

OFFICE OF AUDITOR OF STATE

STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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

Rob Sand
Auditor of State

NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

May 4, 2023

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$11,872,417 for the year ended June 30, 2022, a decrease of 16.1% from the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$10,301,845, a decrease of 1.0% from the prior year. The significant decrease in revenues is due primarily to a decrease in secondary road infrastructure contributed by the Iowa Department of Transportation.

AUDIT FINDINGS:

Sand reported six findings related to the receipt and expenditure of taxpayer funds. They are found on pages 74 through 78 of this report. The findings address issues such as lack of segregation of duties, capital assets not properly recorded in the County's financial statements, disbursements in certain departments exceeding the appropriations, and expenditures which may not meet the public purpose criteria since the public benefit was not clearly documented. Sand provided the County with recommendations to address each of these findings.

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

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

###

TAYLOR COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2022

Taylor County



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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

Rob Sand
Auditor of State

April 18, 2023

Officials of Taylor County
Bedford, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Taylor County for the year ended June 30, 2022. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

Table of Contents

			<u>Page</u>
Officials			4
Independent Auditor’s Report			5-7
Management’s Discussion and Analysis			8-14
Basic Financial Statements:	<u>Exhibit</u>		
Government-wide Financial Statements:			
Statement of Net Position	A		16
Statement of Activities	B		17
Governmental Fund Financial Statements:			
Balance Sheet	C		18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D		21
Statement of Revenues, Expenditures and Changes in Fund Balances	E		22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F		24
Proprietary Fund Financial Statements:			
Statement of Net Position	G		25
Statement of Revenues, Expenses and Changes in Fund Net Position	H		26
Statement of Cash Flows	I		27
Fiduciary Fund Financial Statement:			
Statement of Fiduciary Net Position – Custodial Funds	J		28
Statement of Changes in Fiduciary Net Position – Custodial Funds	K		29
Notes to Financial Statements			30-49
Required Supplementary Information:			
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds			52
Budget to GAAP Reconciliation			53
Notes to Required Supplementary Information – Budgetary Reporting			55
Schedule of the County’s Proportionate Share of the Net Pension Liability (Asset)			56-57
Schedule of County Contributions			58-59
Notes to Required Supplementary Information – Pension Liability (Asset)			60
Schedule of Changes in the County’s Total OPEB Liability, Related Ratios and Notes			61
Supplementary Information:	<u>Schedule</u>		
Nonmajor Governmental Funds:			
Combining Balance Sheet	1		64
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2		65
Custodial Funds:			
Combining Schedule of Fiduciary Net Position	3		66-67
Combining Schedule of Changes in Fiduciary Net Position	4		68-69
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5		70-71
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>			72-73

Table of Contents
(continued)

	<u>Page</u>
Schedule of Findings	74-78
Staff	79

Taylor County

Officials

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



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

Rob Sand
Auditor of State

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

Independent Auditor's Report

To the Officials of Taylor County:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Taylor County, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Taylor County as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Taylor County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Taylor County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Taylor County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Taylor County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), 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 52 through 61 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

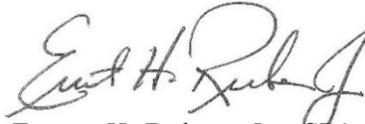
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Taylor County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2021 (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.

Such 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. The 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 5 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 April 18, 2023 on our consideration of Taylor County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Taylor County's internal control over financial reporting and compliance.



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

April 18, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Taylor County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased approximately \$2,274,000, or 16.1%, from fiscal year 2021 to fiscal year 2022. Charges for service decreased approximately \$431,000, or 25.2%, capital grants, contributions and restricted interest decreased approximately \$1,799,000 or 72.8% and the gain on disposition of capital assets decreased approximately \$165,000 or 96.5%. The decrease is primarily due to bridge and road work construction contributed by the Iowa Department of Transportation during fiscal year 2021.
- Program expenses of the County's governmental activities decreased 1.0% or approximately \$102,000 from fiscal year 2021. Public safety and legal services, physical health and social services, and governmental services to residents decreased approximately \$234,000, \$255,000, and \$247,000, respectively, while roads and transportation and administration expenses increased approximately \$475,000 and \$159,000, respectively.
- Net position at June 30, 2022 increased approximately \$1,570,000, or 6.2%, compared to the June 30, 2021 balance.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Taylor County’s combined net net position increased from approximately \$25.4 million to approximately \$27.0 million during the year. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2022	2021
Current and other assets	\$ 14,088	12,440
Capital assets	23,027	23,187
Total assets	37,115	35,627
Deferred outflows of resources	556	831
Long-term liabilities	2,517	5,886
Other liabilities	1,358	134
Total liabilities	3,875	6,020
Deferred inflows of resources	6,794	5,006
Net position:		
Net investment in capital assets	21,164	20,457
Restricted	4,568	4,239
Unrestricted	1,270	736
Total net position	\$ 27,002	25,432

The net position of Taylor County’s governmental activities increased approximately \$1,570,000, or 6.2% over fiscal year 2021.

The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$707,000, or 3.5% over the prior year, primarily due to bridge and road construction paid by the Iowa Department of Transportation.

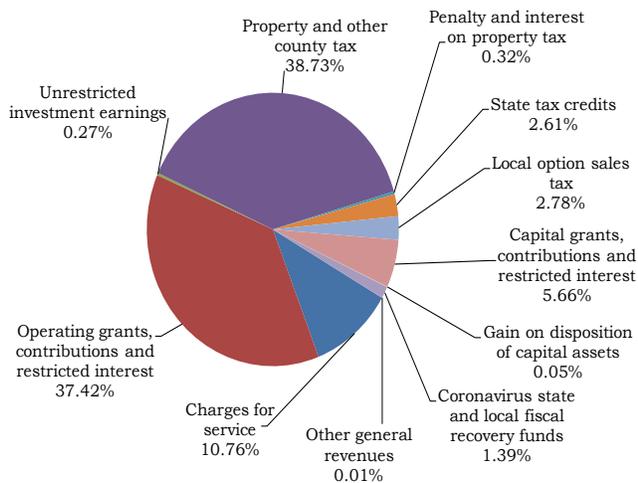
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$329,000, or 7.8% over the prior year, primarily due to additional available resources at year end in the Special Revenue, Rural Services Fund and the General Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$736,000 at June 30, 2021 to approximately \$1,270,000 at the end of the year. This increase is due primarily to a decrease in the net pension liability (asset).

