



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

Contact: Ernest Ruben
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FOR RELEASE

September 6, 2022

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$12,327,697 for the year ended June 30, 2021, a 2.8% increase over the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$10,917,289, a 32.5% decrease from the prior year. The increase in the revenue is due primarily to the County receiving CARES Act funds in the current year, and not received in fiscal year 2020. The significant decrease in expenses is due primarily to emergency services communication equipment mostly completed in the prior year.

AUDIT FINDINGS:

Sand reported five findings related to the receipt and expenditure of taxpayer funds. They are found on pages 80 through 83 of this report. The findings address issues such as lack of segregation of duties, a deficit fund balance in the Special Revenue, Mental Health Fund and expenditures exceeding the budget. Sand provided the County with recommendations to address each of these findings.

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

A copy of the audit report is available for review on the Office of Auditor of State's web site at [Audit Reports - Auditor of State](#).

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UNION COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2021

Union County



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STATE OF IOWA

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Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

August 23, 2022

Officials of Union County
Creston, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Union County for the year ended June 30, 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 Union County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

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

Rob Sand
Auditor of State

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Union County

Officials

(Before January 2021)

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

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Rick Friday	Board of Supervisors	Jan 2023
Ron Riley	Board of Supervisors	Jan 2023
Dennis Brown	Board of Supervisors	Jan 2025
Sandy Hysell	County Auditor	Jan 2025
Kelly Busch	County Treasurer	Jan 2023
Katie Carlton	County Recorder	Jan 2023
Mark Shepherd	County Sheriff	Jan 2025
Timothy R. Kenyon	County Attorney	(Retired Feb 2021)
Shane O'Toole (Appointed Feb 2021)	County Attorney	Nov 2022
Mindy Schaefer	County Assessor	Jan 2025

Union County



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Independent Auditor's Report

To the Officials of Union County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Union County, Iowa, as of and for the year ended June 30, 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 Union 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 16 to the financial statements, Union 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 56 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

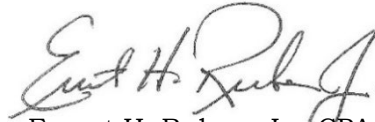
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 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 August 23, 2022 on our consideration of Union County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Union County's internal control over financial reporting and compliance.



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

August 23, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Union County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 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 during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated by \$1,248,986 to retroactively report in accordance with GASB.
- Revenues of the County's governmental activities increased 2.8%, or approximately \$333,000, over fiscal year 2020. Charges for service, local option sales tax and penalty and interest on property tax increased approximately \$124,000, \$111,000 and \$96,000, respectively.
- Program expenses of the County's governmental activities were 32.5%, or approximately \$5,265,000, less in fiscal year 2021 than in fiscal year 2020. Public safety and legal services expenses decreased approximately \$4,943,000.
- The County's net position increased 12.6% or approximately \$1,410,000, from 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 Union County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Union County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Union County acts solely as an agent or custodian for the benefit of those outside of County government (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 funds 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 of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a 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. 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	\$ 16,356	14,116
Capital assets	16,863	17,606
Total assets	33,219	31,722
Deferred outflows of resources	693	665
Long-term liabilities	13,128	14,350
Other liabilities	1,945	335
Total liabilities	15,073	14,685
Deferred inflows of resources	6,279	6,552
Net position:		
Net investment in capital assets	13,588	12,817
Restricted	3,895	3,513
Unrestricted	(4,923)	(5,180)
Total net position	\$ 12,560	11,150

Net position of Union County’s governmental activities increased 12.6% (approximately \$12.6 million compared to approximately \$11.1 million).

The largest portion of the County’s net position is invested in capital assets (e.g., land, buildings, infrastructure and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased 6.0% over the prior year.

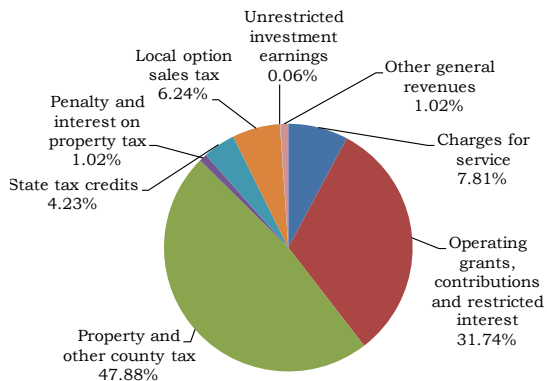
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The increase of 10.9% in restricted net position from the prior year is primarily due to greater road use tax receipts which have not yet been spent and an increase in local option sales tax revenue.

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 a deficit of approximately \$5,180,000 at June 30, 2020 to a deficit of approximately \$4,923,000 at the end of this year.

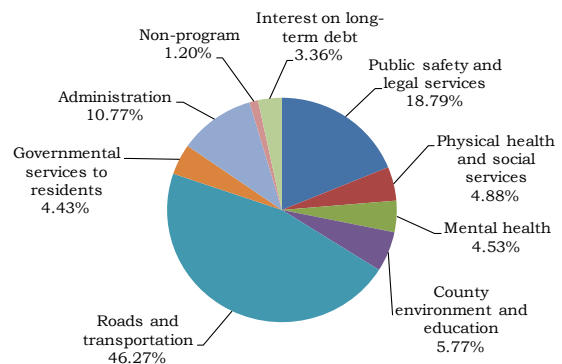
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2021	2020
Revenues:		
Program revenues:		
Charges for service	\$ 962	838
Operating grants, contributions and restricted interest	3,913	3,890
Capital grants, contributions and restricted interest	-	76
General revenues:		
Property and other county tax	5,903	5,848
Penalty and interest on property tax	125	29
State tax credits	522	504
Local option sales tax	770	659
Unrestricted investment earnings	7	42
Other general revenues	126	109
Total revenues	12,328	11,995
Program expenses:		
Public safety and legal services	2,052	6,995
Physical health and social services	533	560
Mental health	494	491
County environment and education	629	636
Roads and transportation	5,052	5,172
Governmental services to residents	484	496
Administration	1,176	1,263
Non-program	131	158
Interest on long-term debt	367	412
Total expenses	10,918	16,183
Change in net position	1,410	(4,188)
Net position beginning of year	11,150	15,338
Net position end of year	\$ 12,560	11,150

Revenues by Source



Expenses by Program



Union County's governmental activities net position increased approximately \$1,410,000 during the year. Revenues for governmental activities increased approximately \$333,000 over the prior year. The increase in revenue was due to an increase in charges for service of approximately \$124,000, or 14.8%, due to increased fee collections from camping and recording documents and sale of road materials, an increase of approximately \$96,000 in penalty and interest on property taxes and an increase of approximately \$111,000 in local option sales tax revenue.

