



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
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NEWS RELEASE

FOR RELEASE

June 15, 2023

Contact: Ernest Ruben
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$13,323,674 for the year ended June 30, 2022, an 8.1% increase over the prior year. Expenses for County operations for the year ended June 30, 2022, totaled \$10,601,092, a 2.9% decrease from the prior year. The increase in the revenue is due primarily to the County receiving American Rescue Plan Act funds and capital assets contributed by the Iowa Department of Transportation in the current year, and not received in fiscal year 2021. The significant decrease in expenses is due primarily to emergency services communication equipment and road projects mostly completed in the prior year.

AUDIT FINDINGS:

Sand reported three findings related to the receipt and expenditure of taxpayer funds. They are found on pages 78 through 81 of this report. The findings address issues such as lack of segregation of duties, expenditures exceeding budget appropriations by department and lack of procedures to document how LOST collections for community betterment were expended. Sand provided the County with recommendations to address each of these findings.

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

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

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

JUNE 30, 2022

Union County



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STATE OF IOWA**

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

May 30, 2023

Officials of Union County
Creston, Iowa

Dear Board Members:

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

Sincerely,

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

Rob Sand
Auditor of State

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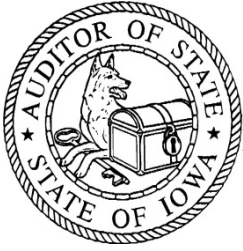
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Union County

Officials

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

Union County



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Independent Auditor's Report

To the Officials of Union County:

Report on the 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 Union 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 Union 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 (GAAS) 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 Union 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.

Emphasis of Matter

As discussed in Note 16 to the financial statements, Union County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

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 the Union 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 GAAS 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 GAAS 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 the Union 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 Union 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 54 through 63 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.

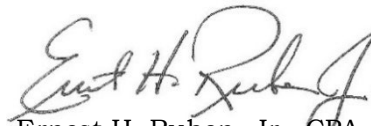
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union County’s basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 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 GAAS. 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 May 30, 2023 on our consideration of Union County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Union County’s internal control over financial reporting and compliance.



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

May 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2022 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, however had no effect on the beginning year net position for governmental activities.
- Revenues of the County's governmental activities increased 8.1%, or approximately \$996,000 over fiscal year 2021. Capital grants and contributions increased approximately \$800,000 and the County received and spent American Rescue Plan Act funds of approximately \$260,000 in the current year.
- Program expenses of the County's governmental activities were 2.9%, or approximately \$317,000 less in fiscal year 2022 than in fiscal year 2021. Roads and transportation and mental health expenses decreased approximately \$371,000 and \$237,000, respectively. This was offset by an increase of approximately \$300,000 in the county environment and education function partially due to the receipt of the American Rescue Plan Act funds.
- The County's net position increased 21.7%, or approximately \$2,723,000 from 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 Union County as a whole and present an overall view of the County's finances.

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability (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 funds and the individual Custodial Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2022	2021
Current and other assets	\$ 17,961	16,356
Capital assets	16,650	16,863
Total assets	34,611	33,219
Deferred outflows of resources	529	693
Long-term liabilities	9,330	13,128
Other liabilities	2,423	1,945
Total liabilities	11,753	15,073
Deferred inflows of resources	8,104	6,279
Net position:		
Net investment in capital assets	13,972	13,588
Restricted	4,689	3,895
Unrestricted	(3,378)	(4,923)
Total net position	\$ 15,283	12,560

Net position of Union County’s governmental activities increased 21.7% (approximately \$15.3 million compared to approximately \$12.6 million).

The largest portion of the County’s net position is invested in capital assets (e.g., land, buildings, infrastructure and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased 2.8%, or approximately \$384,000 over the prior year.

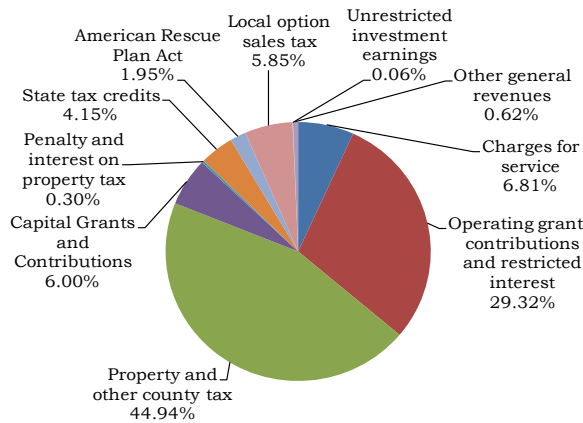
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The increase of 20.4% in restricted net position from the prior year is primarily due to secondary roads fund balance increases which have not yet been spent and an increase in local option sales tax revenue.

Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased from a deficit of approximately \$4,923,000 at June 30, 2021 to a deficit of approximately \$3,378,000 at the end of this year.