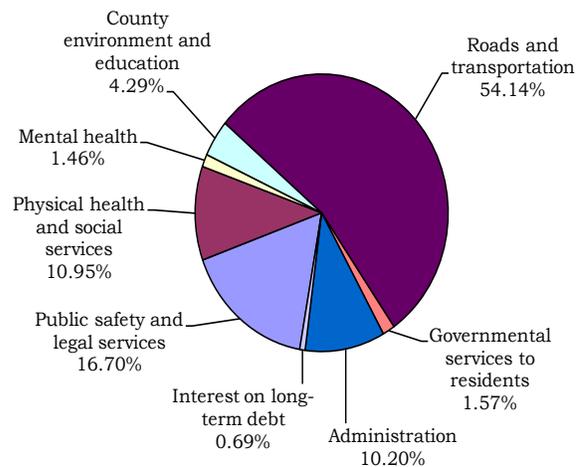
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2022	2021
Revenues:		
Program revenues:		
Charges for service	\$ 1,278	1,709
Operating grants, contributions and restricted interest	4,443	4,566
Capital grants, contributions and restricted interest	672	2,471
General revenues:		
Property and other county tax	4,598	4,516
Penalty and interest on property tax	38	52
State tax credits	310	323
Local option sales tax	330	291
Coronavirus state and local fiscal recovery funds	165	-
Unrestricted investment earnings	32	45
Gain on disposition of capital assets	6	171
Other general revenues	1	3
Total revenues	11,873	14,147
Program expenses:		
Public safety and legal services	1,720	1,954
Physical health and social services	1,128	1,383
Mental health	150	159
County environment and education	442	412
Roads and transportation	5,578	5,103
Governmental services to residents	162	409
Administration	1,051	892
Interest on long-term debt	71	92
Total expenses	10,302	10,404
Change in net position	1,571	3,743
Net position beginning of year	25,432	21,689
Net position end of year	\$ 27,002	25,432

Revenues by Source



Expenses by Program



The County's property tax rates for fiscal year 2022 decreased from the prior year from \$12.29273 per \$1,000 of taxable valuation for fiscal year 2021 to \$12.28707 per \$1,000 of taxable valuation in fiscal year 2022, while an increase of approximately 1.6% in the total assessed valuation resulted in an increase in property tax revenue of approximately \$32,000. The total Taylor County taxable valuation for property tax payable in fiscal year 2023 decreased approximately \$9,418,000. The tax levy rate is set to decrease \$1.42545 per \$1,000 of taxable valuation. Property tax revenue is budgeted to decrease approximately \$422,000.

The cost of all governmental activities this year was approximately \$10.3 million compared to approximately \$10.4 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$3.9 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,278,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5,115,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2022 from approximately \$8,746,000 to approximately \$6,393,000, due primarily to the County receiving contributions of roads and bridges paid for by the Iowa Department of Transportation in fiscal year 2021.

INDIVIDUAL MAJOR FUND ANALYSIS

As Taylor County completed the year, its governmental funds reported a combined fund balance of approximately \$6,935,000, an increase of approximately \$168,000 over last year's total fund balance of approximately \$6,767,000. The increase in the combined fund balance is primarily attributable to an increase in the General Fund balance. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$25,000 over the prior year. General Fund expenditures increased approximately \$293,000, due, in part, to an increase in public safety and legal services as a result of expenses incurred for equipment and juvenile probation services.
- For fiscal year 2022, the Special Revenue, Mental Health Fund expenditures decreased 11.7%, or approximately \$19,000 from the prior year. Revenues decreased approximately \$31,000 due to the receipt of less property tax in fiscal year 2022. The County was required by Senate File 619 to transfer the remaining fund balance to the Southern Hills Mental Health Region prior to June 30, 2022.
- The Special Revenue, Rural Services Fund ended the fiscal year with a balance of \$391,442 compared to the prior year ending balance of \$332,345. Revenues increased approximately \$61,000, due, in part, to an increase in property taxes. Expenditures increased approximately \$14,000, or 13.0%, due, in part, to increased payroll expenses for Sanitation employees during fiscal year 2022.
- The Special Revenue, Secondary Roads Fund expenditures decreased approximately \$663,000, or 12.7%, primarily due to the roadway and bridge construction projects completed during fiscal year 2021. Total revenues decreased approximately \$837,000, primarily due to reimbursements from the State for projects in fiscal year 2021. The ending fund balance in the Secondary Roads Fund increased approximately \$50,000, or 2.0%.
- The Debt Service Fund ended the fiscal year with a fund balance of approximately \$171,000 compared to the prior year ending balance of approximately \$148,000. Property and other county tax revenues decreased approximately \$42,000 due to a decrease in property tax rate offset by an increase in the property valuations. Total expenditures decreased approximately \$16,000, or 1.6%, primarily due to a decrease in debt service payments.

BUDGETARY HIGHLIGHTS

Over the course of the year, Taylor County amended its budget two times. The first amendment was made on December 23, 2021, primarily due to increased expenditures for full time IT personnel and IT equipment. The second amendment was made on May 26, 2022 to increase budgeted expenditures approximately \$184,000, for most functions for rising inflation costs.

The County's receipts were \$1,883,534 more than budgeted. Actual intergovernmental receipts were \$1,608,160 more than budgeted due to coronavirus state and local fiscal recovery funds received during the year.

Total disbursements were \$1,234,120 less than the amended budget. Actual disbursements for the public safety and legal services, physical health social services, and administration functions were \$203,078, \$205,523 and \$623,626, respectively, less than budgeted. This was primarily due to expenditures not occurring as quickly as anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, Taylor County had approximately \$23.0 million invested in a broad range of capital assets, including secondary roads and ambulance equipment, buildings, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$161,000, or less than 1%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2022	2021
Land	\$ 892	892
Buildings and improvements	3,544	3,511
Equipment and vehicles	2,938	2,617
Right-to-use leased equipment	7	-
Intangibles, other	47	52
Infrastructure, other	939	980
Infrastructure, road network	14,659	15,136
Total	\$ 23,026	23,187
This year's major additions included (in thousands)		
Capital assets contributed by the Iowa Department of Transportation	\$	672
Secondary Roads equipment		434
Conservation equipment		139
Ambulance		157
Total	\$	1,402

The County had depreciation/amortization expense of \$1,972,292 in fiscal year 2022 and total accumulated depreciation/amortization of \$23,198,041 at June 30, 2022. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2022, Taylor County had \$1,863,000 of outstanding debt versus \$2,730,000 last year, a decrease of \$867,000 from June 30, 2021.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2022	2021
General obligation bonds	\$ 1,855	2,730
Lease Agreements	8	-
	<u>\$ 1,863</u>	<u>2,730</u>

Debt decreased as a result of scheduled debt payments during fiscal year 2022.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Taylor County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$28.3 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were taken into account when adopting the budget for fiscal year 2023. The County had a countywide valuation decrease of \$3,742,143 and the rural valuation decreased \$5,675,980 for fiscal year 2023.

Amounts levied for property tax are \$3,888,848, a decrease of \$637,189 from fiscal year 2022. Total receipts and other financing sources for fiscal year 2023 decreased \$10,877 from the fiscal year 2022 amended budget,

Budgeted disbursements decreased \$544,426 from the amended fiscal year 2022 budget. The decrease is primarily due to a decrease in roads and transportation disbursements expected in fiscal year 2023.