The cost of all governmental activities this year was approximately \$10.9 million compared to approximately \$16.2 million last year. The significant decrease in expenses is primarily due to the purchase of radios and other non-capitalized equipment of approximately \$5,100,000, as part of the emergency communications upgrade in fiscal year 2020. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$6.0 million because some of the cost was paid by those directly benefited from the programs (approximately \$962,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$3,913,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2021 from approximately \$4,804,000 to approximately \$4,875,000 primarily due to the County receiving more for charges for service, offset by a decrease in capital grants, contributions and restricted interest.

INDIVIDUAL MAJOR FUND ANALYSIS

As Union County completed the year, its governmental funds reported a combined fund balance of approximately \$7.4 million compared to approximately \$6.9 million at June 30, 2020, an increase of approximately \$489,000. The increase in fund balance is primarily attributable to an increase in fund balance of the General Fund and the Special Revenue, Secondary Roads Fund offset by a decrease in the Debt Service Fund.

The following are the major reasons for the changes in fund balances of the major funds when compared to the prior year:

- The General Fund, the operating fund for Union County, ended fiscal year 2021 with a balance of \$1,321,620, an increase of \$268,668 over the fiscal year 2020 ending balance of \$1,052,952. Revenues increased 8.2% while expenditures remained steady. The increase in charges for services revenues were due in part to an increase in camping fees, weapon permits, auto registrations, interest and penalty on property tax and recording fees over the prior year. The County received \$1,188,836 in American Rescue Plan Act (ARPA) revenue, which was not spent in fiscal year 2021, and is recorded as unearned revenue.
- The Special Revenue, Mental Health Fund balance at year end decreased \$56,081 to a deficit balance of \$516 from the prior year. During fiscal year 2021, the County utilized the Special Revenue, Mental Health Fund for the collecting and distributing of property tax to the Southern Hills Regional Mental Health Agency.
- The Special Revenue, Rural Services Fund ending fund balance increased \$43,201, or 14.3%, over the prior year to \$346,012, primarily due to an increase in intergovernmental revenue for a home care aid grant and local option sales tax revenues credited to the fund.
- The Special Revenue, Secondary Roads Fund ended fiscal year 2021 with a \$2,633,474 fund balance, an increase of 27.1% compared to the prior year ending fund balance of \$2,071,480. The fund balance increase was due to increases in road use tax revenue, local option sales tax revenue and miscellaneous receipts related to sale of road materials.

- The Debt Service Fund balance decreased from \$955,120 at the end of fiscal year 2020 to \$645,954 at the end of fiscal year 2021. The fund balance decreased as a result of an increase in debt service function expenditures of approximately \$120,000. The end of year fund balance includes a \$274,594 loan receivable from the Prairie Solid Waste Agency for general obligation solid waste disposal notes issued for the Agency.
- The Capital Projects Fund balance decreased by \$49,933 or 2.2%, from the prior year to \$2,174,159. The decrease is primarily due to the acquisition of emergency services communication equipment and a conservation building improvement project during the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Union County amended its budget three times. The amendments were made in December 2020, May 2021 and June 2021 and primarily resulted in an increase in budgeted disbursements related to public safety and legal services disbursements for the County Attorney, and medical exam and inmate expenses; physical health and social services disbursements for increased disbursements due to family assistance grants and roads and transportation disbursements for increased costs due to equipment purchases and FEMA projects.

The County’s receipts were \$1,704,963 more than budgeted, a variance of 14.2%. Total disbursements were \$2,816,822 less than the amended budget. The most significant variance was for capital projects disbursements being less than expected after the budget amendment due to less projects started.

Even with the budget amendments, the County exceeded the budgeted amounts in the debt service function prior to the amendment and for the year ended June 30, 2021. In addition, one department exceeded the amount appropriated prior to the amendment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, Union County had approximately \$16.9 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$743,000, or 4.2%, from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2021	2020
Land	\$ 263	263
Construction in progress, road network	-	178
Buildings	950	997
Improvements other than buildings	11	12
Equipment and vehicles	2,020	1,523
Infrastructure	13,619	14,633
Total	\$ 16,863	17,606

This year’s major additions included equipment for the Secondary Roads Department.

Union County had depreciation expense of \$1,460,841 for fiscal year 2021 and total accumulated depreciation of \$14,187,374 at June 30, 2021. More detailed information about the County’s capital assets is included in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2021, Union County had \$10,355,000 of general obligation bonds, notes and other debt outstanding, compared to \$12,025,000 at June 30, 2020, as shown below:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2021	2020
General obligation bonds	\$ 9,810	11,395
General obligation solid waste disposal notes	545	630
Total	\$ 10,355	12,025

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Union County's constitutional debt limit is approximately \$42 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Union County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2022 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 4.3% versus 9.1% a year ago. This compares with the State's unemployment rate of 4.1% and the national rate of 5.4%.

These indicators were taken into account when adopting the budget for fiscal year 2022. Revenues in the operating budget are approximately \$10.8 million, a decrease of 10% from the final fiscal year 2021 budget. The property tax rate for urban areas decreased slightly from \$10.09340 per \$1,000 of taxable valuation to \$9.75625 per \$1,000 of taxable valuation for fiscal year 2022. The property tax rate in rural areas decreased from \$3.9 per \$1,000 of taxable valuation to \$3.65635 per \$1,000 of taxable valuation.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Union County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Union County Auditor's Office, 300 N. Pine Street, Suite 2, Creston, Iowa 50801.

Basic Financial Statements

Union County
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 8,383,926
Cash held by health plan trustee	451,892
Receivables:	
Property tax:	
Delinquent	37,697
Succeeding year	5,944,000
Interest and penalty on property tax	158,335
Loan	274,594
Accounts	42,437
Due from other governments	612,325
Inventories	295,680
Prepaid expense	154,817
Capital assets, net of accumulated depreciation	16,863,025
Total assets	33,218,728
Deferred Outflows of Resources	
Pension related deferred outflows	643,941
OPEB related deferred outflows	49,096
Total deferred outflows of resources	693,037
Liabilities	
Accounts payable	537,307
Accrued interest payable	25,454
Salaries and benefits payable	31,889
Advances from grantors	113,973
Due to other governments	48,017
Unearned Revenue	1,188,836
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	1,565,000
General obligation solid waste disposal notes	85,000
Compensated absences	90,972
Total OPEB liability	26,252
Portion due or payable after one year:	
General obligation bonds	8,245,000
General obligation solid waste disposal notes	460,000
Compensated absences	144,593
Net pension liability	2,156,918
Total OPEB liability	354,088
Total liabilities	15,073,299
Deferred Inflows of Resources	
Unavailable property tax revenue	5,944,000
Pension related deferred inflows	226,529
OPEB related deferred inflows	107,812
Total deferred inflows of resources	6,278,341
Net Position	
Net investment in capital assets	13,588,304
Restricted for:	
Supplemental levy purposes	188,510
Rural services purposes	379,849
Secondary roads purposes	2,573,681
Debt service	88,137
Capital projects	332,678
Other purposes	332,052
Unrestricted	(4,923,086)
Total net position	\$ 12,560,125

See notes to financial statements.

