,725	3.00-3.25	3,180,000	257,475
Total		\$ 560,000	92,638		\$ 6,620,000	1,070,550

Year Ending June 30,	Total		
	Principal	Interest	Total
2021	\$ 1,585,000	349,682	1,934,682
2022	1,565,000	301,823	1,866,823
2023	1,590,000	254,222	1,844,222
2024	1,280,000	205,518	1,485,518
2025	1,715,000	165,738	1,880,738
2026-2030	3,660,000	367,050	4,027,050
Total	\$ 11,395,000	1,644,033	13,039,033

General Obligation Solid Waste Disposal Notes

During the year ended June 30, 2018, the County issued \$875,000 of general obligation urban renewal and refunding bonds, Series 2017. The proceeds were forwarded to the Prairie Solid Waste Agency, reported as an Agency Fund of the County, to refund the general obligation solid waste disposal notes, Series 2007B. Prairie Solid Waste Agency has agreed to pay the County the principal and interest on the general obligation refunding bonds as they come due. The County reports a loan receivable in the Debt Service Fund equal to the principal outstanding less cash received from the Agency in excess of debt service payments on the general obligation solid waste disposal notes.

A summary of the County's June 30, 2020 general obligation solid waste disposal note indebtedness is as follows:

Year Ending June 30,	Refunding Bond Series			
	Issued July 24, 2017			
	Interest Rates	Principal	Interest	Total
2021	3.00%	\$ 85,000	18,900	103,900
2022	3.00	85,000	16,350	101,350
2023	3.00	85,000	13,800	98,800
2024	3.00	90,000	11,250	101,250
2025	3.00	95,000	8,550	103,550
2026-2027	3.00	190,000	8,550	198,550
Total		\$ 630,000	77,400	707,400

During the year ended June 30, 2020, the County paid principal of \$80,000 and interest of \$21,300 on the general obligation solid waste disposal notes.

(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.

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 at 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 Sheriff, 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% of covered payroll, for a total rate of 16.52%.

The County’s contributions to IPERS for the year ended June 30, 2020 were \$281,885.

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 \$1,729,150 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, 2020, the County’s proportion was 0.029861%, which was an increase of 0.000641% from its collective proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$353,041. 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	\$ 10,960	73,687
Changes of assumptions	242,631	53,576
Net difference between projected and actual earnings on IPERS' investments	-	269,965
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	71,990	168,898
County contributions subsequent to the measurement date	281,885	-
Total	<u>\$ 607,466</u>	<u>566,126</u>

\$281,885 reported as deferred outflows of resources related to pensions resulting from 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	\$ (7,747)
2022	(113,034)
2023	(82,037)
2024	(41,202)
2025	3,475
Total	<u>\$ (240,545)</u>

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:

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 2019 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	\$ 3,531,948	1,729,150	217,365

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.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2020.

(8) Other Postemployment Benefits (OPEB)

Plan Description – The County administers a single-employer benefit plan which provides medical, prescription drug and dental 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 Union 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 and dental 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	15
Active employees	<u>58</u>
Total	<u>73</u>

Total OPEB Liability – The County’s total OPEB liability of \$367,632 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions – The total OPEB liability in the July 1, 2019 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 July 1, 2019)	3.00% per annum.
Rates of salary increase (effective July 1, 2019)	2.50% per annum.
Discount rate (effective July 1, 2019)	3.50% compounded annually, net of investment expense, including inflation.
Healthcare cost trend rate	5.00% for all years

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% 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 RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2019 generational projection of future mortality improvement.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 482,001
Changes for the year:	
Service cost	25,029
Interest	12,930
Differences between expected and actual experiences	(124,531)
Changes in assumptions	1,629
Benefit payments	<u>(29,426)</u>
Net changes	<u>(114,369)</u>
Total OPEB liability end of year	<u>\$ 367,632</u>

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 (2.50%) or 1% higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 390,744	367,632	345,924

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 (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 335,866	367,632	404,791

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of \$32,229. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 55,602	112,893
Changes in assumptions	1,477	7,632
Total	<u>\$ 57,079</u>	<u>120,525</u>

The amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2021	\$ (4,730)
2022	(4,730)
2023	(4,730)
2024	(4,730)
2025	(4,730)
Thereafter	<u>(39,796)</u>
	<u>\$ (63,446)</u>

(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 \$96,413.