The County has added no major new programs or initiatives to the fiscal year 2023 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of fiscal year 2023.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Exhibit A

Taylor County
Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 7,408,124
Receivables:	
Property tax:	
Delinquent	715
Succeeding year	4,223,000
Interest and penalty on property tax	3,153
Accounts	97,168
Opioid settlement	137,541
Accrued interest	479
Due from other governments	507,652
Inventories	677,358
Prepaid items	207,130
Net pension asset	826,315
Capital assets, net of accumulated depreciation	<u>23,026,642</u>
Total assets	<u>37,115,277</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>555,746</u>
Liabilities	
Accounts payable	285,644
Accrued interest payable	4,215
Salaries and benefits payable	33,923
Due to other governments	10,001
Unearned revenue	1,024,263
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreements	1,421
General obligation bonds	245,000
Compensated absences	173,906
Portion due or payable after one year:	
Lease agreements	6,207
General obligation bonds	1,610,000
Compensated absences	107,469
Total OPEB liability	<u>372,708</u>
Total liabilities	<u>3,874,757</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	4,223,000
Pension related deferred inflows	<u>2,571,154</u>
Total deferred inflows of resources	<u>6,794,154</u>
Net Position	
Net investment in capital assets	21,164,014
Restricted for:	
Supplemental levy purposes	879,338
Rural services purposes	390,266
Secondary roads purposes	2,391,830
Debt services	166,430
Conservation purposes	116,558
Opioid abatement	137,541
Other purposes	486,228
Unrestricted	<u>1,269,907</u>
Total net position	<u>\$ 27,002,112</u>

See notes to financial statements.

Taylor County

Statement of Activities

Year ended June 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,719,807	745,489	-	-	(974,318)
Physical health and social services	1,127,810	204,748	886,980	-	(36,082)
Mental health	150,312	-	-	-	(150,312)
County environment and education	441,894	16,917	32,484	-	(392,493)
Roads and transportation	5,578,500	139,881	3,523,112	672,170	(1,243,337)
Governmental services to residents	161,527	157,037	-	-	(4,490)
Administration	1,051,212	13,641	639	-	(1,036,932)
Interest on long-term debt	70,783	-	-	-	(70,783)
Total	\$ 10,301,845	1,277,713	4,443,215	672,170	(3,908,747)
General Revenues:					
Property and other county tax levied for:					
General purposes					3,693,205
Debt service					904,419
Penalty and interest on property tax					37,688
State tax credits					310,300
Local option sales tax					330,142
Coronavirus state and local fiscal recovery funds					164,669
Unrestricted investment earnings					31,748
Gain on disposition of capital assets					5,864
Miscellaneous					1,284
Total general revenues					5,479,319
Change in net position					1,570,572
Net position beginning of year					25,431,540
Net position end of year					\$ 27,002,112

See notes to financial statements.

Taylor County
Balance Sheet
Governmental Funds

June 30, 2022

	Special Revenue		
	General	Rural Services	Secondary Roads
Assets			
Cash, cash equivalents and pooled investments	\$ 3,989,534	391,660	1,874,633
Receivables:			
Property tax:			
Delinquent	644	6	-
Succeeding year	2,937,000	988,000	-
Interest and penalty on property tax	3,153	-	-
Accounts, net of allowance for doubtful ambulance accounts of \$84,692	90,445	-	6,723
Opioid settlement	-	-	-
Accrued interest	479	-	-
Due from other governments	221,705	-	285,591
Inventories	-	-	677,358
Prepaid items	207,130	-	-
Total assets	\$ 7,450,090	1,379,666	2,844,305
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 54,136	218	231,290
Salaries and benefits payable	848	-	33,075
Due to other governments	9,163	-	838
Unearned Revenue	1,024,263	-	-
Total liabilities	1,088,410	218	265,203
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	2,937,000	988,000	-
Other	117,361	6	-
Total deferred inflows of resources	3,054,361	988,006	-
Fund balances:			
Nonspendable:			
Inventories	-	-	677,358
Prepaid items	207,130	-	-
Restricted for:			
Supplemental levy purposes	728,553	-	-
Rural services purposes	-	391,442	-
Secondary roads purposes	-	-	1,901,744
Conservation purposes	116,558	-	-
Debt service	-	-	-
Other purposes	-	-	-
Committed for ambulance purposes	154,542	-	-
Unassigned	2,100,536	-	-
Total fund balances	3,307,319	391,442	2,579,102
Total liabilities, deferred inflows of resources and fund balances	\$ 7,450,090	1,379,666	2,844,305

See notes to financial statements.

Debt Service	Nonmajor	Total
170,580	485,872	6,912,279
65	-	715
298,000	-	4,223,000
-	-	3,153
-	-	97,168
-	137,541	137,541
-	-	479
-	356	507,652
-	-	677,358
-	-	207,130
<u>468,645</u>	<u>623,769</u>	<u>12,766,475</u>
-	-	285,644
-	-	33,923
-	-	10,001
-	-	1,024,263
-	-	<u>1,353,831</u>
298,000	-	4,223,000
65	137,541	254,973
<u>298,065</u>	<u>137,541</u>	<u>4,477,973</u>
-	-	677,358
-	-	207,130
-	-	728,553
-	-	391,442
-	-	1,901,744
-	-	116,558
170,580	-	170,580
-	486,228	486,228
-	-	154,542
-	-	2,100,536
<u>170,580</u>	<u>486,228</u>	<u>6,934,671</u>
<u>468,645</u>	<u>623,769</u>	<u>12,766,475</u>

Taylor County

Taylor County

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

June 30, 2022

Total governmental fund balances (page 19) \$ 6,934,671

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 \$46,224,683 and the accumulated depreciation/amortization is \$23,198,041. 23,026,642

Other long-term assets are not available to pay current year expenditures, as follows:

Deferred inflows of resources	\$ 254,973	
Net pension asset	<u>826,315</u>	1,081,288

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 495,845

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

Deferred outflows of resources	555,746	
Deferred inflows of resources	<u>(2,571,154)</u>	(2,015,408)

Long-term liabilities, including lease agreements payable, the general obligation bonds payable, compensated absences payable, 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.

(2,520,926)

Net position of governmental activities (page 16) \$ 27,002,112

See notes to financial statements.