Union 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	
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 2,051,629	103,919	17,347	(1,930,363)
Physical health and social services	532,542	29,037	275,090	(228,415)
Mental health	494,049	-	-	(494,049)
County environment and education	629,408	229,981	45,034	(354,393)
Roads and transportation	5,052,130	139,197	3,371,745	(1,541,188)
Governmental services to residents	483,685	279,894	46,810	(156,981)
Administration	1,176,182	40,625	135,490	(1,000,067)
Non-program	131,015	139,524	-	8,509
Interest on long-term debt	366,649	-	20,999	(345,650)
Total	\$ 10,917,289	962,177	3,912,515	(6,042,597)
General Revenues:				
Property and other county tax levied for:				
General purposes				4,376,445
Debt service				1,526,174
Penalty and interest on property tax				125,401
State tax credits				521,826
Local option sales tax				769,813
Unrestricted investment earnings				7,397
Rents				39,150
Gain on disposal of capital assets				84,221
Miscellaneous				2,578
Total general revenues				7,453,005
Change in net position				1,410,408
Net position beginning of year				11,149,717
Net position end of year				\$ 12,560,125

See notes to financial statements.

Union County
Balance Sheet
Governmental Funds

June 30, 2021

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 2,435,568	4,954	343,799	2,528,033
Receivables:				
Property tax:				
Delinquent	20,973	1,665	2,422	-
Succeeding year	3,009,000	239,000	969,000	-
Interest and penalty on property tax	158,335	-	-	-
Loan	-	-	-	-
Accounts	2,785	-	-	1,102
Due from other governments	96,640	-	61,096	451,136
Inventories	-	-	-	295,680
Prepaid expenditures	55,886	-	-	-
Total assets	\$ 5,779,187	245,619	1,376,317	3,275,951
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 41,130	5,470	23,963	432,070
Salaries and benefits payable	8,553	-	3,505	19,831
Advances from grantors	-	-	-	113,973
Due to other governments	30,740	-	-	17,277
Unearned revenue	1,188,836	-	-	-
Total liabilities	1,269,259	5,470	27,468	583,151
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,009,000	239,000	969,000	-
Other	179,308	1,665	33,837	59,326
Total deferred inflows of resources	3,188,308	240,665	1,002,837	59,326
Fund balances:				
Nonspendable:				
Inventories	-	-	-	295,680
Prepaid expenditures	55,886	-	-	-
Restricted for:				
Supplemental levy purposes	181,775	-	-	-
Rural services purposes	-	-	346,012	-
Secondary roads purposes	-	-	-	2,337,794
Debt service	-	-	-	-
Capital projects	-	-	-	-
Conservation land acquisition/ capital improvements	24,505	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Care facility	27,611	-	-	-
Commissary	4,924	-	-	-
Inmate medical	96,457	-	-	-
Unassigned	930,462	(516)	-	-
Total fund balances	1,321,620	(516)	346,012	2,633,474
Total liabilities, deferred inflows of resources and fund balances	\$ 5,779,187	245,619	1,376,317	3,275,951

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
367,907	2,194,543	307,436	8,182,240
12,637	-	-	37,697
1,727,000	-	-	5,944,000
-	-	-	158,335
274,594	-	-	274,594
-	-	-	3,887
3,453	-	-	612,325
-	-	-	295,680
-	-	111	55,997
2,385,591	2,194,543	307,547	15,564,755
-	20,384	-	523,017
-	-	-	31,889
-	-	-	113,973
-	-	-	48,017
-	-	-	1,188,836
-	20,384	-	1,905,732
1,727,000	-	-	5,944,000
12,637	-	-	286,773
1,739,637	-	-	6,230,773
-	-	-	295,680
-	-	111	55,997
-	-	-	181,775
-	-	-	346,012
-	-	-	2,337,794
645,954	-	-	645,954
-	2,174,159	-	2,174,159
-	-	-	24,505
-	-	307,436	307,436
-	-	-	27,611
-	-	-	4,924
-	-	-	96,457
-	-	-	929,946
645,954	2,174,159	307,547	7,428,250
2,385,591	2,194,543	307,547	15,564,755

Union County

Union County

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

June 30, 2021

Total governmental fund balances (page 19) \$ 7,428,250

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 \$31,050,399 and the accumulated depreciation is \$14,187,374. 16,863,025

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. 286,773

The Internal Service Fund is used by management to charge the cost of the premiums for the County's health insurance benefit plan. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 776,658

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

Deferred outflows of resources	\$ 693,037	
Deferred inflows of resources	<u>(334,341)</u>	358,696

Long-term liabilities, including bonds and notes payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (13,153,277)

Net position of governmental activities (page 16) \$ 12,560,125

See notes to financial statements.

Union 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	\$ 3,035,536	397,229	1,008,024	-
Local option sales tax	153,963	-	230,944	384,906
Interest and penalty on property tax	87,145	-	-	-
Intergovernmental	589,124	36,896	206,218	3,364,359
Licenses and permits	16,321	-	6,960	20,893
Charges for service	585,758	-	550	-
Use of money and property	45,671	-	-	-
Miscellaneous	50,475	-	-	139,511
Total revenues	4,563,993	434,125	1,452,696	3,909,669
Expenditures:				
Operating:				
Public safety and legal services	1,812,700	-	92,339	-
Physical health and social services	293,874	-	217,680	-
Mental health	-	490,206	-	-
County environment and education	459,708	-	121,265	-
Roads and transportation	-	-	155,306	4,138,090
Governmental services to residents	462,942	-	-	-
Administration	1,159,602	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	104,606
Total expenditures	4,188,826	490,206	586,590	4,242,696
Excess (deficiency) of revenues over (under) expenditures	375,167	(56,081)	866,106	(333,027)
Other financing sources (uses):				
Transfers in	-	-	-	895,021
Transfers out	(106,499)	-	(822,905)	-
Total other financing sources (uses)	(106,499)	-	(822,905)	895,021
Change in fund balances	268,668	(56,081)	43,201	561,994
Fund balances beginning of year	1,052,952	55,565	302,811	2,071,480
Fund balances end of year	\$ 1,321,620	(516)	346,012	2,633,474

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,545,309	-	-	5,986,098
-	-	-	769,813
-	-	-	87,145
181,078	-	33,935	4,411,610
-	-	-	44,174
-	-	2,570	588,878
1,393	3,359	364	50,787
3,736	-	-	193,722
1,731,516	3,359	36,869	12,132,227
-	-	-	1,905,039
-	-	1,870	513,424
-	-	-	490,206
-	-	-	580,973
-	-	-	4,293,396
-	-	20,964	483,906
-	-	-	1,159,602
2,040,682	-	-	2,040,682
-	71,577	-	176,183
2,040,682	71,577	22,834	11,643,411
(309,166)	(68,218)	14,035	488,816
-	18,285	16,098	929,404
-	-	-	(929,404)
-	18,285	16,098	-
(309,166)	(49,933)	30,133	488,816
955,120	2,224,092	277,414	6,939,434
645,954	2,174,159	307,547	7,428,250

Union County

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

Year ended June 30, 2021

Change in fund balances - Total governmental funds (page 23) \$ 488,816

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

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

Expenditures for capital assets	\$ 657,279	
Depreciation expense	<u>(1,460,841)</u>	(803,562)

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. 60,300

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	(83,479)	
Other	<u>78,613</u>	(4,866)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,670,000

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. 284,963

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	(7,394)	
OPEB expense	(7,978)	
Pension expense	(336,659)	
Interest on long-term debt	<u>4,033</u>	(347,998)

The Internal Service Fund is used by management to charge the costs of the premiums of the County's health insurance benefit plan . The change in net position of the Internal Service Fund is reported with governmental activities. 62,755

Change in net position of governmental activities (page 17) \$ 1,410,408

See notes to financial statements.

