



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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

Rob Sand
Auditor of State

NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

March 29, 2022

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$14,148,987 for the year ended June 30, 2021, an increase of 31.3% over the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$10,406,064, an increase of less than 1% over the prior year.

AUDIT FINDINGS:

Sand reported three findings related to the receipt and expenditure of taxpayer funds. They are found on pages 72 through 76 of this report. The findings address issues such as lack of segregation of duties and the certified budget for capital projects function exceeding the budget prior to amendment. Sand provided the County with recommendations to address each of these findings.

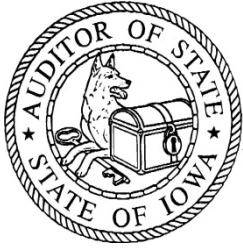
One of the findings discussed above is repeated from the prior year. The County Board of Supervisors and other elected officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible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

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

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TAYLOR COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2021

Taylor County



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Rob Sand
Auditor of State

March 8, 2022

Officials of Taylor County
Bedford, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Taylor County for the year ended June 30, 2021. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Sincerely,

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

Rob Sand
Auditor of State

Table of Contents

		<u>Page</u>
Officials		4
Independent Auditor's Report		5-7
Management's Discussion and Analysis		8-14
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Proprietary Fund Financial Statements:		
Statement of Net Position	G	25
Statement of Revenues, Expenses and Changes in Fund Net Position	H	26
Statement of Cash Flows	I	27
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Net Position – Custodial Funds	J	28
Statement of Changes in Fiduciary Net Position – Custodial Funds	K	29
Notes to Financial Statements		30-48
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		50
Budget to GAAP Reconciliation		51
Notes to Required Supplementary Information – Budgetary Reporting		53
Schedule of the County's Proportionate Share of the Net Pension Liability		54-55
Schedule of County Contributions		56-57
Notes to Required Supplementary Information – Pension Liability		58
Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes		59
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	62
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	63
Custodial Funds:		
Combining Schedule of Fiduciary Net Position	3	64-65
Combining Schedule of Changes in Fiduciary Net Position	4	66-67
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	68-69
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 <u>Government Auditing Standards</u>		70-71

Table of Contents
(continued)

	<u>Page</u>
Schedule of Findings	72-76
Staff	77

Taylor County

Officials

(Before January 2021)

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

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Doug Horton	Board of Supervisors	Jan 2023
Ronald Fitzgerald	Board of Supervisors	Jan 2025
Pamela Wilmarth	Board of Supervisors	Jan 2025
Bethany Murphy	County Auditor	Jan 2025
Dana Davis	County Treasurer	Jan 2023
Rick Sheley	County Recorder	Jan 2023
Josh Weed	County Sheriff	Jan 2025
Clinton L. Spurrier	County Attorney	Jan 2023
Sharon Dalton	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Taylor County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Taylor County, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Taylor County as of June 30, 2021, 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.

Emphasis of a Matter

As discussed in Note 14 to the financial statements, Taylor County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

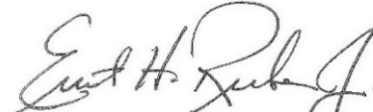
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Taylor County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 8, 2022 on our consideration of Taylor County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Taylor County's internal control over financial reporting and compliance.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

March 8, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Taylor County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities. The beginning net position for fiduciary (custodial) funds was restated by \$374,618 to retroactively report in accordance with the GASBS.
- Revenues of the County's governmental activities increased approximately \$3,370,000, or 31.3%, from fiscal year 2020 to fiscal year 2021. Charges for service increased approximately \$381,000, or 28.7%, operating grants, contributions and restricted interest increased approximately \$466,000 or 11.4%, capital grants, contributions and restricted interest increased approximately \$2,327,000 or 1616.0% and property and other county taxes increased approximately \$69,000 or 1.6%. The increase is primarily due to bridge and road work construction contributed by the Iowa Department of Transportation during fiscal year 2021.
- Program expenses of the County's governmental activities increased less than 1% or approximately \$89,000 over fiscal year 2020. Public safety and legal services and physical health and social services increased approximately \$88,000 and \$97,000, respectively, while roads and transportation expenses decreased approximately \$102,000.
- Net position at June 30, 2021 increased approximately \$3,743,000, or 17.3%, compared to the June 30, 2020 balance.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Taylor County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Taylor County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Taylor County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

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

Fund Financial Statements

The County has three kinds of funds:

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally amount the County's various functions.

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

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

The required financial statement for fiduciary funds is a Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Taylor County’s combined net position increased from approximately \$21.7 million to approximately \$25.4 million during the year. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2021	2020
Current and other assets	\$ 12,440	11,371
Capital assets	23,187	21,219
Total assets	35,627	32,590
Deferred outflows of resources	831	787
Long-term liabilities	5,886	6,108
Other liabilities	134	274
Total liabilities	6,020	6,382
Deferred inflows of resources	5,006	5,306
Net position:		
Net investment in capital assets	20,457	17,619
Restricted	4,238	3,927
Unrestricted	736	143
Total net position	\$ 25,432	21,689

The net position of Taylor County’s governmental activities increased approximately \$3,743,000, or 17.3% over fiscal year 2020.

The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$2,838,000, or 16.1% over the prior year, primarily due to bridge and road construction paid by the Iowa Department of Transportation.

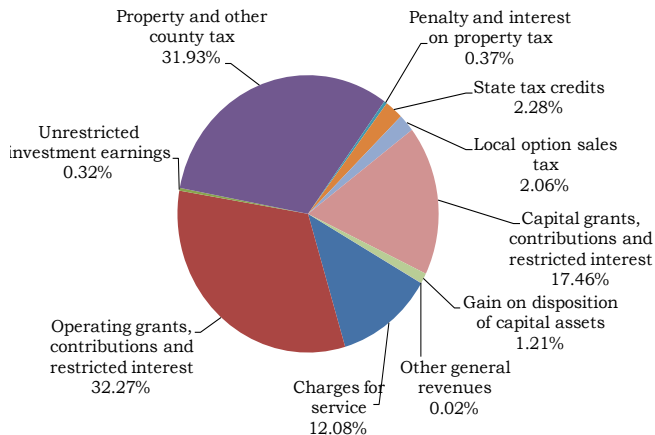
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$672,000, or 17.1% over the prior year, primarily due to additional available resources at year end in the Special Revenue, Secondary Roads Fund and the General Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$143,000 at June 30, 2020 to approximately \$736,000 at the end of the year. The increase in unrestricted net position is primarily due to General Fund revenues continuing to exceed expenditures.