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 and employee blanket bond in the amount of \$2,000,000 and \$50,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to accumulate and allocate health insurance costs internally among the County's various functions and to account for the partial self-funding of the County's health insurance benefit plan.

The County purchases a health plan through Wellmark with three plan choices with deductibles of \$5,000 and \$10,000, respectively, for single plans and for family plans and out-of-pocket maximums of \$6,350 and \$12,700, respectively, for single plans and family plans. The County self-funds a portion of the deductible to reduce the deductible and out-of-pocket amounts paid by the employee. The actual deductibles for employees are \$275, \$550 or \$1,100 for single plans and \$550, \$1,100 or \$2,200 for family plans, based on the plan selected. The out-of-pocket maximums are \$1,050, \$1,575 or \$2,100 for single plans and \$2,100, \$3,150 or \$4,200 for family plans, based on the plan selected. The plan is funded by County contributions and is administered through a service agreement with Employee Benefit Services (EBS). The agreement with EBS is renewable on an annual basis.

Under the administrative services agreement, monthly payments of insurance premiums service fees and claims processed are paid to EBS from the Employee Group Health Fund. The County's contribution to the fund for the partial self-funded plan for year ended June 30, 2020 was \$234,412. The County has not reported any liabilities for incurred but not reported claims. The cash balance held by EBS was \$319,670 at June 30, 2020.

(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 grant 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 entity:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Creston	Urban renewal and economic development projects	\$ 24,466

(12) Jointly Governed Organization

The County participates in the Creston-Union Law Enforcement Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2020:

Additions:		
Contributions from governmental units:		
Union County	\$ 71,622	
City of Creston	<u>59,888</u>	\$ 131,510
Miscellaneous		<u>1,726</u>
Total additions		133,236
Deductions:		
Bed, towels and prisoner articles	2,300	
Building improvements	3,063	
Cleaning/housekeeping	3,948	
Contractual services	21,080	
Electric	33,019	
Office equipment and repair	9,535	
Printing and supplies	3,033	
Sanitation service	360	
Software support and maintenance	34,723	
Telephone	18,589	
Miscellaneous	<u>5,996</u>	<u>135,646</u>
Net		(2,410)
Balance beginning of year		<u>81,114</u>
Balance end of year		<u>\$ 78,704</u>

(13) Early Childhood Iowa Area Board

The County is the fiscal agent for the Quad Counties 4 Kids Early Childhood Area, the Early Childhood Iowa Area Board for Union, Adams, Ringgold and Taylor Counties, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2020 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early childhood	\$ 50,901	-	50,901
Quality improvement	-	53,175	53,175
Allocation for administration	2,679	10,202	12,881
Other grant programs	-	276,905	276,905
Total state grants	53,580	340,282	393,862
Interest on investments	189	1,386	1,575
Total revenues	53,769	341,668	395,437
Expenditures:			
Program services:			
Early childhood	53,866	-	53,866
Quality improvement	-	62,108	62,108
School ready general use	-	225,497	225,497
Total program services	53,866	287,605	341,471
Administration	2,497	8,325	10,822
Total expenditures	56,363	295,930	352,293
Change in fund balance	(2,594)	45,738	43,144
Fund balance beginning of year	6,496	54,914	61,410
Fund balance end of year	\$ 3,902	100,652	104,554

(14) Southern Hills Regional Mental Health

The County is a member of Southern Hills Regional Mental Health, a consortium established in accordance with the provisions of Chapters 28E and 331.440(3) of the Code of Iowa for the purpose of administering mental health and disability services for its member counties. The member counties are Adair, Adams, Taylor and Union Counties. Pursuant to the consortium agreement, the County is the fiscal agent for the consortium. Each member county is represented on the consortium board, which is responsible for administering the consortium. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Southern Hills Regional Mental Health for the year ended June 30, 2020, as follows:

Revenues:	
Property and other county tax	\$ 452,242
Intergovernmental:	
State tax credits	<u>42,279</u>
Total revenues	494,521
Expenditures:	
Distribution to the Region	<u>495,156</u>
Excess of expenditures over revenues	(635)
Fund balance beginning of year	<u>56,200</u>
Fund balance end of year	<u>\$ 55,565</u>

(15) COVID - 19

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 Union County, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Union 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 Union County.