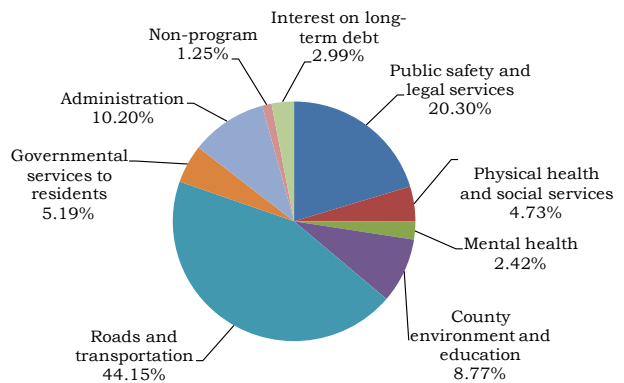
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2022	2021
Revenues:		
Program revenues:		
Charges for service	\$ 907	962
Operating grants, contributions and restricted interest	3,908	3,913
Capital grants, contributions and restricted interest	800	-
General revenues:		
Property and other county tax	5,989	5,903
Penalty and interest on property tax	39	125
State tax credits	553	522
Local option sales tax	779	770
American Rescue Plan Act	260	-
Unrestricted investment earnings	8	7
Other general revenues	81	126
Total revenues	13,324	12,328
Program expenses:		
Public safety and legal services	2,152	2,052
Physical health and social services	501	533
Mental health	257	494
County environment and education	929	629
Roads and transportation	4,681	5,052
Governmental services to residents	551	484
Administration	1,081	1,176
Non-program	133	131
Interest on long-term debt	316	367
Total expenses	10,601	10,918
Change in net position	2,723	1,410
Net position beginning of year	12,560	11,150
Net position end of year	\$ 15,283	12,560

Revenues by Source



Expenses by Program



Union County's governmental activities net position increased approximately \$2,723,000 during the year. Revenues for governmental activities increased approximately \$996,000 over the prior year. The increase in revenue was due to an increase in capital grants and contributions of approximately \$800,000, or 100%, due to increased farm to market contributed capital and an increase of approximately \$260,000 for funds from the American Rescue Plan Act.

The cost of all governmental activities this year was approximately \$10.6 million compared to approximately \$10.9 million last year. The significant decrease in expenses is primarily due to decreased road and transportation projects in fiscal year 2022. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$5.0 million because some of the cost was paid by those directly benefited from the programs (approximately \$907,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,708,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2022 from approximately \$4,875,000 to approximately \$5,615,000 primarily due to the County receiving more for capital grants, offset by a decrease in operating grants, contributions and restricted interest.

INDIVIDUAL MAJOR FUND ANALYSIS

As Union County completed the year, its governmental funds reported a combined fund balance of approximately \$7.96 million compared to approximately \$7.43 million at June 30, 2021, an increase of approximately \$533,000. The increase in fund balance is primarily attributable to an increase in fund balance of Secondary Roads offset by a decrease in the General Fund, Special Revenue, Rural Services, Debt Service and Capital Projects Funds.

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

- The General Fund, the operating fund for Union County, ended fiscal year 2022 with a balance of \$1,125,753, a decrease of \$195,867 from the fiscal year 2021 ending balance of \$1,321,620. Revenues increased 4.9% while expenditures increased 16.0%. General Fund revenues increased approximately \$225,000, or 4.9% over the prior year, primarily due to receiving and spending America Rescue Plan Act funds mainly for county environment and education purposes. Expenditures increased \$671,253, or 16.0% over the prior year. This can be attributed to increased correctional service costs and various County improvements, including broadband internet, fair ground and conservation improvements.
- The Special Revenue, Mental Health Fund balance at year end increased \$516 over the prior year. For the fiscal year 2022, Mental Health Fund revenues decreased \$170,121 from the prior year while expenditures decreased \$226,718 primarily due to the elimination of this fund at June 30, 2022. The County was required by Senate File 619 to transfer the remaining fund balance to the Southern Hills Regional Mental Health prior to June 30, 2022.
- The Special Revenue, Rural Services Fund ending fund balance decreased \$41,476, or 12%, from the prior year to \$304,536. Revenues increased 1.6%, or \$23,168 over the prior year and expenditures increased 12%, or approximately \$70,244 over the prior year which is primarily due increased expenditures in the following areas, public safety and legal services, physical health and social services and roads and transportation.
- The Special Revenue, Secondary Roads Fund ended fiscal year 2022 with a \$3,485,221 fund balance, an increase of 32.3% compared to the prior year ending fund balance of \$2,633,474. The fund balance increase was primarily due to \$596,047 less in construction and maintenance costs for roadway projects.

- The Debt Service Fund balance decreased from \$645,954 at the end of fiscal year 2021 to \$615,214 at the end of fiscal year 2022. Revenues increased \$207,517 over the prior year due to taxable valuations and property tax credits increasing in proportion to the increase in the levy. Debt service payments decreased \$70,909 from the prior year, but the payments were greater than the revenue, which resulted in the decrease of the fund balance.
- The Capital Projects Fund balance decreased by \$51,276 or 2.4%, from the prior year to \$2,122,883. The decrease is primarily due to the emergency services communication equipment maintenance contract fees paid during the current year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Union County amended its budget three times. The amendments were made in December 2021, February 2022 and May 2022 and primarily resulted in an increase in budgeted disbursements related to public safety and legal services, county environment and education, administration, physical health and social services, and roads and transportation. The amendments were made to provide for additional disbursements in County departments.

The County's receipts were \$731,766 more than budgeted, a variance of 6%. Total disbursements were \$3,226,617 less than the amended budget. During the year, the County received \$1,188,836 in American Rescue Plan Act receipts. They were coded as intergovernmental receipts but budgeted as miscellaneous. Overall the County received more intergovernmental receipts than budgeted. The significant variance for disbursements being less than budgeted was due to the County not spending the American Rescue Plan Act funds received during the year and not completing the planned capital and road projects.