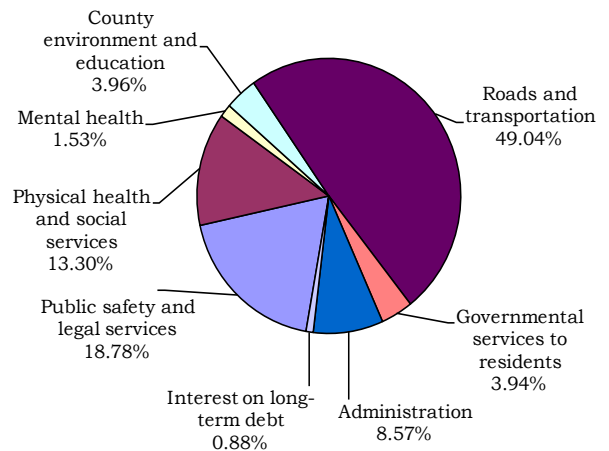
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2021	2020
Revenues:		
Program revenues:		
Charges for service	\$ 1,709	1,328
Operating grants, contributions and restricted interest	4,566	4,100
Capital grants, contributions and restricted interest	2,471	144
General revenues:		
Property and other county tax	4,516	4,447
Penalty and interest on property tax	52	19
State tax credits	323	296
Local option sales tax	291	265
Unrestricted investment earnings	45	50
Gain on disposition of capital assets	171	2
Other general revenues	3	128
Total revenues	14,149	10,779
Program expenses:		
Public safety and legal services	1,954	1,866
Physical health and social services	1,383	1,286
Mental health	159	158
County environment and education	412	420
Roads and transportation	5,104	5,206
Governmental services to residents	410	377
Administration	892	890
Interest on long-term debt	92	114
Total expenses	10,406	10,317
Change in net position	3,743	461
Net position beginning of year	21,689	21,228
Net position end of year	\$ 25,432	21,689

Revenues by Source



Expenses by Program



The County property tax levy stayed relatively stable, except for the Mental Health property tax levy which decreased from 0.38971 to 0.38393 per \$1,000 of taxable valuation, or approximately 1.5%. The countywide and rural property valuations increased approximately \$6.6 million and \$7.0 million, or 1.5% and 2.3%, respectively. These factors combined to raise the County's property tax revenue approximately \$69,000 in fiscal year 2021. Based on a slight increase in the tax rate and an increase in taxable valuations, property tax revenue is budgeted to increase approximately \$73,000 next year.

The cost of all governmental activities this year was approximately \$10.4 million compared to approximately \$10.3 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$1.7 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,709,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$7,037,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2021 from approximately \$5,572,000 to approximately \$8,746,000, due primarily to the County receiving contributions of roads and bridges paid for by the Iowa Department of Transportation.

INDIVIDUAL MAJOR FUND ANALYSIS

As Taylor County completed the year, its governmental funds reported a combined fund balance of approximately \$6,767,000, an increase of approximately \$816,000 over last year's total fund balance of approximately \$5,951,000. The increase in the combined fund balance is primarily attributable to an increase in the General and Secondary Roads Fund balances. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund property and other county tax revenue increased due to an increase in the property tax valuations. Intergovernmental revenue increased approximately \$229,000, due, in part, to the receipt of approximately \$173,000 in CARES funds. General Fund expenditures increased approximately \$243,000, due, in part, to an increase in physical health and social services as a result of expenses incurred due to the COVID-19 outbreak.
- For fiscal year 2021, Special Revenue, Mental Health Fund expenditures increased less than 1%, or approximately \$1,430 over the prior year. Revenues increased approximately \$2,900 due to the receipt of increased property tax in fiscal year 2021. The ending fund balance increased approximately \$2,700 to approximately \$10,000.
- The Special Revenue, Rural Services Fund ended the fiscal year with a balance of \$332,345 compared to the prior year ending balance of \$324,039. Transfers out to the Special Revenue, Secondary Roads Fund increased approximately \$18,600. Revenues increased approximately \$28,700, due, in part, to an increase in property taxes. Expenditures increased approximately \$2,500, or 2.35%, due, in part, to a soil and water project completed during fiscal year 2021.
- The Special Revenue, Secondary Roads Fund expenditures increased approximately \$1,214,000, or 30.2%, primarily due to the roadway and bridge construction projects during fiscal year 2021. Total revenues increased approximately \$929,000, primarily due to reimbursements from the State for projects and an increase in road use tax funds in fiscal year 2021. The ending fund balance in the Secondary Roads Fund increased approximately \$230,000, or 10.0%.
- The Debt Service Fund ended the fiscal year with a fund balance of approximately \$148,000 compared to the prior year ending balance of approximately \$92,000. Property and other county tax revenues increased approximately \$28,000 due to an increase in the property valuations. There were no significant changes in expenditures.

BUDGETARY HIGHLIGHTS

Over the course of the year, Taylor County amended its budget one time. The amendment was made on May 27, 2021, primarily due to increased expenditures due to the receipt of CARES funds and replacement of a vehicle.

The County’s receipts were \$218,282 less than budgeted. Actual intergovernmental receipts were \$247,773 less than budgeted due to funds anticipated which were not received during the year.

Total disbursements were \$939,312 less than the amended budget. Actual disbursements for the roads and transportation, county environment and education and administration functions were \$206,048, \$172,696 and \$162,448, respectively, less than budgeted. This was primarily due to expenditures not occurring as quickly as anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, Taylor County had approximately \$23.2 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1,968,000, or 9.3%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2021	2020
Land	\$ 892	892
Buildings and improvements	3,511	3,592
Equipment and vehicles	2,617	2,409
Intangibles, other	52	57
Infrastructure, other	980	-
Infrastructure, road network	15,136	14,270
Total	\$ 23,187	21,219

This year's major additions included (in thousands)

Capital assets contributed by the Iowa Department of Transportation	\$ 1,779
County road construction projects	355
Weir dam and street projects	1,020
Replacement of two motor graders and other Secondary Roads equipment	635
County Sheriff and other county vehicles	95
Total	\$ 3,884

The County had depreciation/amortization expense of \$1,899,196 in fiscal year 2021 and total accumulated depreciation/amortization of \$21,570,925 at June 30, 2021. More detailed information about the County’s capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2021, Taylor County had \$2,730,000 of outstanding debt versus \$3,600,000 last year, a decrease of \$870,000 from June 30, 2020.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2021	2020
General obligation bonds	\$ 2,730	3,600

Debt decreased as a result of scheduled debt payments during fiscal year 2021.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County’s corporate limits. Taylor County’s outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$28.4 million. Additional information about the County’s long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Many factors were taken into account when adopting the budget for fiscal year 2022. The County had a countywide valuation increase of \$6,725,487 and the rural valuation increased \$5,020,147 for fiscal year 2022.