Taylor County

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

Year ended June 30, 2022

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 2,609,516	121,567	963,507	-
Local option sales tax	-	-	115,550	-
Interest and penalty on property tax	47,209	-	-	-
Intergovernmental	1,945,568	8,771	52,375	3,514,736
Licenses and permits	-	-	5,825	1,060
Charges for service	386,503	-	1,125	-
Use of money and property	31,748	-	-	-
Miscellaneous	68,963	-	525	147,022
Total revenues	5,089,507	130,338	1,138,907	3,662,818
Expenditures:				
Operating:				
Public safety and legal services	2,041,519	-	-	-
Physical health and social services	1,287,030	-	43,958	-
Mental health	-	140,312	-	-
County environment and education	170,032	-	44,712	-
Roads and transportation	-	-	29,996	4,566,518
Governmental services to residents	363,839	-	3,472	-
Administration	1,106,078	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	3,550
Total expenditures	4,968,498	140,312	122,138	4,570,068
Excess (deficiency) of revenues over (under) expenditures	121,009	(9,974)	1,016,769	(907,250)
Other financing sources (uses):				
Transfers in	-	-	-	957,672
Transfers out	-	-	(957,672)	-
Lease Agreements	7,976	-	-	-
Total other financing sources (uses)	7,976	-	(957,672)	957,672
Change in fund balances	128,985	(9,974)	59,097	50,422
Fund balances beginning of year	3,178,334	9,974	332,345	2,528,680
Fund balances end of year	\$ 3,307,319	-	391,442	2,579,102

See notes to financial statements.

Debt Service	Nonmajor	Total
905,024	-	4,599,614
-	214,592	330,142
-	-	47,209
65,249	-	5,586,699
-	-	6,885
-	2,109	389,737
-	-	31,748
-	950	217,460
970,273	217,651	11,209,494
-	10,191	2,051,710
-	-	1,330,988
-	-	140,312
-	288,616	503,360
-	-	4,596,514
-	2,740	370,051
-	-	1,106,078
947,314	-	947,314
-	-	3,550
947,314	301,547	11,049,877
22,959	(83,896)	159,617
-	-	957,672
-	-	(957,672)
-	-	7,976
-	-	7,976
22,959	(83,896)	167,593
147,621	570,124	6,767,078
170,580	486,228	6,934,671

Taylor County

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

Year ended June 30, 2022

Change in fund balances - Total governmental funds (page 23) \$ 167,593

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

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

Expenditures for capital assets	\$ 1,125,915	
Capital assets contributed by the Iowa Department of Transportation	672,170	
Right-to-use leased equipment	7,976	
Depreciation/amortization expense	<u>(1,972,292)</u>	(166,231)

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. 5,864

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	(1,990)	
Other	<u>(13,121)</u>	(15,111)

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

Issued	(7,976)	
Repaid	<u>875,348</u>	867,372

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. 345,593

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	11,408	
OPEB expense	(326)	
Pension expense	256,495	
Interest on long-term debt	<u>1,531</u>	269,108

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 96,384

Change in net position of governmental activities (page 17) \$ 1,570,572

See notes to financial statements.

Taylor County
Statement of Net Position
Proprietary Fund
June 30, 2022

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 495,845
Liabilities	
None	<u>-</u>
Net position	
Unrestricted	<u>\$ 495,845</u>

See notes to financial statements.

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

Year ended June 30, 2022

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 167,847
Operating expenses:	
Medical claims	<u>71,463</u>
Operating income	96,384
Net position beginning of year	<u>399,461</u>
Net position end of year	<u>\$ 495,845</u>

See notes to financial statements.

Taylor County
 Statement of Cash Flows
 Proprietary Fund

June 30, 2022

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities and net increase in cash and cash equivalents:	
Cash received from operating fund reimbursements	\$ 167,847
Cash paid to suppliers for services	<u>(71,463)</u>
Net cash provided by operating activities and net increase in cash and cash equivalents	96,384
Cash and cash equivalents beginning of year	<u>399,461</u>
Cash and cash equivalents end of year	<u>\$ 495,845</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income and net cash provided by operating activities	<u>\$ 96,384</u>

See notes to financial statements.

Taylor County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2022

Assets

Cash and pooled investments:

County Treasurer	\$ 760,313
Other County officials	20,372

Receivables:

Property tax:

Delinquent	2,793
Succeeding year	8,187,000

Prepaid items

5,280

Total assets

<u>8,975,758</u>

Liabilities

Accounts payable

15,026

Due to other governments

303,184

Trusts payable

41,938

Compensated absences

<u>3,900</u>

Total liabilities

<u>364,048</u>

Deferred Inflows of Resources

Unavailable property tax revenue

<u>8,187,000</u>

Net positionRestricted for individuals, organizations and
other governments

<u>\$ 424,710</u>

See notes to financial statements.

Taylor County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2022

Additions:	
Property and other county tax	\$ 7,663,454
911 surcharge	60,745
State tax credits	653,274
Office fees and collections	319,486
Auto licenses, use tax and postage	2,379,730
Drivers license fees	56,638
Assessments	8,916
Trusts	122,229
Miscellaneous	<u>58,262</u>
Total additions	<u>11,322,734</u>
Deductions:	
Agency remittances:	
To other funds	167,571
To other governments	11,054,328
Trusts paid out	<u>38,342</u>
Total deductions	<u>11,260,241</u>
Change in net position	62,493
Net position beginning of year, as restated	<u>362,217</u>
Net position end of year	<u>\$ 424,710</u>

See notes to financial statements.

Taylor County

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

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

Fiduciary Funds – Custodial Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease agreements are reported as other financing sources.

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

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

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 revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2021.

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

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Intangibles	50,000
Land, buildings and improvements	25,000
Right-to-use leased assets	5,000
Equipment and vehicles	5,000

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

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

Leases – County as Lessee: Taylor County is the lessee for a noncancellable lease of equipment. The County has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payment expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Taylor County determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Taylor County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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

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

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 government-wide and 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, compensatory time and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2022. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

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

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

Pensions – For purposes of measuring the net pension liability (asset), 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 (asset) attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds

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

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, disbursements in certain departments exceeded the amounts appropriated prior to approval of an appropriation amendment and at year end.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2022 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, 2022 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	<u>\$ 957,672</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, 2022 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 891,709	-	-	891,709
Construction in progress	-	672,170	(672,170)	-
Total capital assets not being depreciated/amortized	891,709	672,170	(672,170)	891,709
Capital assets being depreciated/amortized:				
Buildings	4,169,860	129,700	-	4,299,560
Improvements other than buildings	238,151	-	-	238,151
Equipment and vehicles	7,106,546	1,024,129	(367,226)	7,763,449
Right-to-use leased equipment	-	7,976	-	7,976
Intangibles, other	77,750	-	-	77,750
Infrastructure, other	1,020,324	-	-	1,020,324
Infrastructure, road network	31,253,594	672,170	-	31,925,764
Total capital assets being depreciated/amortized	43,866,225	1,833,975	(367,226)	45,332,974
Less accumulated depreciation/amortization for:				
Buildings	825,601	91,535	-	917,136
Improvements other than buildings	71,445	4,763	-	76,208
Equipment and vehicles	4,490,031	680,190	(345,176)	4,825,045
Right-to-use leased equipment	-	502	-	502
Intangibles, other	25,915	5,185	-	31,100
Infrastructure, other	40,813	40,813	-	81,626
Infrastructure, road network	16,117,120	1,149,304	-	17,266,424
Total accumulated depreciation/amortization	21,570,925	1,972,292	(345,176)	23,198,041
Total capital assets being depreciated/amortized, net	22,295,300	(138,317)	(22,050)	22,134,933
Governmental activities capital assets, net	<u>\$ 23,187,009</u>	<u>533,853</u>	<u>(694,220)</u>	<u>23,026,642</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 263,861
Physical health and social services	27,766
County environment and education	32,627
Roads and transportation	1,641,336
Administration	<u>6,702</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 1,972,292</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, 2022 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 9,163
Special Revenue:		
Secondary Roads	Services	<u>838</u>
Total for governmental funds		<u>\$ 10,001</u>
Custodial:		
County Offices	Collections	\$ 5,201
Schools		70,256
Community Colleges		4,618
Corporations		18,738
Townships		2,073
All other		<u>202,298</u>
Total for custodial funds		<u>\$ 303,184</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	<u>General</u>	<u>Lease</u>	<u>Compensated</u>	<u>Net</u>	<u>Total</u>	
	<u>Obligation</u>	<u>Agreements</u>	<u>Absences</u>	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
	<u>Bonds</u>			<u>Liability</u>	<u>Liability</u>	
				<u>(Asset)</u>		
Balance beginning of year	\$ 2,730,000	-	292,783	2,490,733	372,382	5,885,898
Increases	-	7,976	307,737	-	326	316,039
Decreases	<u>875,000</u>	<u>348</u>	<u>319,145</u>	<u>3,317,048</u>	-	<u>4,511,541</u>
Balance end of year	<u>\$ 1,855,000</u>	<u>7,628</u>	<u>281,375</u>	<u>(826,315)</u>	<u>372,708</u>	<u>1,690,396</u>
Due within one year	<u>\$ 245,000</u>	<u>1,421</u>	<u>173,906</u>	-	-	<u>420,327</u>

Lease Agreements

On March 2, 2022, the county entered into a noncancelable lease agreement for a multifunction printer. The agreement requires monthly payments of \$139 over five years with an estimated implicit interest rate of 3.5% and final payment due June 2, 2027. During the year ended June 30, 2022, the county paid principal of \$348 and interest of \$69 on the agreement.

Details of the County's June 30, 2022 lease indebtedness paid from the General Fund are as follows:

Year Ending June 30,	Multifunction Printer		
	Principal	Interest	Total
2023	\$ 1,421	244	1,665
2024	1,472	193	1,665
2025	1,524	141	1,665
2026	1,578	87	1,665
2027	1,634	31	1,665
Totals	\$ 7,629	696	8,325

General Obligation Bonds

On March 9, 2012, the County issued \$6,000,000 of general obligation county road improvement bonds, Series 2012, with interest rates ranging from 0.40-1.90% per annum. The bonds were issued to reconstruct and improve County roads. During the year ended June 30, 2022 the County paid the remaining principal of \$635,000 and interest of \$12,064 on the bonds.

On October 29, 2019, the County issued \$2,570,000 of general obligation refunding bonds, Series 2019A, with an interest rate ranging from 2.0-4.00% per annum. The notes were issued to refund the \$2,645,000 outstanding balance of the general obligation capital loan notes, Series 2014, dated March 28, 2014. The Series 2014, general obligation capital loan notes, were issued to construct, furnish and equip the County law enforcement facility. During the year ended June 30, 2022, the County paid principal of \$240,000 and interest of \$60,250 on the bonds.

A summary of the County's June 30, 2022 general obligation bond indebtedness is as follows:

Year Ending June 30,	Series 2019A			
	County Law Enforcement Facility Refunding			
	Issued Oct 29, 2019			
	Interest Rates	Principal	Interest	Total
2023	3.00%	\$ 245,000	53,050	298,050
2024	3.00	260,000	45,700	305,700
2025	4.00	265,000	37,900	302,900
2026	3.00	275,000	27,300	302,300
2027	3.00	285,000	19,050	304,050
2028-2029	2.00	525,000	15,200	540,200
Total		\$ 1,855,000	198,200	2,053,200

During the year ended June 30, 2022, the County retired \$875,000 of general obligation bond principal.

(7) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll for a total rate of 15.73%. The Sheriffs, deputies and the County each contributed 9.01% of covered payroll for a total rate of 18.02%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% for a total rate of 15.52%.

The County’s contributions to IPERS for the year ended June 30, 2022 were \$345,593.

Net Pension Asset, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County had an asset of \$826,315 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021. The total plan pension liability used in its calculation of the overall plan net pension asset was determined by an actuarial valuation as of that date. The County’s proportion of the overall plan net pension asset was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the County’s proportion of the overall plan net pension asset was 0.239354%, which was an increase of 0.203897% over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of (\$256,495). At June 30, 2022, 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	\$ 97,362	40,218
Changes of assumptions	40,024	27,552
Net difference between projected and actual earnings on IPERS’ investments	-	2,461,553
Changes in proportion and differences between County contributions and the County’s proportionate share of contributions	72,767	41,831
County contributions subsequent to the measurement date	345,593	-
Total	<u>\$ 555,746</u>	<u>2,571,154</u>

\$345,593 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2023. 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
2023	\$ (588,797)
2024	(577,561)
2025	(537,704)
2026	(662,154)
2027	5,215
Total	<u>\$ (2,361,001)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension asset in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

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

The actuarial assumptions used in the June 30, 2021 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 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension asset 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 asset.

Sensitivity of the County's Proportionate Share of the Net Pension liability (Asset) to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability (asset) 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 (asset)	\$ 1,429,911	(826,315)	(2,716,388)

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, 2022.

(8) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms:

Active employees 67

Total OPEB Liability – The County’s total OPEB liability of \$372,708 was measured as of July 1, 2021 and was determined by an actuarial valuation that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	
(effective June 30, 2021)	2.60% per annum.
Rates of salary increase	3.25% per annum, including inflation
(effective June 30, 2021)	plus merit/productivity measures
Discount rate	2.19% compounded annually
(effective June 30, 2021)	
Healthcare cost trend rate	7.50% initial rate decreasing annually
(effective June 30, 2021)	to an ultimate rate of 4.50%

Discount Rate – The discount rate used to measure the total OPEB liability was 2.19% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Public Plan 2010 tables. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 372,382
Changes for the year:	
Service cost	37,813
Interest	10,911
Differences between expected and actual experiences	(67,145)
Changes in assumptions	18,747
Benefit payments	-
Net changes	<u>326</u>
Total OPEB liability end of year	<u>\$ 372,708</u>

Changes of assumptions reflect a change in the discount rate from 2.66% in fiscal year 2021 to 2.19% in fiscal year 2022.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.19%) or 1% higher (3.19%) than the current discount rate.