Union County
Statement of Net Position
Proprietary Fund

June 30, 2021

	Internal Service - Employee Group Health
Current Assets	
Cash, cash equivalents and pooled investments	\$ 201,686
Cash held by health plan trustee	451,892
Accounts receivable	38,550
Prepaid expense	98,820
Total current assets	790,948
Current Liabilities	
Account payable	14,290
Net Position	
Unrestricted	\$ 776,658
See notes to financial statements.	

Union 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	\$ 994,774
Reimbursements from employees and others	<u>25,776</u>
Total operating revenues	1,020,550
Operating expenses:	
Insurance premiums	<u>958,307</u>
Operating income	62,243
Non-operating revenues:	
Interest income	<u>512</u>
Net income	62,755
Net position beginning of year	<u>713,903</u>
Net position end of year	<u>\$ 776,658</u>

See notes to financial statements.

Union County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2021

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 996,467
Cash received from employees and others	26,074
Cash paid to suppliers for services	(950,630)
Net cash provided by operating activities	71,911
Cash flows from investing activities:	
Interest on investments	512
Net increase in cash and cash equivalents	72,423
Cash and cash equivalents beginning of year	581,155
Cash and cash equivalents end of year	\$ 653,578
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 62,243
Adjustment to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Account receivable	1,991
Prepaid expense	(5,831)
Account payable	13,508
Net cash provided by operating activities	\$ 71,911

See notes to financial statements.

Union County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2021

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 3,144,223
Other County officials	45,752
Receivables:	
Property tax:	
Delinquent	120,897
Succeeding year	14,195,000
Accounts	7,605
Special assessments	155,869
Due from other governments	117,788
Prepaid expenses	2,181
	<u>17,789,315</u>

Total assets**Liabilities**

Accounts payable	304,365
Salaries and benefits payable	905
Due to other governments	2,088,008
Trusts payable	24,193
Compensated absences	53,622
	<u>2,471,093</u>

Total liabilities**Deferred Inflows of Resources**

Unavailable property tax revenue	<u>14,195,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 1,123,222</u>
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See notes to financial statements.

Union County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 13,589,657
State tax credits	1,411,454
Contracted Law Enforcement	212,266
Office fees and collections	322,894
Auto licenses, use tax and postage	4,685,691
Assessments	111,995
Trusts	675,428
Miscellaneous	<u>3,374,915</u>
Total additions	<u>24,384,300</u>
Deductions:	
Agency remittances:	
To other funds	215,643
To other governments	23,843,076
Trusts paid out	<u>451,345</u>
Total deductions	<u>24,510,064</u>
Change in net position	(125,764)
Net position beginning of year, as restated	<u>1,248,986</u>
Net position end of year	<u>\$ 1,123,222</u>

See notes to financial statements.

Union County

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following funds:

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

Fiduciary Funds – 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.

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in no more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, 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 and improvements	20 - 50
Land improvements	20 - 50
Infrastructure	10 - 65
Vehicles	5 - 15
Machinery and equipment	3 - 20

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between the projected and the actual earnings on pension plan assets 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.

Unearned Revenue – 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. Unearned revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the County has not made a qualifying expenditure. Unearned revenue consists of unspent American Rescue Plan Act proceeds.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time 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 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 attribute to the governmental activities will be paid primarily by the General Fund, and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2021, disbursements exceeded the amount budgeted in the debt service function prior to the amendment and at year end. In addition, one department exceeded the amount appropriated prior to the amendment..

(2) Cash, Cash Equivalents 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:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 89,214
	Special Revenue: Rural Services	<u>805,807</u>
		<u>895,021</u>
Special Revenue: Flood and Erosion	Special Revenue: Rural Services	<u>16,098</u>
Capital Projects	General	17,285
	Special Revenue: Rural Services	<u>1,000</u>
		<u>18,285</u>
Total		<u>\$ 929,404</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:				
Land	\$ 263,359	-	-	263,359
Construction in progress	178,090	-	178,090	-
Total capital assets not being depreciated	441,449	-	178,090	263,359
Capital assets being depreciated:				
Buildings	2,760,795	-	-	2,760,795
Improvements other than buildings	48,202	-	-	48,202
Equipment and vehicles	4,865,790	940,869	535,039	5,271,620
Infrastructure, road network	22,706,423	-	-	22,706,423
Total capital assets being depreciated	30,381,210	940,869	535,039	30,787,040
Less accumulated depreciation for:				
Buildings	1,763,174	47,814	-	1,810,988
Improvements other than buildings	36,420	512	-	36,932
Equipment and vehicles	3,343,125	398,749	489,839	3,252,035
Infrastructure, road network	8,073,653	1,013,766	-	9,087,419
Total accumulated depreciation	13,216,372	1,460,841	489,839	14,187,374
Total capital assets being depreciated, net	17,164,838	(519,972)	45,200	16,599,666
Governmental activities capital assets, net	\$ 17,606,287	(519,972)	223,290	16,863,025

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 84,331
Physical health and social services	18,604
County environment and education	34,848
Roads and transportation	1,304,026
Administration	19,032
Total depreciation expense - governmental activities	<u>\$ 1,460,841</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:

Fund	Description	Amount
General	Services	\$ 30,740
Special Revenue:		
Secondary Roads	Services	17,277
Total for governmental funds		<u>\$ 48,017</u>
Custodial:		
County Hospital	Collections	\$ 18,997
Schools		145,489
Community Colleges		7,841
Corporations		58,211
Townships		3,619
Auto License and Use Tax		437,979
All other		1,415,872
Total for custodial funds		<u>\$ 2,088,008</u>

(6) Long-Term Liabilities

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

	General Obligation Bonds	General Obligation Solid Waste Disposal Notes	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 11,395,000	630,000	228,171	1,729,150	367,632	14,349,953
Increases	-	-	205,444	427,768	38,960	672,172
Decreases	1,585,000	85,000	198,050	-	26,252	1,894,302
Balance end of year	<u>\$ 9,810,000</u>	<u>545,000</u>	<u>235,565</u>	<u>2,156,918</u>	<u>380,340</u>	<u>13,127,823</u>
Due within one year	<u>\$ 1,565,000</u>	<u>85,000</u>	<u>90,972</u>	<u>-</u>	<u>26,252</u>	<u>1,767,224</u>

General Obligation Bonds

On September 29, 2010, the County issued \$3,980,000 of General Obligation County Purpose Bonds, Series 2010, with an interest rate ranging from 0.80% to 3.40% per annum. The bonds were issued to provide funds to pay the costs of projects in the Union County Road and Bridge Improvement Urban Renewal Area. During the year ended June 30, 2021, the County paid principal of \$310,000 and interest of \$42,795 on the bonds.