Amounts levied for property tax are \$4,526,067 an increase of \$73,348 over fiscal year 2021. Total receipts and other financing sources for fiscal year 2022 decreased \$967,789 from the fiscal year 2021 amended budget, due to a decrease in expected intergovernmental revenue.

Budgeted disbursements decreased \$921,628 from the amended fiscal year 2021 budget. The decrease is primarily due to a decrease in capital projects disbursements expected in fiscal year 2022.

The County has added no major new programs or initiatives to the fiscal year 2022 budget.

If these estimates are realized, the County’s budgetary operating balance is expected to decrease by the close of fiscal year 2022.

CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Exhibit A

Taylor County
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 6,024,554
Receivables:	
Property tax:	
Delinquent	2,705
Succeeding year	4,875,000
Interest and penalty on property tax	12,674
Accounts	129,470
Accrued interest	425
Due from other governments	687,527
Inventories	454,152
Prepaid items	253,875
Capital assets, net of accumulated depreciation	<u>23,187,009</u>
Total assets	<u>35,627,391</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>830,952</u>
Liabilities	
Accounts payable	96,724
Accrued interest payable	5,746
Salaries and benefits payable	28,471
Due to other governments	3,564
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	875,000
Compensated absences	178,159
Total OPEB liability	7,078
Portion due or payable after one year:	
General obligation bonds	1,855,000
Compensated absences	114,624
Net pension liability	2,490,733
Total OPEB liability	<u>365,304</u>
Total liabilities	<u>6,020,403</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	4,875,000
Pension related deferred inflows	<u>131,400</u>
Total deferred inflows of resources	<u>5,006,400</u>
Net Position	
Net investment in capital assets	20,457,009
Restricted for:	
Supplemental levy purposes	761,165
Mental health purposes	10,064
Rural services purposes	332,349
Secondary roads purposes	2,405,878
Debt services	142,545
Conservation purposes	84,061
Other purposes	502,262
Unrestricted	<u>736,207</u>
Total net position	<u>\$ 25,431,540</u>

See notes to financial statements.

Taylor County

Statement of Activities

Year ended June 30, 2021

	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	\$ 1,954,073	1,064,574	305	11,980	(877,214)
Physical health and social services	1,383,457	414,030	762,748	-	(206,679)
Mental health	159,000	-	-	-	(159,000)
County environment and education	412,040	14,853	66,618	-	(330,569)
Roads and transportation	5,103,641	96,313	3,721,841	2,459,065	1,173,578
Governmental services to residents	409,696	103,577	14,800	-	(291,319)
Administration	892,366	15,731	50	-	(876,585)
Interest on long-term debt	91,791	-	-	-	(91,791)
Total	<u>\$ 10,406,064</u>	<u>1,709,078</u>	<u>4,566,362</u>	<u>2,471,045</u>	<u>(1,659,579)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					3,580,004
Debt service					935,879
Penalty and interest on property tax					52,375
State tax credits					323,173
Local option sales tax					291,482
Unrestricted investment earnings					45,346
Gain on disposition of capital assets					171,354
Miscellaneous					2,889
Total general revenues					<u>5,402,502</u>
Change in net position					3,742,923
Net position beginning of year					<u>21,688,617</u>
Net position end of year					<u>\$ 25,431,540</u>

See notes to financial statements.

Taylor County
Balance Sheet
Governmental Funds

June 30, 2021

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 2,890,361	9,974	325,002	1,762,285
Receivables:				
Property tax:				
Delinquent	1,941	90	4	-
Succeeding year	2,776,000	129,000	1,007,000	-
Interest and penalty on property tax	12,674	-	-	-
Accounts	127,494	-	-	1,976
Accrued interest	425	-	-	-
Due from other governments	274,295	-	7,567	391,612
Inventories	-	-	-	454,152
Prepaid items	186,013	-	-	-
Total assets	\$ 6,269,203	139,064	1,339,573	2,610,025
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 42,870	-	224	51,989
Salaries and benefits payable	-	-	-	28,471
Due to other governments	2,679	-	-	885
Total liabilities	45,549	-	224	81,345
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	2,776,000	129,000	1,007,000	-
Other	269,320	90	4	-
Total deferred inflows of resources	3,045,320	129,090	1,007,004	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	454,152
Prepaid items	186,013	-	-	-
Restricted for:				
Supplemental levy purposes	633,199	-	-	-
Mental health purposes	-	9,974	-	-
Rural services purposes	-	-	332,345	-
Secondary roads purposes	-	-	-	2,074,528
Conservation purposes	84,061	-	-	-
Debt service	-	-	-	-
Other purposes	-	-	-	-
Committed for ambulance purposes	261,487	-	-	-
Unassigned	2,013,574	-	-	-
Total fund balances	3,178,334	9,974	332,345	2,528,680
Total liabilities, deferred inflows of resources and fund balances	\$ 6,269,203	139,064	1,339,573	2,610,025

See notes to financial statements.

Debt Service	Nonmajor	Total
147,621	489,850	5,625,093
670	-	2,705
963,000	-	4,875,000
-	-	12,674
-	-	129,470
-	-	425
-	14,053	687,527
-	-	454,152
-	67,862	253,875
<u>1,111,291</u>	<u>571,765</u>	<u>12,040,921</u>
-	1,641	96,724
-	-	28,471
-	-	3,564
<u>-</u>	<u>1,641</u>	<u>128,759</u>
963,000	-	4,875,000
670	-	270,084
<u>963,670</u>	<u>-</u>	<u>5,145,084</u>
-	-	454,152
-	67,862	253,875
-	-	633,199
-	-	9,974
-	-	332,345
-	-	2,074,528
-	-	84,061
147,621	-	147,621
-	502,262	502,262
-	-	261,487
-	-	2,013,574
<u>147,621</u>	<u>570,124</u>	<u>6,767,078</u>
<u>1,111,291</u>	<u>571,765</u>	<u>12,040,921</u>

Taylor County

Taylor County

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

June 30, 2021

Total governmental fund balances (page 19) \$ 6,767,078

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 \$44,757,934 and the accumulated depreciation/amortization is \$21,570,925. 23,187,009

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. 270,084

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 399,461

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

Deferred outflows of resources	\$ 830,952	
Deferred inflows of resources	<u>(131,400)</u>	699,552

Long-term liabilities, including the general obligation bonds payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (5,891,644)

Net position of governmental activities (page 16) \$ 25,431,540

See notes to financial statements.