The County did not exceed the budgeted amounts for the year ended June 30, 2022. However, two departments exceeded the amount appropriated prior to the amendment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, Union County had approximately \$16.7 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$288,000, or 1.7%, from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2022 (As Restated) *	2021
Land	\$ 263	263
Construction in progress, road network	19	-
Buildings	902	950
Improvements other than buildings	11	11
Equipment and vehicles	1,916	2,020
Right-to-use leased assets	75	75
Infrastructure	13,464	13,619
Total	<u>\$ 16,650</u>	<u>16,938</u>

* Beginning capital assets were restated to implement GASB Statement No. 87, Leases.

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

Union County had depreciation expense of \$1,410,962 for fiscal year 2022 and total accumulated depreciation of \$15,523,606 at June 30, 2022. More detailed information about the County's capital assets is included in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2022, Union County had \$8,781,000 of general obligation bonds, notes and other debt outstanding, compared to \$10,355,000 at June 30, 2021, as shown below:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2022	2021
	(As Restated)	
General obligation bonds	\$ 8,245	9,810
General obligation solid waste disposal notes	460	545
Lease agreements	76	75
Total	\$ 8,781	10,430

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Union County's constitutional debt limit is approximately \$47 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Union County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2023 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.1% versus 4.3% a year ago. This compares with the State's unemployment rate of 2.6% and the national rate of 3.7%.

These indicators were taken into account when adopting the budget for fiscal year 2023. Revenues in the operating budget are approximately \$11.9 million, a decrease of 3.25% from the final fiscal year 2022 budget. The property tax rate for urban areas decreased slightly from \$9.75625 per \$1,000 of taxable valuation to \$9.15816 per \$1,000 of taxable valuation for fiscal year 2023. The property tax rate in rural areas increased from \$3.65635 per \$1,000 of taxable valuation to \$3.70070 per \$1,000 of taxable valuation.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Union County
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 9,461,376
Cash held by health plan trustee	553,696
Receivables:	
Property tax:	
Delinquent	31,486
Succeeding year	5,778,000
Interest and penalty on property tax	144,648
Loan	167,971
Accounts	15,858
Opioid settlement	359,488
Due from other governments	392,720
Inventories	227,627
Prepaid expense	242,201
Capital assets not being depreciated	282,616
Capital assets, net of accumulated depreciation/amortization	16,367,696
Net pension asset	585,746
Total assets	34,611,129
Deferred Outflows of Resources	
Pension related deferred outflows	463,388
OPEB related deferred outflows	65,990
Total deferred outflows of resources	529,378
Liabilities	
Accounts payable	191,718
Accrued interest payable	21,442
Salaries and benefits payable	48,551
Due to other governments	42,317
Unearned revenue	2,118,986
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	1,590,000
General obligation solid waste disposal notes	85,000
Lease agreements	17,839
Compensated absences	97,226
Total OPEB liability	31,539
Portion due or payable after one year:	
General obligation bonds	6,655,000
General obligation solid waste disposal notes	375,000
Lease agreements	58,231
Compensated absences	80,257
Total OPEB liability	339,733
Total liabilities	11,752,839
Deferred Inflows of Resources	
Unavailable property tax revenue	5,778,000
Pension related deferred inflows	2,187,599
OPEB related deferred inflows	139,362
Total deferred inflows of resources	8,104,961
Net Position	
Net investment in capital assets	13,972,291
Restricted for:	
Supplemental levy purposes	181,225
Rural services purposes	307,417
Secondary roads purposes	3,388,819
Debt service	143,659
Capital projects	281,402
Other purposes	386,383
Unrestricted	(3,378,489)
Total net position	\$ 15,282,707

See notes to financial statements.

Union County

Statement of Activities

Year ended June 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,152,398	107,682	46,135	-	(1,998,581)
Physical health and social services	501,405	34,986	563,528	-	97,109
Mental health	256,738	-	-	-	(256,738)
County environment and education	929,366	209,671	266,387	-	(453,308)
Roads and transportation	4,681,125	79,094	3,016,753	787,406	(797,872)
Governmental services to residents	550,640	325,258	-	-	(225,382)
Administration	1,080,933	25,951	-	12,189	(1,042,793)
Non-program	132,726	124,223	-	-	(8,503)
Interest on long-term debt	315,761	-	15,138	-	(300,623)
Total	\$ 10,601,092	906,865	3,907,941	799,595	(4,986,691)
General Revenues:					
Property and other county tax levied for:					
General purposes					4,255,790
Debt service					1,733,251
Penalty and interest on property tax					39,441
State tax credits					553,186
Local option sales tax					778,927
American Rescue Plan Act					259,593
Unrestricted investment earnings					7,901
Rents					53,968
Gain on disposal of capital assets					25,314
Miscellaneous					1,902
Total general revenues					7,709,273
Change in net position					2,722,582
Net position beginning of year					12,560,125
Net position end of year					\$ 15,282,707

See notes to financial statements.