On June 29, 2011, the County issued \$3,300,000 of General Obligation Urban Renewal County Road and Refunding Bonds, Series 2011, with an interest rate ranging from 2.00% to 3.00% per annum. The bonds were issued to provide funds to pay the costs of projects within the Union County Urban Renewal Area and to refund the outstanding General Obligation Urban Renewal Refunding Bonds, Series 2004. During the year ended June 30, 2021, the County paid principal of \$55,000 and interest of \$1,650 on the bonds.

On July 24, 2017, the County issued \$3,000,000 of General Obligation Urban Renewal and Refunding Bonds, Series 2017, with an interest rate of 3.00% per annum. The bonds were issued to provide funds to pay the costs of road and culvert improvements in the Union County Road and Bridge Improvements Urban Renewal Area and to refund the outstanding General Obligation Solid Waste Disposal Notes, Series 2007B. During the year ended June 30, 2021, the County paid principal of \$165,000 and interest of \$54,000 on the bonds.

On December 3, 2018, the County issued \$9,470,000 of General Obligation County Purpose and Refunding Bonds, Series 2018, with an interest rate ranging from 3.00% to 3.25% per annum. The bonds were issued to provide funds to pay the cost of the acquisition and remodeling of a building, the acquisition of emergency services communication equipment and to refund the outstanding General Obligation County Purpose Bonds, Series 2009A. During the year ended June 30, 2021, the County paid principal of \$1,055,000 and interest of \$251,237 on the bonds.

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

Year Ending June 30,	Roads, Bridges and Litigation Issued Sep 29, 2010			Urban Renewal Issued Jul 24, 2017		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	3.20%	\$ 325,000	33,185	3.00%	\$ 165,000	49,050
2023	3.30	335,000	22,785	3.00	170,000	44,100
2024	3.40	345,000	11,730	3.00	175,000	39,000
2025		-	-	3.00	175,000	33,750
2026		-	-	3.00	180,000	28,500
2027-2030		-	-	3.00	770,000	58,350
Total		\$ 1,005,000	67,700		\$ 1,635,000	252,750

Year Ending June 30,	2009A Current Refunding Issued Dec 3, 2018			Building Project Issued Dec 3, 2018		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	3.00%	\$ 350,000	20,550	3.00%	\$ 55,000	15,663
2023	3.00	335,000	10,050	3.00	55,000	14,012
2024		-	-	3.00	55,000	12,363
2025		-	-	3.00	65,000	10,713
2026		-	-	3.00	65,000	8,763
2027-2030		-	-	3.00-3.25	215,000	13,963
Total		\$ 685,000	30,600		\$ 510,000	75,477

Year Ending June 30,	Communications Project Issued Dec 3, 2018					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2022	3.00%	\$ 670,000	183,375	\$ 1,565,000	301,823	1,866,823
2023	3.00	695,000	163,275	1,590,000	254,222	1,844,222
2024	3.00	705,000	142,425	1,280,000	205,518	1,485,518
2025	3.00	725,000	121,275	965,000	165,738	1,130,738
2026	3.00	750,000	99,525	995,000	136,788	1,131,788
2027-2030	3.00-3.25	2,430,000	157,950	3,415,000	230,263	3,645,263
Total		\$ 5,975,000	867,825	\$ 9,810,000	1,294,352	11,104,352

General Obligation Solid Waste Disposal Notes

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

A summary of the County’s June 30, 2021 general obligation solid waste disposal note indebtedness is as follows:

Year	Refunding Bond Series			
	Issued Jul 24, 2017			
Ending June 30,	Interest Rates	Principal	Interest	Total
2022	3.00%	\$ 85,000	16,350	101,350
2023	3.00	85,000	13,800	98,800
2024	3.00	90,000	11,250	101,250
2025	3.00	95,000	8,550	103,550
2026	3.00	95,000	5,700	100,700
2027	3.00	95,000	2,850	97,850
Total		\$ 545,000	58,500	603,500

During the year ended June 30, 2021, the County paid principal of \$85,000 and interest of \$18,900 on the general obligation solid waste disposal notes.

(7) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 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 Sheriff, 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 9.91% of covered payroll, for a total rate of 16.02%.

The County's contributions to IPERS for the year ended June 30, 2021 were \$284,963.

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 \$2,156,918 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 0.030705, which was an increase of 0.000844% over its collective proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$336,659. 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	\$ 7,654	55,469
Changes of assumptions	136,638	37,732
Net difference between projected and actual earnings on IPERS' investments	162,304	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	52,382	133,328
County contributions subsequent to the measurement date	284,963	-
Total	<u>\$ 643,941</u>	<u>226,529</u>

\$284,963 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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	\$ (20,644)
2023	10,044
2024	51,071
2025	95,280
2026	<u>(3,302)</u>
Total	<u>\$ 132,449</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:

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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 3,991,927	2,156,918	618,575

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 and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

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

Inactive employees or beneficiaries currently receiving benefit payments	15
Active employees	<u>58</u>
Total	<u>73</u>

Total OPEB Liability – The County's total OPEB liability of \$380,340 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions – The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective July 1, 2019)	3.00% per annum.
Rates of salary increase (effective July 1, 2019)	2.50% per annum, including inflation.
Discount rate (effective July 1, 2019)	3.50% compounded annually, including inflation.
Healthcare cost trend rate (effective July 1, 2019)	5.00% for all years

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2019 generational projection of future mortality improvement.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 367,632
Changes for the year:	
Service cost	25,654
Interest	13,306
Benefit payments	<u>(26,252)</u>
Net changes	<u>12,708</u>
Total OPEB liability end of year	<u>\$ 380,340</u>

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 404,251	380,340	357,882

Sensitivity of the County’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
 – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 347,476	380,340	418,784

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized OPEB expense of \$34,230. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,771	101,255
Changes in assumptions	1,325	6,557
Total	\$ 49,096	107,812

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

Year ending June 30,	Amount
2022	\$ (4,730)
2023	(4,730)
2024	(4,730)
2025	(4,730)
2026	(4,730)
Thereafter	(35,066)
	\$ (58,716)

(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 \$93,605.