	1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
Total OPEB liability	\$ 398,307	372,708	348,731

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.50 %) or 1% higher (8.50%) than the current healthcare cost trend rates.

	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total OPEB liability	\$ 339,874	372,708	411,583

OPEB Expense – For the year ended June 30, 2022, the County recognized OPEB expense of \$326. The County utilized the alternative measurement method which results in all deferred outflows of resources and deferred inflows of resources related to OPEB being fully recognized in the current fiscal year.

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 794 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, employment practices liability, public officials liability and police professional liability. 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, 2022 were \$205,000.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, 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, 2022, no liability has been recorded in the County's financial statements. As of June 30, 2022, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

(10) Employee Health Insurance Plan

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Secure Benefits Systems from the Employee Group Health Fund. The County’s contribution to the fund for the year ended June 30, 2022 was \$167,847.

The County was not required to obtain an actuarial report for the period ended June 30, 2022 since its plan qualifies as a “mini plan”. A liability is established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. There were no amounts payable from the Employee Group Health Fund at June 30, 2022. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ -
Incurred claims	71,463
Payments on claims during the fiscal year	<u>(71,463)</u>
Unpaid claims end of year	<u>\$ -</u>

(11) Tax Abatements

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

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entity:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Lenox	Urban renewal and economic development projects	\$ 11,872

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

Southern Hills Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Adair County, Adams County, Union County and Taylor County. The financial activity of Taylor County’s Special Revenue, Mental Health Fund is included in the Southern Hills Mental Health Region for the year ended June 30, 2022, as follows:

Revenues:	
Property and other county tax	\$ 121,567
Intergovernmental:	
State tax credits	<u>8,771</u>
Total revenues	130,338
Expenditures:	
Distribution to regional fiscal agent	<u>140,312</u>
Excess of revenues over expenditures	(9,974)
Fund balance beginning of year	<u>9,974</u>
Fund balance end of year	<u>\$ -</u>

(13) Opioid Litigation Settlement

The State of Iowa along with other states settled claims that certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failed to monitor for, detect and prevent diversion of the drugs. The County also settled the same claims and related claims. Due to its settlement of these claims, the County will receive payment from the Defendant companies over the next seventeen years. The County is required to use the funds for activities to remediate the opioid crisis and treat or mitigate opioid use disorder and related disorders through prevention, harm reduction, treatment and recovery services.

(14) Prospective Accounting Change

Governmental Accounting Standards Board Statement has issued No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. The revised requirements of this statement will require reporting certain assets and liabilities for the right-to-use another party’s information technology software alone or in combination with tangible capital assets that are not currently reported.

Taylor County

Required Supplementary Information

Taylor County

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

Required Supplementary Information

Year ended June 30, 2022

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
Receipts:				
Property and other county tax	\$ 4,951,376	4,818,972	4,818,972	132,404
Interest and penalty on property tax	47,209	-	-	47,209
Intergovernmental	6,666,682	5,047,385	5,058,522	1,608,160
Licenses and permits	6,885	7,450	7,450	(565)
Charges for service	388,287	403,010	409,845	(21,558)
Use of money and property	31,694	52,260	52,260	(20,566)
Miscellaneous	212,610	74,160	74,160	138,450
Total receipts	12,304,743	10,403,237	10,421,209	1,883,534
Disbursements:				
Public safety and legal services	2,044,318	2,174,501	2,247,396	203,078
Physical health and social services	1,306,364	1,510,887	1,511,887	205,523
Mental health	150,312	177,000	177,000	26,688
County environment and education	439,941	436,195	508,195	68,254
Roads and transportation	4,635,862	4,595,000	4,670,000	34,138
Governmental services to residents	372,137	401,473	407,499	35,362
Administration	1,117,759	1,034,868	1,741,385	623,626
Debt service	947,314	963,315	963,315	16,001
Capital projects	3,550	100,000	25,000	21,450
Total disbursements	11,017,557	11,393,239	12,251,677	1,234,120
Excess (deficiency) of receipts over (under) disbursements	1,287,186	(990,002)	(1,830,468)	3,117,654
Other financing sources, net	-	-	-	-
Change in balances	1,287,186	(990,002)	(1,830,468)	3,117,654
Balance beginning of year	5,625,093	4,925,327	4,925,327	699,766
Balance end of year	\$ 6,912,279	3,935,325	3,094,859	3,817,420

See accompanying independent auditor's report.

Taylor County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2022

	<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	\$ 12,304,743	(1,095,249)	11,209,494
Expenditures	11,017,557	32,320	11,049,877
Net	1,287,186	(1,127,569)	159,617
Beginning fund balances	5,625,093	1,141,985	6,767,078
Ending fund balances	<u>\$ 6,912,279</u>	<u>22,392</u>	<u>6,934,671</u>

See accompanying independent auditor's report.

Taylor County

Taylor County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2022

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$858,438. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County 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, 2022, disbursements exceeded the amounts appropriated in certain departments prior to approval of an appropriation amendment and at year end.

Taylor County

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

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

Required Supplementary Information

	2022	2021	2020	2019
County's proportion of the net pension liability/asset	0.239354% **	0.035457%	0.033274%	0.032317%
County's proportionate share of the net pension liability (asset)	\$ (826)	2,491	1,927	2,045
County's covered payroll	\$ 3,597	3,538	3,386	3,129
County's proportionate share of the net pension liability as a percentage of its covered payroll	(22.96)%	70.41%	56.91%	65.36%
Plan fiduciary net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

* 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.

** Overall plan net pension asset

See accompanying independent auditor's report.

2018	2017	2016	2015
0.035010%	0.032409%	0.031002%	0.030002%
2,332	2,040	1,532	1,190
3,143	2,846	2,672	2,602
74.20%	71.68%	57.34%	45.73%
82.21%	81.82%	85.19%	87.61%

Taylor County

Schedule of County Contributions

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

Required Supplementary Information

	2022	2021	2020	2019
Statutorily required contribution	\$ 346	339	336	324
Contributions in relation to the statutorily required contribution	(346)	(339)	(336)	(324)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 3,692	3,597	3,538	3,386
Contributions as a percentage of covered payroll	9.37%	9.42%	9.50%	9.57%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
283	286	258	242	237	227
(283)	(286)	(258)	(242)	(237)	(227)
-	-	-	-	-	-
3,129	3,143	2,846	2,672	2,602	2,543
9.04%	9.10%	9.07%	9.06%	9.11%	8.93%

Taylor County

Notes to Required Supplementary Information – Pension Liability (Asset)

Year ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

Taylor County

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

For the Last Five Years
Required Supplementary Information

	2022	2021	2020	2019	2018
Service cost	\$ 37,813	33,821	25,380	27,038	17,919
Interest cost	10,911	12,328	11,823	11,177	12,689
Difference between expected and actual experiences	(67,145)	(16,126)	4,149	(27,951)	(137,357)
Changes in assumptions	18,747	28,536	7,428	(7,445)	(24,723)
Benefit payment	-	(7,078)	(15,854)		
Net change in total OPEB liability	326	51,481	32,926	2,819	(131,472)
Total OPEB liability beginning of year	372,382	320,901	287,975	285,156	416,628
Total OPEB liability end of year	<u>\$ 372,708</u>	<u>372,382</u>	<u>320,901</u>	<u>287,975</u>	<u>285,156</u>
Covered-employee payroll	\$ 3,438,997	3,250,214	3,142,573	3,050,418	2,954,400
Total OPEB liability as a percentage of covered-employee payroll	10.8%	11.5%	10.2%	9.4%	9.7%

See accompanying independent auditor's report.