(16) 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.

Union County

Required Supplementary Information

Union 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 Amounts		Final to
		Original	Final	Net Variance
Receipts:				
Property and other county tax	\$ 6,414,846	6,579,173	6,579,173	(164,327)
Interest and penalty on property tax	30,254	28,268	28,268	1,986
Intergovernmental	3,851,395	3,220,145	3,422,915	428,480
Licenses and permits	28,649	23,700	23,700	4,949
Charges for service	489,486	443,089	443,089	46,397
Use of money and property	192,057	62,200	62,200	129,857
Miscellaneous	126,151	619,800	619,800	(493,649)
Total receipts	11,132,838	10,976,375	11,179,145	(46,307)
Disbursements:				
Public safety and legal services	1,877,185	1,989,033	2,129,307	252,122
Physical health and social services	402,538	469,264	613,239	210,701
Mental health	495,156	495,156	495,156	-
County environment and education	556,700	648,398	650,898	94,198
Roads and transportation	4,063,235	3,864,009	4,334,009	270,774
Governmental services to residents	491,561	550,243	555,243	63,682
Administration	1,156,479	1,249,389	1,256,389	99,910
Debt service	1,920,372	1,931,723	1,931,723	11,351
Capital projects	5,748,220	5,109,440	4,876,440	(871,780)
Total disbursements	16,711,446	16,306,655	16,842,404	130,958
Excess (deficiency) of receipts over (under) disbursements	(5,578,608)	(5,330,280)	(5,663,259)	84,651
Other financing sources, net	123,254	-	-	123,254
Change in balances	(5,455,354)	(5,330,280)	(5,663,259)	207,905
Balance beginning of year	11,136,685	10,441,176	10,441,176	695,509
Balance end of year	\$ 5,681,331	5,110,896	4,777,917	903,414

See accompanying independent auditor's report.

Union 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	\$ 11,132,838	511,219	11,644,057
Expenditures	16,711,446	(197,139)	16,514,307
Net	(5,578,608)	708,358	(4,870,250)
Other financing sources, net	123,254	(122,049)	1,205
Beginning fund balances	11,136,685	671,794	11,808,479
Ending fund balances	\$ 5,681,331	1,258,103	6,939,434

See accompanying independent auditor's report.

Union County

Union County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2020

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except 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, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$535,749. 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.

During the year ended June 30, 2020, disbursements exceeded the amount budgeted in the capital projects function.

Union County

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

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

Required Supplementary Information

	2020	2019	2018	2017
County's proportion of the net pension liability	0.029861%	0.029220%	0.034575%	0.035642%
County's proportionate share of the net pension liability	\$ 1,729	1,849	2,303	2,243
County's covered payroll	\$ 2,929	2,878	3,056	2,957
County's proportionate share of the net pension liability as a percentage of its covered payroll	59.03%	64.25%	75.36%	75.85%
IPERS' 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.

<u>2016</u>	<u>2015</u>
0.035565%	0.032056%
1,757	1271
2,894	2711
60.7%	46.9%
85.19%	87.61%

Union County

Schedule of County Contributions

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

Required Supplementary Information

	2020	2019	2018	2017
Statutorily required contribution	\$ 282	279	255	272
Contributions in relation to the statutorily required contribution	(282)	(279)	(255)	(272)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 2,972	2,929	2,878	3,056
Contributions as a percentage of covered payroll	9.49%	9.53%	8.86%	8.90%

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
271	264	240	218	194	169
(271)	(264)	(240)	(218)	(194)	(169)
-	-	-	-	-	-
2,957	2,894	2,687	2,608	2,532	2,459
9.16%	9.12%	8.93%	8.36%	7.66%	6.87%

Union 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.

Union 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	\$ 25,029	26,914	26,528
Interest cost	12,930	17,331	16,959
Difference between expected and actual experiences	(124,531)	-	79,095
Changes in assumptions	1,629	-	(10,857)
Benefit payments	(29,426)	(38,875)	(28,055)
Net change in total OPEB liability	(114,369)	5,370	83,670
Total OPEB liability beginning of year	482,001	476,631	393,231
Total OPEB liability end of year	\$ 367,632	482,001	476,901
Covered-employee payroll	\$ 2,884,068	2,873,544	2,830,458
Total OPEB liability as a percentage of covered-employee payroll	12.75%	16.77%	16.85%

See accompanying independent auditor's report.