Union County
Balance Sheet
Governmental Funds

June 30, 2022

	Special Revenue			
	General	Rural Services	Secondary Roads	Debt Service
Assets				
Cash, cash equivalents and pooled investments	\$ 3,257,272	290,476	3,090,863	443,707
Receivables:				
Property tax:				
Delinquent	18,719	2,880	-	9,887
Succeeding year	3,131,000	987,000	-	1,660,000
Interest and penalty on property tax	144,648	-	-	-
Loan	-	-	-	167,971
Accounts	15,616	-	-	-
Opioid settlement	-	-	-	-
Due from other governments	72,690	47,678	268,816	3,536
Inventories	-	-	227,627	-
Prepaid expenditures	25,403	-	-	-
Total assets	\$ 6,665,348	1,328,034	3,587,306	2,285,101
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 72,461	26,051	72,565	-
Salaries and benefits payable	12,745	7,567	28,239	-
Due to other governments	41,036	-	1,281	-
Unearned revenue	2,118,986	-	-	-
Total liabilities	<u>2,245,228</u>	<u>33,618</u>	<u>102,085</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,131,000	987,000	-	1,660,000
Other	163,367	2,880	-	9,887
Total deferred inflows of resources	<u>3,294,367</u>	<u>989,880</u>	<u>-</u>	<u>1,669,887</u>
Fund balances:				
Nonspendable:				
Inventories	-	-	227,627	-
Prepaid expenditures	25,403	-	-	-
Restricted for:				
Supplemental levy purposes	154,766	-	-	-
Rural services purposes	-	304,536	-	-
Secondary roads purposes	-	-	3,257,594	-
Debt service	-	-	-	615,214
Capital projects	-	-	-	-
Conservation land acquisition/ capital improvements	91,204	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Care facility	24,633	-	-	-
Commissary	4,924	-	-	-
Inmate medical	60,548	-	-	-
Unassigned	764,275	-	-	-
Total fund balances	<u>1,125,753</u>	<u>304,536</u>	<u>3,485,221</u>	<u>615,214</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 6,665,348	1,328,034	3,587,306	2,285,101

See notes to financial statements.

Capital Projects	Nonmajor	Total
1,997,639	294,937	9,374,894
-	-	31,486
-	-	5,778,000
-	-	144,648
-	-	167,971
-	242	15,858
-	359,488	359,488
-	-	392,720
-	-	227,627
125,535	-	150,938
<u>2,123,174</u>	<u>654,667</u>	<u>16,643,630</u>
291	-	171,368
-	-	48,551
-	-	42,317
-	-	2,118,986
<u>291</u>	<u>-</u>	<u>2,381,222</u>
-	-	5,778,000
-	347,102	523,236
-	347,102	6,301,236
-	-	227,627
125,535	-	150,938
-	-	154,766
-	-	304,536
-	-	3,257,594
-	-	615,214
1,997,348	-	1,997,348
-	-	91,204
-	307,565	307,565
-	-	24,633
-	-	4,924
-	-	60,548
-	-	764,275
<u>2,122,883</u>	<u>307,565</u>	<u>7,961,172</u>
<u>2,123,174</u>	<u>654,667</u>	<u>16,643,630</u>

Union County

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

June 30, 2022

Total governmental fund balances (page 19) \$ 7,961,172

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 \$32,173,918 and the accumulated depreciation is \$16,367,696. 16,650,312

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

Deferred inflows of resources	\$ 523,236	
Net pension asset	<u>585,746</u>	1,108,982

The Internal Service Fund is used by management to charge the cost of the premiums for the County's health insurance benefit plan. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 711,091

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

Deferred outflows of resources	529,378	
Deferred inflows of resources	<u>(2,326,961)</u>	(1,797,583)

Long-term liabilities, including bonds and notes 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. (9,351,267)

Net position of governmental activities (page 16) \$ 15,282,707

See notes to financial statements.

Union 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	\$ 3,026,663	240,238	992,350	-
Local option sales tax	155,785	-	233,678	389,464
Interest and penalty on property tax	53,128	-	-	-
Intergovernmental	847,568	23,766	221,791	3,080,797
Licenses and permits	13,573	-	9,983	4,075
Charges for service	559,567	-	18,062	-
Use of money and property	59,119	-	-	-
Miscellaneous	73,358	-	-	71,540
Total revenues	4,788,761	264,004	1,475,864	3,545,876
Expenditures:				
Operating:				
Public safety and legal services	2,167,255	-	112,159	-
Physical health and social services	256,744	-	238,390	-
Mental health	-	263,488	-	-
County environment and education	676,411	-	118,365	-
Roads and transportation	-	-	187,920	3,646,649
Governmental services to residents	603,252	-	-	-
Administration	1,156,417	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	4,860,079	263,488	656,834	3,646,649
Excess (deficiency) of revenues over (under) expenditures	(71,318)	516	819,030	(100,773)
Other financing sources (uses):				
Transfers in	-	-	-	952,520
Transfers out	(144,360)	-	(860,506)	-
Lease agreements	19,811	-	-	-
Total other financing sources (uses)	(124,549)	-	(860,506)	952,520
Change in fund balances	(195,867)	516	(41,476)	851,747
Fund balances beginning of year	1,321,620	(516)	346,012	2,633,474
Fund balances end of year	\$ 1,125,753	-	304,536	3,485,221

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,736,001		-	5,995,252
-	-	-	778,927
-	-	-	53,128
201,918	-	131,770	4,507,610
-	-	-	27,631
-	-	2,949	580,578
1,114	2,301	241	62,775
-	12,189	12,386	169,473
1,939,033	14,490	147,346	12,175,374
-	-	-	2,279,414
-	-	-	495,134
-	-	-	263,488
-	-	-	794,776
-	-	-	3,834,569
-	-	12,328	615,580
-	-	-	1,156,417
1,969,773	-	-	1,969,773
-	253,112	-	253,112
1,969,773	253,112	12,328	11,662,263
(30,740)	(238,622)	135,018	513,111
-	187,346	-	1,139,866
-	-	(135,000)	(1,139,866)
-	-	-	19,811
-	187,346	(135,000)	19,811
(30,740)	(51,276)	18	532,922
645,954	2,174,159	307,547	7,428,250
615,214	2,122,883	307,565	7,961,172