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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, 2022	2.19%
Year ended June 30, 2021	2.66%
Year ended June 30, 2020	3.51%
Year ended June 30, 2019	3.87%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	2.92%

Taylor County

Supplementary Information

Schedule 1

Taylor County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2022

	Special Revenue					Total
	County Recorder's Records Management	Forfeitures	Local Option Sales Tax	Local Government Opioid Abatement		
Assets						
Cash, cash equivalents and pooled investments	\$ 842	19,490	465,540	-		485,872
Receivables:						
Opioid settlement	-	-	-	137,541		137,541
Due from other governments	356	-	-	-		356
Total assets	\$ 1,198	19,490	465,540	137,541		623,769
Liabilities and Fund Balances						
Deferred inflows of resources:						
Unavailable Revenue:						
Other	\$ -	-	-	137,541		137,541
Fund balances:						
Restricted for other purposes	1,198	19,490	465,540	-		486,228
Total liabilities and fund balances	\$ 1,198	19,490	465,540	137,541		623,769

See accompanying independent auditor's report.

Taylor County

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

Year ended June 30, 2022

	Special Revenue			
	County Recorder's Records Management	Forfeitures	Local Option Sales Tax	Total
Revenues:				
Local option sales tax	\$ -	-	214,592	214,592
Charges for service	2,109	-	-	2,109
Miscellaneous	-	950	-	950
Total revenues	2,109	950	214,592	217,651
Expenditures:				
Operating:				
Public safety and legal services	-	5,191	5,000	10,191
County environment and education	-	-	288,616	288,616
Governmental services to residents	2,740	-	-	2,740
Total expenditures	2,740	5,191	293,616	301,547
Excess (deficiency) of receipts over (under) expenditures	(631)	(4,241)	(79,024)	(83,896)
Fund balances beginning of year	1,829	23,731	544,564	570,124
Fund balances end of year	\$ 1,198	19,490	465,540	486,228

See accompanying independent auditor's report.

Taylor County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,703	398,665	70,256
Other County officials	20,372	-	-	-
Receivables:				
Property tax:				
Delinquent	-	30	62	1,241
Succeeding year	-	137,000	281,000	5,776,000
Prepaid items	-	-	5,280	-
Total assets	20,372	138,733	685,007	5,847,497
Liabilities				
Accounts payable	15,026	-	-	-
Due to other governments	5,201	1,703	-	70,256
Trusts payable	145	-	-	-
Compensated absences	-	-	-	-
Total liabilities	20,372	1,703	-	70,256
Deferred Inflows of Resources				
Unavailable revenues	-	137,000	281,000	5,776,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	30	404,007	1,241

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
4,618	18,738	2,073	177,069	87,191	760,313
-	-	-	-	-	20,372
84	1,374	2	-	-	2,793
382,000	1,426,000	184,000	-	1,000	8,187,000
-	-	-	-	-	5,280
386,702	1,446,112	186,075	177,069	88,191	8,975,758
-	-	-	-	-	15,026
4,618	18,738	2,073	177,069	23,526	303,184
-	-	-	-	41,793	41,938
-	-	-	-	3,900	3,900
4,618	18,738	2,073	177,069	69,219	364,048
382,000	1,426,000	184,000	-	1,000	8,187,000
84	1,374	2	-	17,972	424,710

Taylor County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2022

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	132,360	266,745	5,516,058
911 surcharge	-	-	-	-
State tax credits	-	9,558	19,259	399,333
Office fees and collections	319,486	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Drivers license fees	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Miscellaneous	-	-	502	-
Total additions	<u>319,486</u>	<u>141,918</u>	<u>286,506</u>	<u>5,915,391</u>
Deductions:				
Agency remittances:				
To other funds	92,954	-	-	-
To other governments	188,190	141,986	204,305	5,918,063
Trusts paid out	38,342	-	-	-
Total deductions	<u>319,486</u>	<u>141,986</u>	<u>204,305</u>	<u>5,918,063</u>
Change in net position	-	(68)	82,201	(2,672)
Net position beginning of year	-	98	321,806	3,913
Net position end of year	<u>\$ -</u>	<u>30</u>	<u>404,007</u>	<u>1,241</u>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
358,790	1,210,519	177,962	-	1,020	7,663,454
-	-	-	-	60,745	60,745
25,905	190,253	8,893	-	73	653,274
-	-	-	-	-	319,486
-	-	-	2,379,730	-	2,379,730
-	-	-	56,638	-	56,638
-	-	-	-	8,916	8,916
-	-	-	-	122,229	122,229
-	-	-	-	57,760	58,262
384,695	1,400,772	186,855	2,436,368	250,743	11,322,734
-	-	-	74,617	-	167,571
384,878	1,403,847	186,854	2,361,751	264,454	11,054,328
-	-	-	-	-	38,342
384,878	1,403,847	186,854	2,436,368	264,454	11,260,241
(183)	(3,075)	1	-	(13,711)	62,493
267	4,449	1	-	31,683	362,217
84	1,374	2	-	17,972	424,710

Taylor County

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

For the Last Ten Years

	2022	2021	2020	2019
Revenues:				
Property and other county tax	\$ 4,599,614	4,567,181	4,397,018	4,264,033
Local option sales tax	330,142	291,482	265,008	258,392
Interest and penalty on property tax	47,209	57,741	16,548	35,286
Intergovernmental	5,586,699	6,494,140	5,330,913	5,707,191
Licenses and permits	6,885	7,992	10,105	6,630
Charges for service	389,737	337,100	376,384	236,124
Use of money and property	31,748	45,346	50,557	46,623
Miscellaneous	217,460	216,922	179,383	174,571
Total	\$ 11,209,494	12,017,904	10,625,916	10,728,850
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,051,710	1,794,049	1,739,212	1,647,467
Physical health and social services	1,330,988	1,373,935	1,269,854	1,261,926
Mental health	140,312	159,000	157,570	144,000
County environment and education	503,360	400,219	451,602	311,756
Roads and transportation	4,596,514	4,135,725	3,868,040	3,994,224
Governmental services to residents	370,051	364,541	335,448	313,206
Administration	1,106,078	884,268	897,495	915,620
Debt service	947,314	962,740	960,378	947,889
Capital projects	3,550	1,127,034	181,070	914,523
Total	\$ 11,049,877	11,201,511	9,860,669	10,450,611