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	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.50%

Union County

Supplementary Information

Union County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2020

				Special
	Flood and Erosion	Resource Enhancement and Protection	County Recorder's Records Management	
Assets				
Cash, cash equivalents and pooled investments	\$ 39,050	107,167	19,698	
Prepaid expenses	-	-	111	
Total assets	\$ 39,050	107,167	19,809	
Fund Balances				
Fund balances:				
Restricted for:				
Prepaid expenditures	\$ -	-	111	
Other purposes	39,050	107,167	19,698	
Total fund balances	\$ 39,050	107,167	19,809	

See accompanying independent auditor's report.

Revenue

Care Facility Hixinbaugh Trust	Care Facility Hipsley Trust	Total
107,004	4,384	277,303
-	-	111
107,004	4,384	277,414
<hr/>		
-	-	111
107,004	4,384	277,303
107,004	4,384	277,414

Union County

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

Year ended June 30, 2020

	Flood and Erosion	Resource Enhancement and Protection	Special County Recorder's Records Management
Revenues:			
Intergovernmental	\$ -	14,368	-
Charges for service	-	-	2,321
Use of money and property	-	1,420	282
Total revenues	-	15,788	2,603
Expenditures:			
Operating:			
County Environment and Education	2,701	-	-
Governmental services to residents	-	-	1,813
Total expenditures	2,701	-	1,813
Excess (deficiency) of revenues over (under) expenditures	(2,701)	15,788	790
Other financing sources (uses):			
Transfers in	6,897	-	-
Transfers out	-	(7,185)	-
Total other financing sources (uses)	6,897	(7,185)	-
Change in fund balances	4,196	8,603	790
Fund balances beginning of year	34,854	98,564	19,019
Fund balances end of year	\$ 39,050	107,167	19,809

See accompanying independent auditor's report.

Revenue			
Care Facility Hixinbaugh Trust	Care Facility Hipsley Trust		Total
-	-		14,368
-	-		2,321
1,528	-		3,230
1,528	-		19,919
-	-		2,701
-	-		1,813
-	-		4,514
1,528	-		15,405
-	-		6,897
-	-		(7,185)
-	-		(288)
1,528	-		15,117
105,476	4,384		262,297
107,004	4,384		277,414

Union County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	County Hospital
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,516	271,409	10,786
Other County officials	49,621	-	-	-
Receivables:				
Property tax:				
Delinquent	-	3,198	7,392	22,128
Succeeding year	-	152,000	351,000	1,051,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 49,621	156,714	629,801	1,083,914
Liabilities				
Accounts payable	\$ -	-	719	-
Salaries and benefits payable	-	-	-	-
Due to other governments	26,079	156,714	625,693	1,083,914
Trusts payable	23,542	-	-	-
Compensated absences	-	-	3,389	-
Total liabilities	\$ 49,621	156,714	629,801	1,083,914

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Southern Hills MHDS	Other	Total
84,621	4,535	48,456	1,594	415,478	444,449	1,774,070	3,056,914
-	-	-	-	-	-	-	49,621
169,305	9,134	75,048	3,630	-	-	27	289,862
8,013,000	434,000	3,388,000	197,000	-	-	1,000	13,587,000
-	-	-	-	-	-	46,167	46,167
-	-	-	-	-	-	61,601	61,601
-	-	-	-	-	-	34,777	34,777
-	-	-	-	-	32,530	10,904	43,434
8,266,926	447,669	3,511,504	202,224	415,478	476,979	1,928,546	17,169,376
-	-	-	-	-	87,342	205,468	293,529
-	-	-	-	-	134	613	747
8,266,926	447,669	3,511,504	202,224	415,478	368,750	1,599,178	16,704,129
-	-	-	-	-	-	106,851	130,393
-	-	-	-	-	20,753	16,436	40,578
8,266,926	447,669	3,511,504	202,224	415,478	476,979	1,928,546	17,169,376