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

(10) Employee Health Insurance Plan

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

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

Under the administrative services agreement, monthly payments of insurance premiums service fees and claims processed are paid to EBS from the Employee Group Health Fund. The County’s contribution to the fund for the partial self-funded plan for year ended June 30, 2021 was \$222,977. The County has reported \$14,100 in liabilities for incurred but not reported claims. The cash balance held by EBS was \$451,892 at June 30, 2021.

(11) Tax Abatements

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

Tax Abatements of Other Entities

Other entities within the County also provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Creston offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

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:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Creston	Urban renewal and economic development projects	\$ 22,996
	Chapter 404 tax abatement program	4,361

(12) Jointly Governed Organization

The County participates in the Creston-Union Law Enforcement Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Custodial Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2021:

Additions:		
Contributions from governmental units:		
Union County	\$ 96,264	
City of Creston	<u>97,575</u>	\$ 193,839
Miscellaneous		<u>18,427</u>
Total additions		212,266
Deductions:		
Bed, towels and prisoner articles	669	
Building improvements	7,942	
Cleaning/housekeeping	6,611	
Contractual services	21,807	
Electric	32,397	
Office equipment and repair	53,965	
Printing and supplies	2,982	
Sanitation service	376	
Software support and maintenance	40,555	
Telephone	17,728	
Miscellaneous	<u>19,552</u>	<u>204,584</u>
Net		7,682
Balance beginning of year as restated		<u>74,358</u>
Balance end of year		<u>\$ 82,040</u>

(13) Early Childhood Iowa Area Board

The County is the fiscal agent for the Quad Counties 4 Kids Early Childhood Area, the Early Childhood Iowa Area Board for Union, Adams, Ringgold and Taylor Counties, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Custodial Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2021 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early childhood	\$ 50,659	-	50,659
Quality improvement	-	53,116	53,116
Allocation for administration	2,666	10,093	12,759
Other grant programs	-	273,401	273,401
Total state grants	53,325	336,610	389,935
Interest on investments	25	231	256
Miscellaneous reimbursements	146	228	374
Total revenues	53,496	337,069	390,565
Expenditures:			
Program services:			
Early childhood	50,213	-	50,213
Quality improvement	-	54,447	54,447
School ready general use	-	335,010	335,010
Total program services	50,213	389,457	439,670
Administration	2,523	12,012	14,535
Total expenditures	52,736	401,469	454,205
Change in fund balance	760	(64,400)	(63,640)
Fund balance beginning of year	3,902	100,652	104,554
Fund balance end of year	\$ 4,662	36,252	40,914

(14) Southern Hills Regional Mental Health

The County is a member of Southern Hills Regional Mental Health, a consortium established in accordance with the provisions of Chapters 28E and 331.440(3) of the Code of Iowa for the purpose of administering mental health and disability services for its member counties. The member counties are Adair, Adams, Taylor and Union Counties. Pursuant to the consortium agreement, the County is the fiscal agent for the consortium. Each member county is represented on the consortium board, which is responsible for administering the consortium. The financial activity of the County’s Special Revenue, Mental Health Fund is included in the Southern Hills Regional Mental Health for the year ended June 30, 2021, as follows:

Revenues:	
Property and other county tax	\$ 397,229
Intergovernmental:	
State tax credits	<u>36,896</u>
Total revenues	434,125
Expenditures:	
Distribution to the Region	<u>490,206</u>
Excess of expenditures over revenues	(56,081)
Fund balance beginning of year	<u>55,565</u>
Fund balance end of year	<u>\$ (516)</u>

(15) Deficit Fund Balance

The Special Revenue, Mental Health Fund had a deficit fund balance of \$516 at June 30, 2021. The deficit will be eliminated through the collection of property tax receivables.

(16) COVID – 19

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

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

(17) 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 restatement to retroactively report the change in net position is as follows:

	<u>Fiduciary</u>
	<u>Activities</u>
Net position June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>1,248,986</u>
Net position July 1, 2020, as restated	<u>\$ 1,248,986</u>

(18) Prospective Accounting Change

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

Union County

Required Supplementary Information

Union County

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

Required Supplementary Information

Year ended June 30, 2021

	Actual	Budgeted Amounts		Final to
		Original	Final	Net Variance
Receipts:				
Property and other county tax	\$ 6,749,356	6,732,790	6,732,790	16,566
Interest and penalty on property tax	87,145	20,750	20,750	66,395
Intergovernmental	5,803,084	3,381,452	3,381,452	2,421,632
Licenses and permits	44,323	17,775	17,775	26,548
Charges for service	608,383	449,709	449,709	158,674
Use of money and property	71,744	60,310	60,310	11,434
Miscellaneous	381,823	747,000	1,378,109	(996,286)
Total receipts	13,745,858	11,409,786	12,040,895	1,704,963
Disbursements:				
Public safety and legal services	1,939,971	2,098,070	2,117,770	177,799
Physical health and social services	532,748	501,359	775,859	243,111
Mental health	484,736	495,156	495,156	10,420
County environment and education	573,921	646,458	648,958	75,037
Roads and transportation	4,030,514	3,866,401	4,641,901	611,387
Governmental services to residents	486,754	492,584	521,384	34,630
Administration	1,144,661	1,170,608	1,223,168	78,507
Debt service	2,145,082	1,937,683	1,937,683	(207,399)
Capital projects	156,713	2,325,543	1,950,043	1,793,330
Total disbursements	11,495,100	13,533,862	14,311,922	2,816,822
Excess (deficiency) of receipts over (under) disbursements	2,250,758	(2,124,076)	(2,271,027)	(1,111,859)
Other financing sources, net	250,151	-	-	250,151
Change in balances	2,500,909	(2,124,076)	(2,271,027)	(861,708)
Balance beginning of year	5,681,331	5,615,703	5,615,703	65,628
Balance end of year	\$ 8,182,240	3,491,627	3,344,676	(796,080)

See accompanying independent auditor's report.

Union County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2021

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 13,745,858	(1,613,631)	12,132,227
Expenditures	11,495,100	148,311	11,643,411
Net	2,250,758	(1,761,942)	488,816
Other financing sources, net	250,151	(250,151)	-
Beginning fund balances	5,681,331	1,258,103	6,939,434
Ending fund balances	<u>\$ 8,182,240</u>	<u>(753,990)</u>	<u>7,428,250</u>

See accompanying independent auditor's report.

Union County

Union County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$778,060. 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 exceeded the amount budgeted in the debt service function prior to the amendment and at year end. In addition, one department exceeded the amount appropriated prior to the amendment.