Union County

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

Year ended June 30, 2022

Change in fund balances - Total governmental funds (page 23) \$ 532,922

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

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

Expenditures for capital assets	\$ 316,024	
Capital assets contributed by the Iowa Department of Transportation	787,406	
Right-to-use leased assets	19,811	
Depreciation/amortization expense	(1,410,962)	(287,721)

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	(6,211)	
Other	242,674	236,463

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

Issued	(19,811)	
Repaid	1,668,749	1,648,938

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. 316,667

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	58,082	
OPEB expense	(5,588)	
Pension expense	284,374	
Interest on long-term debt	4,012	340,880

The Internal Service Fund is used by management to charge the costs of the premiums of the County's health insurance benefit plan. The change in net position of the Internal Service Fund is reported with governmental activities. (65,567)

Change in net position of governmental activities (page 17) \$ 2,722,582

See notes to financial statements.

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

	Internal Service - Employee Group Health
Current Assets	
Cash, cash equivalents and pooled investments	\$ 86,482
Cash held by health plan trustee	553,696
Prepaid expense	91,263
Total current assets	731,441
Current Liabilities	
Account payable	20,350
Net Position	
Unrestricted	\$ 711,091
See notes to financial statements.	

Union 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	\$ 936,439
Reimbursements from employees and others	<u>24,388</u>
Total operating revenues	960,827
Operating expenses:	
Insurance premiums	<u>1,026,602</u>
Operating loss	(65,775)
Non-operating revenues:	
Interest income	<u>208</u>
Net loss	(65,567)
Net position beginning of year	<u>776,658</u>
Net position end of year	<u>\$ 711,091</u>
See notes to financial statements.	

Union County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2022

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 973,977
Cash received from employees and others	25,400
Cash paid to suppliers for services	(1,012,985)
Net cash used by operating activities	(13,608)
Cash flows from investing activities:	
Interest on investments	208
Net decrease in cash and cash equivalents	(13,400)
Cash and cash equivalents beginning of year	653,578
Cash and cash equivalents end of year	\$ 640,178
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (65,775)
Adjustment to reconcile operating loss to net cash used by operating activities:	
Changes in assets and liabilities:	
Account receivable	38,550
Prepaid expense	7,557
Account payable	6,060
Net cash used by operating activities	\$ (13,608)

See notes to financial statements.

Union County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2022

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 2,928,876
Other County officials	62,932

Receivables:

Property tax:

Delinquent	88,656
Succeeding year	14,679,000

Accounts	134,364
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Special assessments	109,166
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Due from other governments	82,189
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Prepaid expenses	11,813
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Total assets	<u>18,096,996</u>
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Liabilities

Accounts payable	202,056
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Due to other governments	1,937,601
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Trusts payable	37,641
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Compensated absences	51,187
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Total liabilities	<u>2,228,485</u>
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Deferred Inflows of Resources

Unavailable property tax revenue	<u>14,679,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 1,189,511</u>
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See notes to financial statements.

Union County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2022

Additions:	
Property and other county tax	\$ 14,175,367
State tax credits	1,544,461
Contracted Law Enforcement	220,418
Office fees and collections	348,873
Auto licenses, use tax and postage	4,779,019
Assessments	5,123
Trusts	366,746
Miscellaneous	<u>3,048,117</u>
Total additions	<u>24,488,124</u>
Deductions:	
Agency remittances:	
To other funds	213,198
To other governments	24,112,488
Trusts paid out	<u>96,149</u>
Total deductions	<u>24,421,835</u>
Change in net position	66,289
Net position beginning of year	<u>1,123,222</u>
Net position end of year	<u>\$ 1,189,511</u>

See notes to financial statements.

Union County

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

B. Basis of Presentation

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation/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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use leased 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. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000
Right-to-use leased assets	5,000

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

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

Leases – County as Lessee: Union County is the lessee for a noncancellable lease of building and 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 Union County determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Union 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 and OPEB expense and contributions from the County after the measurement date but before the end of the County's reporting period.

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Union County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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 and OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, disbursements did not exceed the amount budgeted at year end. However, disbursements in certain departments exceeded the amounts appropriated prior to the budget amendments and at year end.

(2) Cash, Cash Equivalents 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	General	\$ 93,014
	Special Revenue:	
	Rural Services	859,506
		<u>952,520</u>
Capital Projects	General	51,346
	Special Revenue:	
	Rural Services	1,000
	Resource Enhancement and Protection	135,000
		<u>187,346</u>
Total		<u>\$ 1,139,866</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:

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortization:				
Land	\$ 263,359	-	-	263,359
Construction in progress	-	806,663	787,406	19,257
Total capital assets not being depreciated/amortization	<u>263,359</u>	<u>806,663</u>	<u>787,406</u>	<u>282,616</u>
Capital assets being depreciated/amortization:				
Buildings	2,760,795	-	-	2,760,795
Improvements other than buildings	48,202	-	-	48,202
Equipment and vehicles	5,271,620	296,767	74,730	5,493,657
Right-to-use leased building	28,330	-	-	28,330
Right-to-use leased equipment	46,678	19,811	-	66,489
Infrastructure, road network	22,706,423	787,406	-	23,493,829
Total capital assets being depreciated/amortization	<u>30,862,048</u>	<u>1,103,984</u>	<u>74,730</u>	<u>31,891,302</u>
Less accumulated depreciation/amortization for:				
Buildings	1,810,988	47,816	-	1,858,804
Improvements other than buildings	36,932	512	-	37,444
Equipment and vehicles	3,252,035	400,272	74,730	3,577,577
Right-to-use leased assets	-	19,809	-	19,809
Infrastructure, road network	9,087,419	942,553	-	10,029,972
Total accumulated depreciation/amortization	<u>14,187,374</u>	<u>1,410,962</u>	<u>74,730</u>	<u>15,523,606</u>
Total capital assets being depreciated/amortized, net	<u>16,674,674</u>	<u>(306,978)</u>	<u>-</u>	<u>16,367,696</u>
Governmental activities capital assets, net	<u>\$ 16,938,033</u>	<u>499,685</u>	<u>787,406</u>	<u>16,650,312</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 88,412
Physical health and social services	16,620
Roads and transportation	1,267,089
Administration	<u>38,841</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 1,410,962</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:

Fund	Description	Amount
General	Services	\$ 41,036
Special Revenue:		
Secondary Roads	Services	<u>1,281</u>
Total for governmental funds		<u>\$ 42,317</u>
Custodial:		
County Hospital	Collections	\$ 11,343
Schools		90,224
Community Colleges		4,939
Corporations		34,168
Townships		2,421
Auto License and Use Tax		392,629
All other		<u>1,401,877</u>
Total for custodial funds		<u>\$ 1,937,601</u>

(6) Long-Term Liabilities

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

	Lease Agreements	General Obligation Bonds	General Obligation Solid Waste Disposal Notes	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year, as restated	\$ 75,008	9,810,000	545,000	235,565	2,156,918	380,340	13,202,831
Increases	19,811	-	-	166,848	-	22,471	209,130
Decreases	<u>18,749</u>	<u>1,565,000</u>	<u>85,000</u>	<u>224,930</u>	<u>2,742,664</u>	<u>31,539</u>	<u>4,667,882</u>
Balance end of year	<u>\$ 76,070</u>	<u>8,245,000</u>	<u>460,000</u>	<u>177,483</u>	<u>(585,746)</u>	<u>371,272</u>	<u>8,744,079</u>
Due within one year	<u>\$ 17,839</u>	<u>1,590,000</u>	<u>85,000</u>	<u>97,226</u>	<u>-</u>	<u>31,539</u>	<u>1,821,604</u>

Lease Agreements

On June 1, 2018, the County entered into a noncancelable lease agreement for a server in the County Auditor's Office. The agreement requires 60 monthly payments per year of \$729 over five years, with an implicit interest rate of 3.0% and a final payment on May 30, 2023. During the year ended June 30, 2022, the County paid principal of \$8,413 and interest of \$335 on the agreement.

On September 1, 2019, the County entered into a noncancelable lease agreement for farmland for site development for public safety. The agreement requires annual payments of \$4,200 over ten years, with an implicit interest rate of 3.0% and a final payment on September 10, 2028. During the year ended June 30, 2022, the County paid principal of \$4,200 and no interest on the agreement.

On October 1, 2021, the County entered into a noncancelable lease agreement for facilities for communication equipment. The agreement requires annual payments of \$3,000 over ten years, plus 5% of each year's previous rent, with an implicit interest rate of 3.0% and a final payment on October 1, 2028. During the year ended June 30, 2022, the County paid principal of \$3,308 and no interest on the agreement.

On October 1, 2021, the County entered into a noncancelable lease agreement for a copier in the County Auditor's Office. The agreement requires 60 monthly payments per year of \$355 over five years, with an implicit interest rate of 3.0% and a final payment on September 30, 2026. During the year ended June 30, 2022, the County paid principal of \$2,828 and interest of \$368 on the agreement.

Future principal and interest lease payments as of June 30, 2022, are as follows:

Year Ending June 30,	Server			Land for Equipment		
	Principal	Interst	Total	Principal	Interest	Total
2023	\$ 7,898	121	8,019	\$ 3,415	785	4,200
2024	-	-	-	3,517	683	4,200
2025	-	-	-	3,623	577	4,200
2026	-	-	-	3,732	468	4,200
2027	-	-	-	3,843	357	4,200
2028-2030	-	-	-	8,037	363	8,400
Total	\$ 7,898	121	8,019	\$ 26,167	3,233	29,400

Year Ending June 30,	Building for Equipment			Copier		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 2,722	751	3,473	\$ 3,804	456	4,260
2024	2,978	669	3,647	3,919	341	4,260
2025	3,249	580	3,829	4,039	221	4,260
2026	3,538	482	4,020	4,161	99	4,260
2027	3,845	376	4,221	1,060	6	1,066
2028-2029	8,690	396	9,086	-	-	-
Total	\$ 25,022	3,254	28,276	\$ 16,983	1,123	18,106

Year Ending June 30,	Totals		
	Principal	Interst	Total
2023	\$ 17,839	2,113	19,952
2024	10,414	1,693	12,107
2025	10,911	1,378	12,289
2026	11,431	1,049	12,480
2027	8,748	739	9,487
2028-2029	16,727	759	17,486
Total	\$ 76,070	7,731	83,801

General Obligation Bonds

On September 29, 2010, the County issued \$3,980,000 of General Obligation County Purpose Bonds, Series 2010, with an interest rate ranging from 0.80% to 3.40% per annum. The bonds were issued to provide funds to pay the costs of projects in the Union County Road and Bridge Improvement Urban Renewal Area. During the year ended June 30, 2022, the County paid principal of \$325,000 and interest of \$33,185 on the bonds.