Union County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2020

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	County Hospital
Balances beginning of year	\$ 55,751	153,709	674,604	1,091,544
Additions:				
Property and other county tax	-	150,780	348,774	1,044,040
State tax credits	-	13,790	33,959	98,127
Contract law enforcement	-	-	-	-
Office fees and collections	253,504	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	215,430	-	-	-
Miscellaneous	-	-	27,056	-
Total additions	468,934	164,570	409,789	1,142,167
Deductions:				
Agency remittances:				
To other funds	41,355	-	-	-
To other governments	214,763	161,565	454,592	1,149,797
Trusts paid out	218,946	-	-	-
Total deductions	475,064	161,565	454,592	1,149,797
Balances end of year	\$ 49,621	156,714	629,801	1,083,914

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Southern Hills MHDS	Other	Total
8,525,851	459,095	3,796,194	202,472	343,789	512,130	1,762,780	17,577,919
7,950,208	430,670	3,199,806	200,971	-	-	1,395	13,326,644
769,434	41,257	458,099	11,716	-	-	129	1,426,511
-	-	-	-	-	-	133,236	133,236
-	-	-	-	-	-	2,321	255,825
-	-	-	-	4,155,516	-	-	4,155,516
-	-	-	-	-	-	11,654	11,654
-	-	-	-	-	-	270,694	486,124
-	-	-	-	-	1,067,533	2,178,837	3,273,426
8,719,642	471,927	3,657,905	212,687	4,155,516	1,067,533	2,598,266	23,068,936
-	-	-	-	123,920	-	-	165,275
8,978,567	483,353	3,942,595	212,935	3,959,907	1,102,684	2,432,500	23,093,258
-	-	-	-	-	-	-	218,946
8,978,567	483,353	3,942,595	212,935	4,083,827	1,102,684	2,432,500	23,477,479
8,266,926	447,669	3,511,504	202,224	415,478	476,979	1,928,546	17,169,376

Union County

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

For the Last Ten Years

	2020	2019	2018	2017
Revenues:				
Property and other county tax	\$ 5,756,048	5,237,976	5,134,069	5,071,444
Local option sales tax	659,086	552,955	497,502	553,749
Tax increment financing	-	-	-	140,680
Interest and penalty on property tax	30,254	89,932	56,640	57,886
Intergovernmental	4,378,399	3,477,019	4,010,194	5,097,089
Licenses and permits	28,809	21,634	16,912	31,811
Charges for service	480,112	502,323	546,970	463,751
Use of money and property	189,978	194,834	77,918	71,730
Miscellaneous	121,371	181,511	128,895	220,924
Total	<u>\$ 11,644,057</u>	<u>10,258,184</u>	<u>10,469,100</u>	<u>11,709,064</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,857,419	1,754,331	1,814,328	1,658,968
Physical health and social services	438,186	419,599	428,475	443,101
Mental health	495,156	495,156	495,155	509,478
County environment and education	544,082	551,950	1,176,990	2,241,917
Roads and transportation	3,937,450	4,003,997	4,225,387	3,602,147
Governmental services to residents	490,755	528,651	565,496	508,561
Administration	1,140,369	1,147,511	991,858	946,068
Debt service	1,920,373	1,568,713	1,968,659	1,444,052
Capital projects	5,690,517	1,920,401	824,783	307,356
Total	<u>\$ 16,514,307</u>	<u>12,390,309</u>	<u>12,491,131</u>	<u>11,661,648</u>

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
5,066,042	5,182,423	5,302,989	5,440,676	5,376,869	5,177,278
451,896	587,413	485,770	515,784	502,850	486,999
308,591	288,563	285,865	297,725	310,545	315,704
58,665	62,948	56,498	60,098	61,773	58,557
6,779,436	10,217,589	4,682,565	3,473,821	3,968,364	4,432,018
73,304	20,845	14,810	15,258	18,095	22,890
484,337	455,668	508,295	510,127	502,703	477,813
59,838	69,516	51,482	52,924	135,110	194,032
158,576	275,373	407,127	303,343	321,018	396,255
13,440,685	17,160,338	11,795,401	10,669,756	11,197,327	11,561,546
1,621,213	1,649,294	1,605,836	1,526,248	1,484,649	1,363,225
427,515	430,690	430,704	460,746	434,188	473,928
979,306	1,193,629	702,457	878,989	1,967,367	1,838,463
3,873,296	6,890,858	2,566,041	438,914	716,735	1,185,301
3,577,262	3,449,120	3,695,527	3,216,281	3,449,510	4,547,039
446,887	482,639	433,867	451,160	433,577	398,113
941,218	1,005,986	1,023,940	957,327	899,154	1,583,489
1,451,675	1,497,622	1,539,439	1,691,998	4,546,564	1,813,452
421,223	165,610	291,764	791,975	1,190,972	6,386,417
13,739,595	16,765,448	12,289,575	10,413,638	15,122,716	19,589,427