Union County

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

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

Required Supplementary Information

	2021	2020	2019	2018
County's proportion of the net pension liability	0.030705%	0.029861%	0.029220%	0.034575%
County's proportionate share of the net pension liability	\$ 2,157	1,729	1,849	2,303
County's covered payroll	\$ 2,972	2,929	2,878	3,056
County's proportionate share of the net pension liability as a percentage of its covered payroll	72.58%	59.03%	64.25%	75.36%
IPERS' 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
0.035642%	0.035565%	0.032056%
2,243	1,757	1271
2,957	2,894	2711
75.85%	60.7%	46.9%
81.82%	85.19%	87.61%

Union County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 285	282	279	255
Contributions in relation to the statutorily required contribution	<u>(285)</u>	<u>(282)</u>	<u>(279)</u>	<u>(255)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 3,022	2,972	2,929	2,878
Contributions as a percentage of covered payroll	9.43%	9.49%	9.53%	8.86%

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
272	271	264	240	218	194
(272)	(271)	(264)	(240)	(218)	(194)
-	-	-	-	-	-
3,056	2,957	2,894	2,687	2,608	2,532
8.90%	9.16%	9.12%	8.93%	8.36%	7.66%

Union 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.

Union 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	\$ 25,654	25,029	26,914	26,528
Interest cost	13,306	12,930	17,331	16,959
Difference between expected and actual experiences	-	(124,531)	-	79,095
Changes in assumptions	-	1,629	-	(10,857)
Benefit payments	(26,252)	(29,426)	(38,875)	(28,055)
Net change in total OPEB liability	12,708	(114,369)	5,370	83,670
Total OPEB liability beginning of year	367,632	482,001	476,631	393,231
Total OPEB liability end of year	\$ 380,340	367,632	482,001	476,901
Covered-employee payroll	\$ 2,956,170	2,884,068	2,873,544	2,830,458
Total OPEB liability as a percentage of covered-employee payroll	12.87%	12.75%	16.77%	16.85%

See accompanying independent auditor's report.

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2021	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.50%

Union County

Supplementary Information

Union County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2021

	Special		
	Flood and Erosion	Resource Enhancement and Protection	County Recorder's Records Management
Assets			
Cash, cash equivalents and pooled investments	\$ 55,148	121,573	21,036
Prepaid expenses	-	-	111
Total assets	\$ 55,148	121,573	21,147
Fund Balances			
Restricted for:			
Prepaid expenditures	\$ -	-	111
Other purposes	55,148	121,573	21,036
Total fund balances	\$ 55,148	121,573	21,147

See accompanying independent auditor's report.

Revenue

Care Facility Hixinbaugh Trust	Care Facility Hipsley Trust	Total
105,295	4,384	307,436
-	-	111
<u>105,295</u>	<u>4,384</u>	<u>307,547</u>
-	-	111
<u>105,295</u>	<u>4,384</u>	<u>307,436</u>
<u>105,295</u>	<u>4,384</u>	<u>307,547</u>

Union County

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

Year ended June 30, 2021

	Flood and Erosion	Resource Enhancement and Protection	Special County Recorder's Records Management
Revenues:			
Intergovernmental	\$ -	14,234	19,701
Charges for service	-	-	2,570
Use of money and property	-	172	31
Total revenues	-	14,406	22,302
Expenditures:			
Operating:			
Physical health and social services	-	-	-
Governmental services to residents	-	-	20,964
Total expenditures	-	-	20,964
Excess (deficiency) of revenues over (under) expenditures	-	14,406	1,338
Other financing sources (uses):			
Transfers in	16,098	-	-
Total other financing sources (uses)	16,098	-	-
Change in fund balances	16,098	14,406	1,338
Fund balances beginning of year	39,050	107,167	19,809
Fund balances end of year	\$ 55,148	121,573	21,147

See accompanying independent auditor's report.

Revenue		
Care Facility Hixinbaugh Trust	Care Facility Hipsley Trust	Total
-	-	33,935
-	-	2,570
161	-	364
161	-	36,869
1,870	-	1,870
-	-	20,964
1,870	-	22,834
(1,709)	-	14,035
-	-	16,098
-	-	16,098
(1,709)	-	30,133
107,004	4,384	277,414
105,295	4,384	307,547

Union County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	County Hospital
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,746	352,575	18,997
Other County officials	45,752	-	-	-
Receivables:				
Property tax:				
Delinquent	-	1,112	2,572	7,392
Succeeding year	-	160,000	369,000	1,061,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 45,752	163,858	724,147	1,087,389
Liabilities				
Accounts payable	-	-	1,203	-
Salaries and benefits payable	-	-	-	-
Due to other governments	21,559	2,746	-	18,997
Trusts payable	24,193	-	-	-
Compensated absences	-	-	8,683	-
Total liabilities	45,752	2,746	9,886	18,997
Deferred Inflows of Resources				
Unavailable revenues	-	160,000	369,000	1,061,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	1,112	345,261	7,392

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Southern Hills MHDS	Other	Total
145,489	7,841	58,211	3,619	437,979	407,194	1,709,572	3,144,223
-	-	-	-	-	-	-	45,752
59,604	3,219	46,415	574	-	-	9	120,897
8,413,000	462,000	3,520,000	209,000	-	-	1,000	14,195,000
-	-	-	-	-	-	7,605	7,605
-	-	-	-	-	-	155,869	155,869
-	-	-	-	-	98,552	19,236	117,788
-	-	-	-	-	1,912	269	2,181
<u>8,618,093</u>	<u>473,060</u>	<u>3,624,626</u>	<u>213,193</u>	<u>437,979</u>	<u>507,658</u>	<u>\$ 1,893,560</u>	<u>17,789,315</u>
-	-	-	-	-	84,032	219,130	304,365
-	-	-	-	-	337	568	905
145,489	7,841	58,211	3,619	437,979	-	1,391,567	2,088,008
-	-	-	-	-	-	-	24,193
-	-	-	-	-	27,012	17,927	53,622
<u>145,489</u>	<u>7,841</u>	<u>58,211</u>	<u>3,619</u>	<u>437,979</u>	<u>111,381</u>	<u>\$ 1,629,192</u>	<u>2,471,093</u>
<u>8,413,000</u>	<u>462,000</u>	<u>3,520,000</u>	<u>209,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>14,195,000</u>
<u>59,604</u>	<u>3,219</u>	<u>46,415</u>	<u>574</u>	<u>-</u>	<u>396,277</u>	<u>263,368</u>	<u>1,123,222</u>

Union County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2021

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	County Hospital
Additions:				
Property and other county tax	\$ -	152,562	352,604	1,055,223
State tax credits	-	14,364	60,936	99,380
Contract law enforcement	-	-	-	-
Office fees and collections	319,788	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	455,617	-	-	-
Miscellaneous	-	-	-	-
Total additions	<u>775,405</u>	<u>166,926</u>	<u>413,540</u>	<u>1,154,603</u>
Deductions:				
Agency remittances:				
To other funds	49,770	-	-	-
To other governments	274,290	169,012	342,972	1,169,339
Trusts paid out	451,345	-	-	-
Total deductions	<u>775,405</u>	<u>169,012</u>	<u>342,972</u>	<u>1,169,339</u>
Changes in net position	-	(2,086)	70,568	(14,736)
Net position beginning of year, as restated	-	3,198	274,693	22,128
Net position end of year	<u>\$ -</u>	<u>1,112</u>	<u>345,261</u>	<u>7,392</u>