On July 24, 2017, the County issued \$3,000,000 of General Obligation Urban Renewal and Refunding Bonds, Series 2017, with an interest rate of 3.00% per annum. The bonds were issued to provide funds to pay the costs of road and culvert improvements in the Union County Road and Bridge Improvements Urban Renewal Area and to refund the outstanding General Obligation Solid Waste Disposal Notes, Series 2007B. During the year ended June 30, 2022, the County paid principal of \$165,000 and interest of \$49,050 on the bonds.

On December 3, 2018, the County issued \$9,470,000 of General Obligation County Purpose and Refunding Bonds, Series 2018, with an interest rate ranging from 3.00% to 3.25% per annum. The bonds were issued to provide funds to pay the cost of the acquisition and remodeling of a building, the acquisition of emergency services communication equipment and to refund the outstanding General Obligation County Purpose Bonds, Series 2009A. During the year ended June 30, 2022, the County paid principal of \$1,075,000 and interest of \$219,588 on the bonds.

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

Year Ending June 30,	Roads, Bridges and Litigation			Urban Renewal		
	Issued Sep 29, 2010			Issued Jul 24, 2017		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	3.30%	\$ 335,000	22,785	3.00%	\$ 170,000	44,100
2024	3.40	345,000	11,730	3.00	175,000	39,000
2025		-	-	3.00	175,000	33,750
2026		-	-	3.00	180,000	28,500
2027		-	-	3.00	190,000	23,100
2028-2030		-	-	3.00	580,000	35,250
Total		\$ 680,000	34,515		\$ 1,470,000	203,700
Year Ending June 30,	2009A Current Refunding			Building Project		
	Issued Dec 3, 2018			Issued Dec 3, 2018		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	3.00	\$ 335,000	10,050	3.00%	\$ 55,000	14,012
2024		-	-	3.00	55,000	12,363
2025		-	-	3.00	65,000	10,713
2026		-	-	3.00	65,000	8,763
2027		-	-	3.00	70,000	6,813
2028-2029		-	-	3.00-3.25	145,000	7,150
Total		\$ 335,000	10,050		\$ 455,000	59,814
Year Ending June 30,	Communications Project					
	Issued Dec 3, 2018					
	Interest Rates	Principal	Interest	Total		
				Principal	Interest	Total
2023	3.00%	\$ 695,000	163,275	\$ 1,590,000	254,222	1,844,222
2024	3.00	705,000	142,425	1,280,000	205,518	1,485,518
2025	3.00	725,000	121,275	965,000	165,738	1,130,738
2026	3.00	750,000	99,525	995,000	136,788	1,131,788
2027	3.00	780,000	77,025	1,040,000	106,938	1,146,938
2028-2029	3.00-3.25	1,650,000	80,925	2,375,000	123,325	2,498,325
Total		\$ 5,305,000	684,450	\$ 8,245,000	992,529	9,237,529

General Obligation Solid Waste Disposal Notes

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

A summary of the County’s June 30, 2022 general obligation solid waste disposal note indebtedness is as follows:

Year	Refunding Bond Series			
	Issued Jul 24, 2017			
Ending June 30,	Interest Rates	Principal	Interest	Total
2023	3.00%	\$ 85,000	13,800	98,800
2024	3.00	90,000	11,250	101,250
2025	3.00	95,000	8,550	103,550
2026	3.00	95,000	5,700	100,700
2027	3.00	95,000	2,850	97,850
Total		\$ 460,000	42,150	502,150

During the year ended June 30, 2022, the County paid principal of \$85,000 and interest of \$16,350 on the general obligation solid waste disposal notes.

(7) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 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 Sheriff, 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% of covered payroll, for a total rate of 15.52%.

The County's contributions to IPERS for the year ended June 30, 2022 were \$316,667.

Net Pension Liability (Asset), Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County reported a net pension asset of \$585,746 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021 and the total pension liability used to calculate 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 0.169670%, which was an increase of 0.138965% over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of \$(284,374). 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	\$ 75,608	34,759
Changes of assumptions	33,738	20,242
Net difference between projected and actual earnings on IPERS' investments	-	2,043,753
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	37,375	88,845
County contributions subsequent to the measurement date	316,667	-
Total	<u>\$ 463,388</u>	<u>2,187,599</u>

\$316,667 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (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	\$ (539,310)
2024	(498,821)
2025	(455,395)
2026	(552,362)
2027	5,010
Total	<u>\$ (2,040,878)</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:

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)	\$ 1,296,466	(585,746)	(2,162,593)

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	14
Active employees	<u>57</u>
Total	<u>71</u>

Total OPEB Liability – The County's total OPEB liability of \$371,272 was measured as of June 30, 2022 and was determined by an actuarial valuation as of 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 July 1, 2021)	3.00% per annum.
Rates of salary increase (effective July 1, 2021)	2.50% per annum, including inflation.
Discount rate (effective July 1, 2021)	2.16% compounded annually, including inflation.
Healthcare cost trend rate (effective July 1, 2021)	5.00% for all years

Discount Rate – The discount rate used to measure the total OPEB liability was 2.16% 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 RP2014 annuitant mortality table adjusted to 2006 with MP2021 generational projection of future mortality improvement.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 380,340
Changes for the year:	
Service cost	35,672
Interest	8,183
Differences between expected and actual experiences	(48,826)
Changes in assumptions	27,442
Benefit payments	<u>(31,539)</u>
Net changes	<u>(9,068)</u>
Total OPEB liability end of year	<u>\$ 371,272</u>

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.16%) or 1% higher (3.16%) than the current discount rate.