Taylor County

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

Year ended June 30, 2021

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 2,546,243	150,394	923,595	-
Local option sales tax	-	-	99,044	-
Interest and penalty on property tax	57,741	-	-	-
Intergovernmental	1,963,424	11,323	52,015	4,396,169
Licenses and permits	-	-	3,377	4,615
Charges for service	335,301	-	-	-
Use of money and property	45,346	-	-	-
Miscellaneous	116,553	-	-	99,369
Total revenues	5,064,608	161,717	1,078,031	4,500,153
Expenditures:				
Operating:				
Public safety and legal services	1,783,018	-	-	-
Physical health and social services	1,345,957	-	27,978	-
Mental health	-	159,000	-	-
County environment and education	302,892	-	46,517	-
Roads and transportation	-	-	30,000	4,105,725
Governmental services to residents	359,132	-	3,068	-
Administration	884,268	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	1,127,034
Total expenditures	4,675,267	159,000	107,563	5,232,759
Excess (deficiency) of revenues over (under) expenditures	389,341	2,717	970,468	(732,606)
Other financing sources (uses):				
Transfers in	-	-	-	962,162
Transfers out	-	-	(962,162)	-
Total other financing sources (uses)	-	-	(962,162)	962,162
Change in fund balances	389,341	2,717	8,306	229,556
Fund balances beginning of year	2,788,993	7,257	324,039	2,299,124
Fund balances end of year	\$ 3,178,334	9,974	332,345	2,528,680

See notes to financial statements.

Debt Service	Nonmajor	Total
946,949	-	4,567,181
-	192,438	291,482
-	-	57,741
71,209	-	6,494,140
-	-	7,992
-	1,799	337,100
-	-	45,346
-	1,000	216,922
<u>1,018,158</u>	<u>195,237</u>	<u>12,017,904</u>
-	11,031	1,794,049
-	-	1,373,935
-	-	159,000
-	50,810	400,219
-	-	4,135,725
-	2,341	364,541
-	-	884,268
962,740	-	962,740
-	-	1,127,034
<u>962,740</u>	<u>64,182</u>	<u>11,201,511</u>
<u>55,418</u>	<u>131,055</u>	<u>816,393</u>
-	-	962,162
-	-	(962,162)
-	-	-
55,418	131,055	816,393
92,203	439,069	5,950,685
<u>147,621</u>	<u>570,124</u>	<u>6,767,078</u>

Taylor County

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

Year ended June 30, 2021

Change in fund balances - Total governmental funds (page 23) \$ 816,393

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

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

Expenditures for capital assets	\$ 1,916,327	
Capital assets contributed by the Iowa Department of Transportation	1,779,311	
Depreciation/amortization expense	<u>(1,899,196)</u>	1,796,442

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. 171,354

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	(51,298)	
Other	<u>232,041</u>	180,743

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. 870,000

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. 339,238

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	(31,625)	
OPEB expense	(51,481)	
Pension expense	(494,859)	
Interest on long-term debt	<u>949</u>	(577,016)

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 145,769

Change in net position of governmental activities (page 17) \$ 3,742,923

See notes to financial statements.

Taylor County
Statement of Net Position
Proprietary Fund
June 30, 2021

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 399,461
Liabilities	
None	<u>-</u>
Net position	
Unrestricted	<u>\$ 399,461</u>

See notes to financial statements.

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

Year ended June 30, 2021

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 191,838
Operating expenses:	
Medical claims	<u>46,069</u>
Operating income	145,769
Net position beginning of year	<u>253,692</u>
Net position end of year	<u>\$ 399,461</u>

See notes to financial statements.

Taylor County
Statement of Cash Flows
Proprietary Fund

June 30, 2021

	Internal Service - Employee Group Health
Cash flows from operating activities and net increase in cash and cash equivalents:	
Cash received from operating fund reimbursements	\$ 191,838
Cash paid to suppliers for services	(46,069)
Net cash provided by operating activities and net increase in cash and cash equivalents	145,769
Cash and cash equivalents beginning of year	253,692
Cash and cash equivalents end of year	\$ 399,461
Reconciliation of operating income to net cash provided by operating activities:	
Operating income and net cash provided by operating activities	\$ 145,769

See notes to financial statements.

Taylor County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2021

Assets

Cash and pooled investments:	
County Treasurer	\$ 770,086
Other County officials	25,713
Receivables:	
Property tax:	
Delinquent	8,927
Succeeding year	8,245,000
Prepaid items	<u>9,744</u>
Total assets	<u>9,059,470</u>

Liabilities

Accounts payable	15,400
Salaries and benefits payable	665
Due to other governments	378,511
Trusts payable	42,799
Compensated absences	<u>14,878</u>
Total liabilities	<u>452,253</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>8,245,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 362,217</u>
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See notes to financial statements.

Taylor County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 7,508,828
911 surcharge	59,890
State tax credits	671,403
Office fees and collections	253,677
Auto licenses, use tax and postage	2,471,251
Drivers license fees	30,488
Assessments	18,651
Trusts	122,256
Miscellaneous	<u>53,828</u>
Total additions	<u>11,190,272</u>
Deductions:	
Agency remittances:	
To other funds	157,891
To other governments	10,863,440
Trusts paid out	<u>181,342</u>
Total deductions	<u>11,202,673</u>
Change in Net position	(12,401)
Net Position beginning of year, as restated	<u>374,618</u>
Net position end of year	<u>\$ 362,217</u>

See notes to financial statements.

Taylor County

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Taylor County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. Taylor County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Taylor County Assessor's Conference Board, Taylor County Emergency Management Commission and Taylor County Joint 911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Custodial Funds of the County.