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
3,922,160	3,604,824	3,572,048	3,553,111	3,202,539	3,144,805
129,833	214,492	216,613	199,132	174,982	197,786
34,201	32,003	30,783	32,793	36,407	34,621
4,876,057	5,353,030	5,214,924	4,476,827	4,390,596	4,325,426
5,710	5,284	6,297	13,673	11,376	18,211
352,992	413,874	213,362	226,729	254,164	218,298
38,326	39,215	53,838	83,608	69,648	42,206
199,475	252,317	192,703	222,099	212,779	243,752
9,558,754	9,915,039	9,500,568	8,807,972	8,352,491	8,225,105
1,561,358	1,588,224	1,526,825	1,251,207	1,240,341	972,594
1,234,413	1,279,399	985,114	1,019,411	1,029,654	978,082
95,508	95,642	141,450	146,341	220,261	411,244
228,110	238,045	417,695	183,274	332,326	265,601
4,233,036	4,295,584	3,051,454	3,131,219	3,420,299	3,048,635
324,015	364,445	340,789	333,788	314,675	382,556
823,747	751,252	685,828	681,521	645,329	612,607
951,723	953,603	1,184,630	1,011,973	730,759	839,551
39,771	698,401	1,491,432	3,121,078	742,959	2,500,535
9,491,681	10,264,595	9,825,217	10,879,812	8,676,603	10,011,405



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

Rob Sand
Auditor of State

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

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

To the Officials of Taylor County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Taylor County, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 18, 2023.

Report on Internal Control Over Financial Reporting

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

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

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 that a material misstatement of Taylor County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-001 and 2022-002 to be material weaknesses.

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 charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as item 2022-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Taylor County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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 noncompliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Taylor County's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of Taylor County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

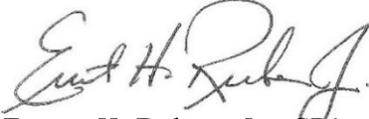
Taylor County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Taylor County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Taylor County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

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



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

April 18, 2023

Taylor County

Schedule of Findings

Year ended June 30, 2022

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties

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

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

	Applicable Offices
(1) All incoming mail is opened by an employee who is also authorized to make entries to the accounting records.	Auditor, Recorder, Treasurer, Sheriff, Public Health Nurse, Engineer, Conservation
(2) Generally, one individual may have control over collecting, depositing, posting and maintaining receivable records for which no compensating controls exist.	Auditor, Sheriff, Treasurer, Public Health Nurse, Engineer, Conservation
(3) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash.	Auditor, Treasurer
(4) Bank reconciliations were not reviewed periodically by an independent person for propriety.	Auditor
(5) The person who signs checks is not independent of the person preparing the checks, approving disbursements, and handling cash.	Auditor
(6) The change fund and cash drawers are shared between employees.	Treasurer

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

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

Taylor County

Schedule of Findings

Year ended June 30, 2022

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

Responses –

County Auditor – With a limited number of staff it is difficult to segregate duties. The Office will review procedures to identify ways to segregate duties as much as possible and implement compensating controls by utilizing existing staff and other offices where possible. We will also consider closing this outside account for the Auditor's office.

County Recorder – We only have two employees, so it's hard to segregate the duties as listed above.

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

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

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

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

Public Health Nurse – Taylor County Public Health has worked hard to update our procedures to adequately segregate duties. Changes were made to this process at the beginning of the FY23 year to eliminate identified risks.

Conclusion – Responses acknowledged. All offices should continue to review current operating procedures for the areas noted to obtain the maximum internal control possible. The officials should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

2022-002 Financial Reporting

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

Taylor County

Schedule of Findings

Year ended June 30, 2022

Condition – Material amounts of capital assets were not properly recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – County policies do not require, and procedures have not been established, to require independent review of capital assets to ensure the County’s financial statements are accurate and reliable.

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

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

Response – The Auditor's Office will review procedures for preparing capital assets to ensure all additions and deletions are properly accounted for in a timely manner.

Conclusion – Response accepted.

2022-003 Narcotics Petty Cash

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal controls, duties should be segregated so the authorization and custody of the assets are not under the control of the same employee. Properly designed policies and procedures and the implementation of the policies and procedures are an integral part of ensuring County assets are safeguarded.

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

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

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

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

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

Conclusion – Response accepted.

Taylor County

Schedule of Findings

Year ended June 30, 2022

Other Findings Related to Required Statutory Reporting:

2022-A Certified Budget – During the year ended June 30, 2022, disbursements in certain departments exceeded the amount appropriated prior to approval of an amendment and at year end.

Recommendation – 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 will work with departments to ensure amendments to the budget and appropriations are made prior to exceeding them.

Conclusion – Response accepted.

2022-B Questionable Expenditures – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General’s Opinion dated April 25, 1979, public funds may only be spent for public benefit. Certain expenditures were noted which we believe may not meet the requirement of public purposes as defined in the Attorney General’s opinion since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Elan Cardmember Services	Interest and fees for late payment	\$ 21
GreatAmerica Financial Services	Fees for late payment	26
United Farmers Cooperative	Fees for late payment	3
Visa Card Services	Amazon Prime and Netflix memberships	22
	Interest and fees for late payment	44
	Sales tax paid on Amazon purchases	15

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

Recommendation – The County should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirements for the proper public purpose documentation. The County should ensure disbursements are paid timely to avoid late fees and interest charges.

Response – We will review procedures to ensure that payments for bills are made in a timely manner to eliminate late fees and ensure that all payments to vendors are tax exempt. We will develop procedures to determine and document the public purpose prior to approving disbursements.

Conclusion – Response accepted.

Taylor County

Schedule of Findings

Year ended June 30, 2022

2022-C Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2022-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Josh Weed, County Sheriff, owns Hawn Sanitation	Garbage and sanitation services and rental	\$ 2,120

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

2022-E Restricted Donor Activity – No transactions were noted between the County, County officials or County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2022-F Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.

2022-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. However, we noted fourteen instances the Board went into closed session without a reference to a specific exemption, as required by Chapter 21.5(2) of the Code of Iowa, commonly known as the open-meetings law.

Recommendation – The Board of Supervisors should ensure all closed meetings comply with Chapter 21 of the Code of Iowa.

Response – Going forward we will document the specific exemption to enter a closed session as required by Chapter 21 of the Code of Iowa.

Conclusion – Response accepted.

2022-H Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.

2022-I Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Taylor County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Cole L. Hocker, CPA, Manager
Noelle M. Johnson, Senior Auditor
Enoch D.N. Duval, Staff Auditor
Brett A. Logsdon, Staff Auditor
Zachary T. Shaw, Staff Auditor
Roxanne R. Stotler, Staff Auditor
Matthew W. Beerman, Assistant Auditor
Cassie L. Hermsen, Audit Intern