Union County

Union County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

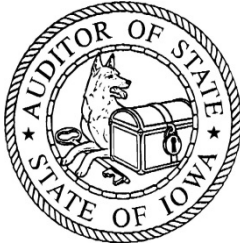
Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY20	\$ 11,434
U.S. Election Assistance Commission			
Iowa Secretary of State:			
COVID 19 - HAVA Election Security Grants	90.404	Cares Act	2,700
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)	93.074	5885BT488	8,935
Immunization Cooperative Agreements	93.268	5880I483	7,027
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Guardianship Assistance	93.090	FY20	2
Refugee and Entrant Assistance_State Designee Administered Programs	93.566	FY20	8
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY20	2,730
Foster Care_Title IV-E	93.658	FY20	3,921
Adoption Assistance	93.659	FY20	1,557
Social Services Block Grant	93.667	FY20	3,328
Children's Health Insurance Program	93.767	FY20	407
Medicaid Cluster:			
Medical Assistance Program	93.778	FY20	17,363
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4421 DRIA	706,870
Total			\$ 766,282

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Union County under programs of the federal Revigovernment for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Union County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Union County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Union County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



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

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

To the Officials of Union 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 Union 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 May 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union 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 Union County's internal control. Accordingly, we do not express an opinion on the effectiveness of Union County's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-20 and II-B-20 that we consider to be material weaknesses.

Compliance and Other Matters

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

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.

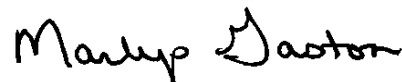
Union County's Responses to the Findings

Union County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Union 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

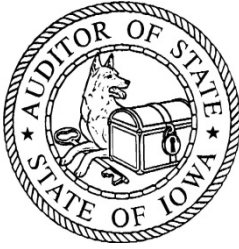
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance 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 Union 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

May 21, 2021



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

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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Officials of Union County:

Report on Compliance for Each Major Federal Program

We have audited Union County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2020. Union County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Union County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Union County's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Union County's compliance.

Opinion on the Major Federal Program

In our opinion, Union County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

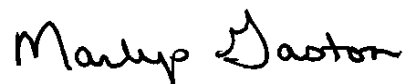
The management of Union County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Union County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Union County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item III-A-20 which we consider to be a significant deficiency.

Union County's response to the internal control over compliance the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Union County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Marlys K. Gaston, CPA
Deputy Auditor of State

May 21, 2021

Union County
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over the major program was disclosed by the audit of the financial statements, which is not considered to be a material weakness.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters).
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Union County did not qualify as a low-risk auditee.

Union County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-20 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:

	<u>Applicable Offices</u>
(1) All employees have access to the change fund.	Recorder
(2) Responsibilities for opening mail, collection, deposit preparation, and reconciliation functions are not segregated from those for recording and accounting for cash.	Recorder, Sheriff, and Treasurer
(3) The person who signs checks is not independent of the person preparing the checks, approving disbursements, handling cash and recording cash receipts.	Sheriff, Recorder
(4) Responsibilities for recordkeeping and investing are not segregated from having custody of investment.	Treasurer
(5) Responsibility for maintaining detail accounts receivable records and delinquent records not segregated from collections, records posting and reconciliation.	Treasurer
(6) Bank reconciliations are not prepared by someone who doesn’t sign checks, handle or record cash.	Recorder
(7) The person who prepares a summary of delinquent tax collections also reconciles delinquencies at year end.	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.

Union County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

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.

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons and should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

County Treasurer – Due to limited staffing, we will use the resources and best practices available to delegate and segregate duties to the best of our abilities.

County Recorder – Due to the Recorder’s office low number of full-time employees, it is difficult to segregate these duties. We will utilize current county employees to try to implement controls. The auditor’s office reviews and signs our bank reconciliations and our void receipts.

County Sheriff – We do not have enough employees to delegate each task individually. We are in the process of spreading more duties out utilizing the Civil clerk the Sheriff, the Chief Deputy, and the jail Administrator. We no longer use a stamp for the Sheriff’s signature, all the Sheriff’s signatures are now an original signature.