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

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

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

Additionally, the County reports the following funds:

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

Fiduciary Funds – Custodial 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 lease agreements are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

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

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

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

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

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

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

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2020.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) 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. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment and infrastructure are depreciated/amortized using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	2 - 20
Equipment	2 - 20
Vehicles	3 - 10

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

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied and unrecognized items not yet charged to pension expense.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2021, disbursements in the capital projects function exceeded the amount budgeted prior to the budget amendment.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2021 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, 2021 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	<u>\$ 926,162</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, 2021 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 891,709	-	-	891,709
Construction in progress	-	3,155,341	(3,155,341)	-
Total capital assets not being depreciated/amortized	<u>891,709</u>	<u>3,155,341</u>	<u>(3,155,341)</u>	<u>891,709</u>
Capital assets being depreciated/amortized:				
Buildings	4,169,860	-	-	4,169,860
Improvements other than buildings	238,151	-	-	238,151
Equipment and vehicles	6,760,443	730,409	(384,306)	7,106,546
Intangibles, other	77,750	-	-	77,750
Infrastructure, other	-	1,020,324	-	1,020,324
Infrastructure, road network	29,118,577	2,135,017	-	31,253,594
Total capital assets being depreciated/amortized	<u>40,364,781</u>	<u>3,885,750</u>	<u>(384,306)</u>	<u>43,866,225</u>
Less accumulated depreciation/amortization for:				
Buildings	749,506	76,095	-	825,601
Improvements other than buildings	66,682	4,763	-	71,445
Equipment and vehicles	4,351,352	504,227	(365,548)	4,490,031
Intangibles, other	20,732	5,183	-	25,915
Infrastructure, other	-	40,813	-	40,813
Infrastructure, road network	14,849,005	1,268,115	-	16,117,120
Total accumulated depreciation/amortization	<u>20,037,277</u>	<u>1,899,196</u>	<u>(365,548)</u>	<u>21,570,925</u>
Total capital assets being depreciated/amortized, net	<u>20,327,504</u>	<u>1,986,554</u>	<u>(18,758)</u>	<u>22,295,300</u>
Governmental activities capital assets, net	<u>\$ 21,219,213</u>	<u>5,141,895</u>	<u>(3,174,099)</u>	<u>23,187,009</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 151,432
Physical health and social services	10,319
County environment and education	22,175
Roads and transportation	1,710,126
Administration	<u>5,144</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 1,899,196</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, 2021 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 2,679
Special Revenue:		
Secondary Roads	Services	885
Total for governmental funds		<u>\$ 3,564</u>
Custodial:		
County Offices	Collections	\$ 10,098
Schools		98,192
Community Colleges		6,412
Corporations		30,278
Townships		2,641
All other		230,890
Total for custodial funds		<u>\$ 378,511</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	<u>General</u>		<u>Net</u>	<u>Total</u>	
	<u>Obligation</u>	<u>Compensated</u>	<u>Pension</u>	<u>OPEB</u>	
	<u>Bonds</u>	<u>Absences</u>	<u>Liability</u>	<u>Liability</u>	<u>Total</u>
Balance beginning of year	\$ 3,600,000	261,158	1,926,786	320,901	6,108,845
Increases	-	318,063	563,947	58,559	940,569
Decreases	870,000	286,438	-	7,078	1,163,516
Balance end of year	<u>\$ 2,730,000</u>	<u>292,783</u>	<u>2,490,733</u>	<u>372,382</u>	<u>5,885,898</u>
Due within one year	\$ 875,000	178,159	-	7,078	1,060,237

General Obligation Bonds

On March 9, 2012, the County issued \$6,000,000 of general obligation county road improvement bonds, Series 2012, with interest rates ranging from 0.40-1.90% per annum. The bonds were issued to reconstruct and improve County roads. During the year ended June 30, 2021 the County paid principal of \$625,000 and interest of \$22,690 on the bonds.

On October 29, 2019, the County issued \$2,570,000 of general obligation refunding bonds, Series 2019A, with an interest rate ranging from 2.0-4.00% per annum. The notes were issued to refund the \$2,645,000 outstanding balance of the general obligation capital loan notes, Series 2014, dated March 28, 2014. The Series 2014, general obligation capital loan notes, were issued to construct, furnish and equip the County law enforcement facility. During the year ended June 30, 2021, the County paid principal of \$245,000 and interest of \$70,050 on the bonds.

A summary of the County's June 30, 2021 general obligation bond indebtedness is as follows:

Year Ending June 30,	Series 2012 County Road Reconstruction and Improvement Issued March 9, 2012				Series 2019A County Law Enforcement Facility Refunding Issued October 29, 2019					
	Interest		Principal	Interest	Total	Interest		Principal	Interest	Total
	Rates					Rates				
2022	1.90%	\$ 635,000	12,064	647,064	3.00%	\$ 240,000	60,250	300,250		
2023		-	-	-	3.00	245,000	53,050	298,050		
2024		-	-	-	3.00	260,000	45,700	305,700		
2025		-	-	-	4.00	265,000	37,900	302,900		
2026		-	-	-	3.00	275,000	27,300	302,300		
2027-2030		-	-	-	2.00-3.00	810,000	34,250	844,250		
Total		\$ 635,000	12,064	647,064		\$ 2,095,000	258,450	2,353,450		

Year Ending June 30,	Total		
	Principal	Interest	Total
2022	\$ 875,000	72,314	947,314
2023	245,000	53,050	298,050
2024	260,000	45,700	305,700
2025	265,000	37,900	302,900
2026	275,000	27,300	302,300
2027-2030	810,000	34,250	844,250
Total	\$ 2,730,000	270,514	3,000,514

During the year ended June 30, 2021, the County retired \$870,000 of general obligation bond principal.

(7) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll for a total rate of 15.73%. The Sheriffs, deputies and the County each contributed 9.26% of covered payroll for a total rate of 18.52%. Protection occupation members contributed 6.41% of covered payroll and the County contributed 9.61% for a total rate of 16.02%.