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Southern Hills MHDS	Other	Total
8,045,122	435,746	3,347,639	199,450	-	-	1,311	13,589,657
758,881	41,022	424,799	11,949	-	-	123	1,411,454
-	-	-	-	-	-	212,266	212,266
-	-	-	-	-	-	3,106	322,894
-	-	-	-	4,685,691	-	-	4,685,691
-	-	-	-	-	-	111,995	111,995
-	-	-	-	-	-	219,811	675,428
-	-	-	-	-	1,347,639	2,027,276	3,374,915
8,804,003	476,768	3,772,438	211,399	4,685,691	1,347,639	2,575,888	24,384,300
-	-	-	-	165,873	-	-	215,643
8,913,704	482,683	3,801,071	214,455	4,519,818	1,320,112	2,635,620	23,843,076
-	-	-	-	-	-	-	451,345
8,913,704	482,683	3,801,071	214,455	4,685,691	1,320,112	2,635,620	24,510,064
(109,701)	(5,915)	(28,633)	(3,056)	-	27,527	(59,732)	(125,764)
169,305	9,134	75,048	3,630	-	368,750	323,100	1,248,986
59,604	3,219	46,415	574	-	396,277	263,368	1,123,222

Union 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	\$ 5,986,098	5,756,048	5,237,976	5,134,069
Local option sales tax	769,813	659,086	552,955	497,502
Tax increment financing	-	-	-	-
Interest and penalty on property tax	87,145	30,254	89,932	56,640
Intergovernmental	4,411,610	4,378,399	3,477,019	4,010,194
Licenses and permits	44,174	28,809	21,634	16,912
Charges for service	588,878	480,112	502,323	546,970
Use of money and property	50,787	189,978	194,834	77,918
Miscellaneous	193,722	121,371	181,511	128,895
Total	\$ 12,132,227	11,644,057	10,258,184	10,469,100
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,905,039	1,857,419	1,754,331	1,814,328
Physical health and social services	513,424	438,186	419,599	428,475
Mental health	490,206	495,156	490,206	495,155
County environment and education	580,973	544,082	551,950	1,176,990
Roads and transportation	4,293,396	3,937,450	4,003,997	4,225,387
Governmental services to residents	483,906	490,755	528,651	565,496
Administration	1,159,602	1,140,369	1,147,511	991,858
Debt service	2,040,682	1,920,373	1,568,713	1,968,659
Capital projects	176,183	5,690,517	1,920,401	824,783
Total	\$ 11,643,411	16,514,307	12,385,359	12,491,131

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
5,071,444	5,066,042	5,182,423	5,302,989	5,440,676	5,376,869
553,749	451,896	587,413	485,770	515,784	502,850
140,680	308,591	288,563	285,865	297,725	310,545
57,886	58,665	62,948	56,498	60,098	61,773
5,097,089	6,779,436	10,217,589	4,682,565	3,473,821	3,968,364
31,811	73,304	20,845	14,810	15,258	18,095
463,751	484,337	455,668	508,295	510,127	502,703
71,730	59,838	69,516	51,482	52,924	135,110
220,924	158,576	275,373	407,127	303,343	321,018
<u>11,709,064</u>	<u>13,440,685</u>	<u>17,160,338</u>	<u>11,795,401</u>	<u>10,669,756</u>	<u>11,197,327</u>
1,658,968	1,621,213	1,649,294	1,605,836	1,526,248	1,484,649
443,101	427,515	430,690	430,704	460,746	434,188
509,478	979,306	1,193,629	702,457	878,989	1,967,367
2,241,917	3,873,296	6,890,858	2,566,041	438,914	716,735
3,602,147	3,577,262	3,449,120	3,695,527	3,216,281	3,449,510
508,561	446,887	482,639	433,867	451,160	433,577
946,068	941,218	1,005,986	1,023,940	957,327	899,154
1,444,052	1,451,675	1,497,622	1,539,439	1,691,998	4,546,564
307,356	421,223	165,610	291,764	791,975	1,190,972
<u>11,661,648</u>	<u>13,739,595</u>	<u>16,765,448</u>	<u>12,289,575</u>	<u>10,413,638</u>	<u>15,122,716</u>



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

To the Officials of Union County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Union County, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 23, 2022.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings as item (A) that we consider to be a material weakness.

Compliance and Other Matters

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

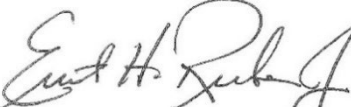
Union County's Responses to the Findings

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

Purpose of this Report

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

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


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

August 23, 2022

Union County

Schedule of Findings

Year ended June 30, 2021

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY

(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:

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

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

Union County

Schedule of Findings

Year ended June 30, 2021

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

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

Responses –

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

County Recorder – Due to the Recorder’s office low number of full-time employees, it is difficult to segregate these duties. We will utilize current county employees to try to implement controls.

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

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

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Union County

Schedule of Findings

Year ended June 30, 2021

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2021 exceeded the amount budgeted in the debt service function prior to the amendments and at year end. In addition, disbursements in one department exceeded the amount appropriated 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.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – The County Auditor will continue to monitor the budget by department and function to ensure amendments are done prior to disbursements exceed either the amounts appropriated or amount budgeted. The department exceeding the appropriation prior to the amendment was due to COVID money coming in and not knowing exactly how much the department was going to receive.

Conclusion – Response accepted.

- (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 Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (5) Business Transactions – No business transactions between the County and County officials or employees were noted.
- (6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- (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 Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (9) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Union County

Schedule of Findings

Year ended June 30, 2021

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

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

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

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

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

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

Conclusion – Response accepted.

- (13) Financial Condition – The Mental Health Fund had a deficit balance of \$516 at June 30, 2021.

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

Response – The deficit fund balance was due to an unexpected, accrued expenditure posted to fiscal year 2021.

Conclusion – Response accepted.

- (14) Emergency Management Budget – Disbursements during year ended June 30, 2021 exceeded the amounts budgeted prior to approval of the budget amendment and at year end.

Recommendation – The budget should have been amended by the Emergency Management Commission in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The County Auditor will discuss with the Emergency Management Agency Director and will both continue to monitor and ensure amendments are done prior to disbursements exceeding the budget.

Conclusion – Response accepted.

Union County

Schedule of Findings

Year ended June 30, 2021

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Pamela J. Bormann, CPA, Manager
Nichole D. Tucker, Senior II Auditor
Kathryn A. Blumer, Staff Auditor
Allison L. Carlon, Staff Auditor
Mackenzie L. Johnson, Staff Auditor
Tristan J. Swiggum, Staff Auditor
Thomas E. Engquist, Assistant Auditor