Conclusions – Responses acknowledged. Each official should continue to review operating procedures in their office to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials, and staff from other offices.

II-B-20 Financial Reporting

Criteria – A deficiency in internal control over financial reporting 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 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 – Material amounts of 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 statements.

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

Union County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

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

Recommendation – The County should implement procedures to ensure all receivables are properly recorded and included in the County’s financial statements.

Response – We will implement a procedure at year end to ensure the financial statements are complete and accurate for the fiscal year.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Union County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 97.036: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Pass-through Entity Identifying Number: FME 4421 DRIA

Federal Award Year: 2020

Prior Year Finding Number: NA

U.S. Department of Homeland Security

Passed through the Iowa Department of Homeland Security and Emergency Management

III-A-20 Project Worksheet Reimbursement Request
(2020-001)

Criteria – Title 2, U.S. Code of Federal Regulations, Part 200.303, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) states, in part, “The non-Federal entity must establish and maintain effective internal control over the Federal award that provides assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

Condition – The Federal Emergency Management Agency (FEMA) approves disaster projects through an approved Project Worksheet (PW) which includes the location, damage description, scope of work and cost estimate for each project. The County is reimbursed for work completed based on the approved PW.

The County prepares a FEMA 19 Report Summary to identify the costs to be reimbursed by FEMA. The FEMA 19 Report Summary is prepared for each work order and summarizes the labor, equipment and material costs. The FEMA 19 Report Summary and work orders are identified by PW.

Although each FEMA 19 Report Summary was supported by work orders, there was no indication the FEMA 19 Report Summary, which supports the amounts requested for reimbursement, was reviewed for compliance with Federal statutes, regulations and the terms and conditions of the Federal award.

Cause – Procedures have not been designed and implemented to require the FEMA 19 Summary Report to be reviewed and approved by an employee who is knowledgeable regarding the Federal statutes, regulations and the terms and conditions of the award.

Union County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Effect – The County is not in compliance with the Federal regulations pertaining to internal control. Without documentation of the review and approval of the FEMA 19 Report Summary, the County could request reimbursement for unallowed costs.

Recommendation – The County should implement procedures to ensure the FEMA 19 Report Summary is reviewed and approved for compliance with Federal statutes, regulations and the terms and conditions of the award.

Response – The County will look into implementation of procedures to ensure the FEMA 19 Report summary is received and approved by the Board of Supervisors.

Conclusion – Response accepted.

Union County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A -20 Certified Budget – Disbursements during the year ended June 30, 2019 exceeded the amount budgeted in the capital projects function.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The County Auditor will continue to monitor the budget by department and function to ensure amendments are done prior to disbursements exceed either the amounts appropriated or amount budgeted.

Conclusion – Response accepted.

IV-B-20 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-20 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-20 Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

IV-E-20 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-F-20 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.

IV-G-20 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-H-20 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

IV-I-20 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).

Union County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

IV-J-20 Early Childhood Iowa Area Board – The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County’s financial statements as part of the Other Agency Funds because of the County’s fiduciary relationship with the organization.

No instances of non-compliance were noted as a result of the audit procedures performed.

IV-K-20 Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

IV-L -20 Local Option Sales Tax (LOST) – The LOST ballot requires 20% of LOST collections be allocated for community betterment, 30% for property tax relief and 50% for secondary roads, bridge maintenance and replacement. The County credits the 20% of the LOST revenues for community betterment to the General Fund, 30% of the LOST revenues to the Special Revenue, Rural Services Fund for property tax relief and 50% of the LOST revenues to the Special Revenue, Secondary Roads Fund for road and bridge maintenance and replacement. However, the County does not maintain documentation to support how the 20% of LOST collections credited to the General Fund for community betterment were used or the unspent balances held for the specified purpose.

Recommendation – The County should establish procedures to properly account for LOST revenues, expenditures and balances in accordance with the LOST ballot provisions.

Response – The County Auditor will maintain documentation to support how the funds were allocated and used.

Conclusion – Response accepted.

Union County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy
Michelle B. Meyer, CPA, Manager
Adjoa S. Adanledji, Senior Auditor
Emina Ceric-Omar, Assistant Auditor
Joseph G. Timmons, Assistant Auditor