The County's contributions to IPERS for the year ended June 30, 2021 were \$339,238.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the County reported a liability of \$2,490,733 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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 0.035457%, which was an increase of 0.002183% over its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$494,859. At June 30, 2021, 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	\$ 9,976	64,689
Changes of assumptions	162,620	49,289
Net difference between projected and actual earnings on IPERS' investments	195,240	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	123,878	17,422
County contributions subsequent to the measurement date	339,238	-
Total	<u>\$ 830,952</u>	<u>131,400</u>

\$339,238 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. 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
2022	\$ 69,520
2023	75,507
2024	86,769
2025	127,281
2026	1,237
Total	<u>\$ 360,314</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

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

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric 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%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100.0%	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 4,685,253	2,490,733	651,056

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, 2021.

(8) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

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

Total OPEB Liability – The County's total OPEB liability of \$372,382 was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2019, rolled forward to July 1, 2020.

Actuarial Assumptions – The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective July 1, 2020)	2.60% per annum.
Discount rate (effective July 1, 2020)	2.66% compounded annually, including inflation.
Healthcare cost trend rate (effective July 1, 2020)	7.50% initial rate decreasing annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.66% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 320,901
Changes for the year:	
Service cost	33,821
Interest	12,328
Differences between expected and actual experiences	(16,126)
Changes in assumptions	28,536
Benefit payments	<u>(7,078)</u>
Net changes	<u>51,481</u>
Total OPEB liability end of year	<u>\$ 372,382</u>

Changes of assumptions reflect a change in the discount rate from 3.51% in fiscal year 2020 to 2.66% in fiscal year 2021.

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 (1.66%) or 1% higher (3.66%) than the current discount rate.

	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	\$ 411,509	372,382	339,188

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 (6.50 %) or 1% higher (8.50%) than the current healthcare cost trend rates.

	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total OPEB liability	\$ 327,915	372,382	426,867

OPEB Expense – For the year ended June 30, 2021, the County recognized OPEB expense of \$51,481. The County utilized the alternative measurement method which results in all deferred outflows of resources and deferred inflows of resources related to OPEB being fully recognized in the current fiscal year.

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 785 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, 2021 were \$163,445.

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, 2021, no liability has been recorded in the County's financial statements. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member’s withdrawal. Upon withdrawal, a formula set forth in the Pool’s intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation in the amount of \$2,000,000. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County’s health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Secure Benefits Systems. This agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$4,850. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Secure Benefits Systems from the Employee Group Health Fund. The County’s contribution to the fund for the year ended June 30, 2021 was \$191,838.

The County was not required to obtain an actuarial report for the period ended June 30, 2021 since its plan qualifies as a “mini plan”. A liability is established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. There were no amounts payable from the Employee Group Health Fund at June 30, 2021. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ -
Incurred claims	46,069
Payments on claims during the fiscal year	<u>(46,069)</u>
Unpaid claims end of year	<u>\$ -</u>

(11) Tax Abatements

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

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2021 under agreements entered into by the following entity:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Lenox	Urban renewal and economic development projects	\$ 8,757

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

Southern Hills Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Adair County, Adams County, Union County and Taylor County. The financial activity of Taylor County’s Special Revenue, Mental Health Fund is included in the Southern Hills Mental Health Region for the year ended June 30, 2021, as follows:

Revenues:		
Property and other county tax	\$	150,394
Intergovernmental:		
State tax credits		11,323
Total revenues		161,717
Expenditures:		
Distribution to regional fiscal agent		159,000
Excess of revenues over expenditures		2,717
Fund balance beginning of year		7,257
Fund balance end of year	\$	9,974

(13) 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 Taylor County, remains uncertain.

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

(14) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity.

The restatements to retroactively report the change in net position, is as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>374,618</u>
Net position July 1, 2020, as restated	<u>\$ 374,618</u>

(15) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ended June 30, 2022. The revised requirements require the reporting of certain potentially significant lease assets and liabilities that are not currently reported.

Required Supplementary Information

Taylor County

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

Required Supplementary Information

Year ended June 30, 2021

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
Receipts:				
Property and other county tax	\$ 4,858,106	4,752,558	4,752,558	105,548
Interest and penalty on property tax	57,741	-	-	57,741
Intergovernmental	6,501,563	6,206,726	6,776,336	(274,773)
Licenses and permits	8,095	4,766	4,766	3,329
Charges for service	415,758	317,610	389,910	25,848
Use of money and property	45,359	47,260	47,260	(1,901)
Miscellaneous	223,794	24,718	357,868	(134,074)
Total receipts	12,110,416	11,353,638	12,328,698	(218,282)
Disbursements:				
Public safety and legal services	1,798,341	1,840,155	1,930,955	132,614
Physical health and social services	1,378,755	1,459,077	1,541,143	162,388
Mental health	168,999	159,000	169,000	1
County environment and education	469,263	598,959	641,959	172,696
Roads and transportation	4,291,102	4,299,150	4,497,150	206,048
Governmental services to residents	363,332	391,933	404,823	41,491
Administration	815,989	962,330	978,437	162,448
Debt service	962,740	962,740	962,740	-
Capital projects	1,127,034	646,701	1,188,660	61,626
Total disbursements	11,375,555	11,320,045	12,314,867	939,312
Excess (deficiency) of receipts over (under) disbursements	734,861	33,593	13,831	721,030
Other financing sources, net	-	-	-	-
Change in balances	734,861	33,593	13,831	721,030
Balance beginning of year	4,890,232	3,731,532	3,731,532	1,158,700
Balance end of year	\$ 5,625,093	3,765,125	3,745,363	1,879,730

See accompanying independent auditor's report.

Taylor County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2021

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	Basis	Adjustments	Accrual
			Basis
Revenues	\$ 12,110,416	(92,512)	12,017,904
Expenditures	11,375,555	(174,044)	11,201,511
Net	734,861	81,532	816,393
Beginning fund balances	4,890,232	1,060,453	5,950,685
Ending fund balances	<u>\$ 5,625,093</u>	<u>1,141,985</u>	<u>6,767,078</u>

See accompanying independent auditor's report.

Taylor County

Taylor County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$994,822. 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, 2021, disbursements in the capital projects function exceeded the amount budgeted prior to the budget amendment.

Taylor County

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

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

Required Supplementary Information

	2021	2020	2019	2018
County's proportion of the net pension liability	0.035457%	0.033274%	0.032317%	0.035010%
County's proportionate share of the net pension liability	\$ 2,491	1,927	2,045	2,332
County's covered payroll	\$ 3,538	3,386	3,129	3,143
County's proportionate share of the net pension liability as a percentage of its covered payroll	70.41%	56.91%	65.36%	74.20%
Plan fiduciary net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%

* 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.

2017	2016	2015
0.032409%	0.031002%	0.030002%
2,040	1,532	1,190
2,846	2,672	2,602
71.68%	57.34%	45.73%
81.82%	85.19%	87.61%

Taylor County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 339	336	324	283
Contributions in relation to the statutorily required contribution	<u>(339)</u>	<u>(336)</u>	<u>(324)</u>	<u>(283)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 3,597	3,538	3,386	3,129
Contributions as a percentage of covered payroll	9.42%	9.50%	9.57%	9.04%

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
286	258	242	237	227	201
(286)	(258)	(242)	(237)	(227)	(201)
-	-	-	-	-	-
3,143	2,846	2,672	2,602	2,543	2,391
9.10%	9.07%	9.06%	9.11%	8.93%	8.41%

Taylor County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2021

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.

Taylor County

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

For the Last Four Years
Required Supplementary Information

	2021	2020	2019	2018
Service cost	\$ 33,821	25,380	27,038	17,919
Interest cost	12,328	11,823	11,177	12,689
Difference between expected and actual experiences	(16,126)	4,149	(27,951)	(137,357)
Changes in assumptions	28,536	7,428	(7,445)	(24,723)
Benefit payment	(7,078)	(15,854)		
Net change in total OPEB liability	51,481	32,926	2,819	(131,472)
Total OPEB liability beginning of year	320,901	287,975	285,156	416,628
Total OPEB liability end of year	\$ 372,382	320,901	287,975	285,156
Covered-employee payroll	\$ 3,250,214	3,142,573	3,050,418	2,954,400
Total OPEB liability as a percentage of covered-employee payroll	11.5%	10.2%	9.4%	9.7%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2021	2.66%
Year ended June 30, 2020	3.51%
Year ended June 30, 2019	3.87%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	2.92%

Taylor County

Supplementary Information

Schedule 1

Taylor County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2021

	Special Revenue			
	County Recorder's Records Management	Forfeitures	Local Option Sales Tax	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 1,829	23,731	464,290	489,850
Due from other governments	-	-	14,053	14,053
Prepaid Items	-	-	67,862	67,862
Total assets	1,829	23,731	546,205	571,765
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	-	-	1,641	1,641
Fund balances:				
Nonspendable for prepaid items	-	-	67,862	67,862
Restricted for other purposes	1,829	23,731	476,702	502,262
Total fund balances	1,829	23,731	544,564	570,124
Total liabilities and fund balances	\$ 1,829	23,731	546,205	571,765

See accompanying independent auditor's report.

Taylor County

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

Year ended June 30, 2021

	Special Revenue			Total
	County Recorder's Records Management	Forfeitures	Local Option Sales Tax	
Revenues:				
Local option sales tax	\$ -	-	192,438	192,438
Charges for service	1,799	-	-	1,799
Miscellaneous	-	1,000	-	1,000
Total revenues	1,799	1,000	192,438	195,237
Expenditures:				
Operating:				
Public safety and legal services	-	-	11,031	11,031
County environment and education	-	-	50,810	50,810
Governmental services to residents	2,341	-	-	2,341
Total expenditures	2,341	-	61,841	64,182
Excess (deficiency) of receipts over (under) expenditures	(542)	1,000	130,597	131,055
Fund balances beginning of year	2,371	22,731	413,967	439,069
Fund balances end of year	\$ 1,829	23,731	544,564	570,124

See accompanying independent auditor's report.

Taylor County
Combining Schedule of Fiduciary Assets and Liabilities
Custodial Funds

June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	2,225	323,977	98,192	6,412
Other County officials	25,713	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	98	198	3,913	267
Succeeding year	-	141,000	284,000	5,874,000	382,000
Prepaid items	-	-	9,744	-	-
Total assets	25,713	143,323	617,919	5,976,105	388,679
Liabilities					
Accounts payable	14,609	-	75	-	-
Salaries and benefits payable	-	-	-	-	-
Due to other governments	10,098	2,225	-	98,192	6,412
Trusts payable	1,006	-	-	-	-
Compensated absences	-	-	12,038	-	-
Total liabilities	25,713	2,225	12,113	98,192	6,412
Deferred Inflows of Resources					
Unavailable revenues	-	141,000	284,000	5,874,000	382,000
Net Position					
Restricted for individuals, organizations and other governments	\$ -	98	321,806	3,913	267

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Other	Total
30,278	2,641	203,103	103,258	770,086
-	-	-	-	25,713
4,449	1	-	1	8,927
1,377,000	186,000	-	1,000	8,245,000
-	-	-	-	9,744
1,411,727	188,642	203,103	104,259	9,059,470
-	-	-	716	15,400
-	-	-	665	665
30,278	2,641	203,103	25,562	378,511
-	-	-	41,793	42,799
-	-	-	2,840	14,878
30,278	2,641	203,103	71,576	452,253
1,377,000	186,000	-	1,000	8,245,000
4,449	1	-	31,683	362,217

Taylor County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Custodial Funds

Year ended June 30, 2021

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Additions:					
Property and other county tax	\$ -	120,556	261,326	5,435,819	347,385
911 surcharge	-	-	-	-	-
State tax credits	-	9,184	19,906	414,206	26,463
Office fees and collections	253,677	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Drivers license fees	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	991	-	-
Total additions	253,677	129,740	282,223	5,850,025	373,848
Deductions:					
Agency remittances:					
To other funds	79,618	-	-	-	-
To other governments	116,102	131,159	197,467	5,912,242	377,952
Trusts paid out	57,957	-	-	-	-
Total deductions	253,677	131,159	197,467	5,912,242	377,952
Change in net position	-	(1,419)	84,756	(62,217)	(4,104)
Net position beginning of year, as restated	-	1,517	237,050	66,130	4,371
Net position end of year	\$ -	98	321,806	3,913	267

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Other	Total
1,169,874	172,830	-	1,038	7,508,828
-	-	-	59,890	59,890
192,262	9,303	-	79	671,403
-	-	-	-	253,677
-	-	2,471,251	-	2,471,251
-	-	30,488	-	30,488
-	-	-	18,651	18,651
-	-	-	122,256	122,256
-	-	-	52,837	53,828
1,362,136	182,133	2,501,739	254,751	11,190,272
-	-	78,273	-	157,891
1,386,318	183,786	2,423,466	134,948	10,863,440
-	-	-	123,385	181,342
1,386,318	183,786	2,501,739	258,333	11,202,673
(24,182)	(1,653)	-	(3,582)	(12,401)
28,631	1,654	-	35,265	374,618
4,449	1	-	31,683	362,217

Taylor County

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

For the Last Ten Years

	2021	2020	2019	2018
Revenues:				
Property and other county tax	\$ 4,567,181	4,397,018	4,264,033	3,922,160
Local option sales tax	291,482	265,008	258,392	129,833
Interest and penalty on property tax	57,741	16,548	35,286	34,201
Intergovernmental	6,494,140	5,330,913	5,707,191	4,876,057
Licenses and permits	7,992	10,105	6,630	5,710
Charges for service	337,100	376,384	236,124	352,992
Use of money and property	45,346	50,557	46,623	38,326
Miscellaneous	216,922	179,383	174,571	199,475
Total	<u>\$ 12,017,904</u>	<u>10,625,916</u>	<u>10,728,850</u>	<u>9,558,754</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,794,049	1,739,212	1,647,467	1,561,358
Physical health and social services	1,373,935	1,269,854	1,261,926	1,234,413
Mental health	159,000	157,570	144,000	95,508
County environment and education	400,219	451,602	311,756	228,110
Roads and transportation	4,135,725	3,868,040	3,994,224	4,233,036
Governmental services to residents	364,541	335,448	313,206	324,015
Administration	884,268	897,495	915,620	823,747
Debt service	962,740	960,378	947,889	951,723
Capital projects	1,127,034	181,070	914,523	39,771
Total	<u>\$ 11,201,511</u>	<u>9,860,669</u>	<u>10,450,611</u>	<u>9,491,681</u>

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
3,604,824	3,572,048	3,553,111	3,202,539	3,144,805	2,625,373
214,492	216,613	199,132	174,982	197,786	223,876
32,003	30,783	32,793	36,407	34,621	30,172
5,353,030	5,214,924	4,476,827	4,390,596	4,325,426	4,018,382
5,284	6,297	13,673	11,376	18,211	14,991
413,874	213,362	226,729	254,164	218,298	181,998
39,215	53,838	83,608	69,648	42,206	81,394
252,317	192,703	222,099	212,779	243,752	375,840
<u>9,915,039</u>	<u>9,500,568</u>	<u>8,807,972</u>	<u>8,352,491</u>	<u>8,225,105</u>	<u>7,552,026</u>
1,588,224	1,526,825	1,251,207	1,240,341	972,594	861,724
1,279,399	985,114	1,019,411	1,029,654	978,082	1,001,890
95,642	141,450	146,341	220,261	411,244	661,178
238,045	417,695	183,274	332,326	265,601	634,221
4,295,584	3,051,454	3,131,219	3,420,299	3,048,635	3,018,866
364,445	340,789	333,788	314,675	382,556	299,745
751,252	685,828	681,521	645,329	612,607	594,981
953,603	1,184,630	1,011,973	730,759	839,551	197,356
698,401	1,491,432	3,121,078	742,959	2,500,535	3,912,468
<u>10,264,595</u>	<u>9,825,217</u>	<u>10,879,812</u>	<u>8,676,603</u>	<u>10,011,405</u>	<u>11,182,429</u>



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

To the Officials of Taylor County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Taylor County, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 8, 2022.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

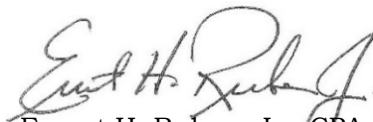
Taylor County's Responses to the Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Taylor County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

March 8, 2022

Taylor County

Schedule of Findings

Year ended June 30, 2021

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

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

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

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

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

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

Taylor County

Schedule of Findings

Year ended June 30, 2021

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

Responses –

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

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

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

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

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

Public Health Nurse – We feel we are above average in segregating duties while being fiscally responsible with employee's time and expertise. To train more staff to take on the complexities of this office's fiscal management opens a door for more errors than the risk of theft or fraud poses. Two separate staff are trained and take turns preparing deposits that are given to the County Treasurer. The Administration signs a copy of the ledger sent to the Treasurer weekly. Over the last 18-24 months our office has led and managed COVID-19 mitigation and vaccine response in Taylor and Adams counties. This brought a tremendous number of additional duties to our staff and office. Our office has also dealt with staff outages due to sickness and other reason. We continue to strive for excellence in our duties and responsibilities with our office.

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

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

Taylor County

Schedule of Findings

Year ended June 30, 2021

(B) Narcotics Petty Cash

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 controls, duties should be segregated so the authorization and custody of the assets are not under the control of the same employee. Properly designed policies and procedures and the implementation of the policies and procedures are an integral part of ensuring County assets are safeguarded.

Condition – Cash for narcotic investigations is not kept secure and prior approval to withdraw the cash is not required.

Cause – County policies do not require, and procedures have not been established to ensure cash is secured and a system is in place to approve, monitor and track the use of cash.

Effect – Lack of policies and procedures regarding the approval, safeguarding and monitoring and tracking the use of cash could allow for the loss or misuse of funds.

Recommendation – Policies and procedures should be developed to ensure cash is approved prior to withdraw and cash is secured, monitored and tracked by an independent person.

Response: We will work to develop policies to protect narcotics cash and a pre-approval process.

Conclusion – Response accepted.

Taylor County

Schedule of Findings

Year ended June 30, 2021

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – During the year ended June 30, 2021, disbursements in the capital projects function exceeded the amounts budgeted prior to the budget amendment.

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 – Budget amendments are very costly for a small county. In efforts to be more fiscally responsible with tax dollars the county tries to amend as few times as possible.

Conclusion – Response acknowledged. The County should amend the budget before disbursements by function exceed the amounts budgeted.

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

- (3) Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Josh Weed, County Sheriff, owns Hawn Sanitation	Garbage and sanitation services and rental	\$ 2,412

The transactions with Josh Weed do not appear to represent a conflict of interest in accordance with Chapter 331.342(1)(j) of the Code of Iowa since the total transactions were less than \$6,000 during the year.

- (5) Restricted Donor Activity – No transactions were noted between the county, County officials or county employees and restricted donors in compliance with Chapter 68B of the code of Iowa.

- (6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.

- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County's investment policy were noted.

Taylor County

Schedule of Findings

Year ended June 30, 2021

- (9) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Taylor County

Staff

This audit was performed by:

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