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 393,468	371,272	350,178

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

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 337,192	371,272	411,647

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized OPEB expense of \$5,588. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,940	133,880
Changes in assumptions	26,050	5,482
Total	\$ 65,990	139,362

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

Year ending June 30,	Amount
2023	\$ (6,728)
2024	(6,728)
2025	(6,728)
2026	(6,728)
2027	(6,728)
Thereafter	(39,732)
	\$ (73,372)

(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, 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 \$116,897.

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

(10) Employee Health Insurance Plan

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

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

Under the administrative services agreement, monthly payments of insurance premiums service fees and claims processed are paid to EBS from the Employee Group Health Fund. The County’s contribution to the fund for the partial self-funded plan for year ended June 30, 2022 was \$254,739. The County has reported \$20,000 in liabilities for incurred but not reported claims. The cash balance held by EBS was \$553,696 at June 30, 2022.

(11) Tax Abatements

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

Tax Abatements of Other Entities

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

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

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Creston	Urban renewal and economic development projects	\$ 21,890
	Chapter 404 tax abatement program	15,091

(12) Jointly Governed Organization

The County participates in the Creston-Union Law Enforcement Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Custodial Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2022:

Additions:		
Contributions from governmental units:		
Union County	\$ 93,664	
City of Creston	<u>93,664</u>	\$ 187,328
Miscellaneous		<u>33,090</u>
Total additions		220,418
Deductions:		
Bed, towels and prisoner articles	38	
Building improvements	7,364	
Cleaning/housekeeping	6,361	
Contractual services	25,002	
Electric	37,373	
Insurance	5,393	
Office equipment and repair	53,873	
Printing and supplies	2,610	
Sanitation service	426	
Software support and maintenance	43,208	
Telephone	21,242	
Miscellaneous	<u>8,297</u>	<u>211,187</u>
Net		9,231
Balance beginning of year		<u>82,040</u>
Balance end of year		<u>\$ 91,271</u>

(13) Southern Hills Regional Mental Health

The County is a member of Southern Hills Regional Mental Health, a consortium established in accordance with the provisions of Chapters 28E and 331.440(3) of the Code of Iowa for the purpose of administering mental health and disability services for its member counties. The member counties are Adair, Adams, Taylor and Union Counties. Pursuant to the consortium agreement, the County is the fiscal agent for the consortium. Each member county is represented on the consortium board, which is responsible for administering the consortium. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Southern Hills Regional Mental Health for the year ended June 30, 2022, as follows:

Revenues:		
Property and other county tax	\$ 240,238	
Intergovernmental:		
State tax credits	<u>23,766</u>	
Total revenues		264,004
Expenditures:		
Distribution to the Region	<u>263,488</u>	
Excess of expenditures over revenues		516
Fund balance beginning of year		<u>(516)</u>
Fund balance end of year		<u>\$ -</u>

(14) Opioid Litigation Settlement

The State of Iowa along with other states settled claims that certain prescriptions 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 payments from the Defendant companies over the next seventeen years. The County is required to use these 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.

(15) Subsequent Event

In October 2022, the County approved the issuance of \$5,000,000 General Obligation Urban Renewal Bonds, Series 2022, for the purpose of paying the costs of aiding in the planning, undertaking and carrying out of urban renewal projects under the authority of Chapter 403 including certain bridge replacements, culverts and granular stabilization.

(16) Accounting Change

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Capital Assets	Long-term Liabilities Lease Agreements
Balances June 30, 2021, as previously reported	\$ 16,863,025	-
Change to implement GASBS No. 87	75,008	75,008
Balances July 1, 2021, as restated	<u>\$ 16,938,033</u>	<u>75,008</u>

(17) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement 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 of the right to use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

Required Supplementary Information

Union County

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

Required Supplementary Information

Year ended June 30, 2022

	Actual	Budgeted Amounts		Final to
		Original	Final	Net Variance
Receipts:				
Property and other county tax	\$ 6,769,270	6,823,797	6,823,797	(54,527)
Interest and penalty on property tax	53,128	21,475	21,475	31,653
Intergovernmental	5,358,607	3,307,762	3,501,074	1,857,533
Licenses and permits	27,501	22,250	22,250	5,251
Charges for service	562,500	471,905	471,905	90,595
Use of money and property	62,590	55,720	55,720	6,870
Miscellaneous	216,402	65,200	1,422,011	(1,205,609)
Total receipts	13,049,998	10,768,109	12,318,232	731,766
Disbursements:				
Public safety and legal services	2,279,923	2,100,471	2,468,677	188,754
Physical health and social services	511,134	473,373	675,974	164,840
Mental health	268,958	500,156	500,156	231,198
County environment and education	788,504	680,433	1,500,019	711,515
Roads and transportation	4,116,871	4,043,359	4,639,234	522,363
Governmental services to residents	614,245	554,507	637,686	23,441
Administration	1,099,199	1,210,851	1,419,539	320,340
Nonprogram current	40,000	40,000	40,000	-
Debt service	1,867,923	1,971,673	1,971,673	103,750
Capital projects	398,740	1,409,031	1,359,156	960,416
Total disbursements	11,985,497	12,983,854	15,212,114	3,226,617
Excess (deficiency) of receipts over (under) disbursements	1,064,501	(2,215,745)	(2,893,882)	3,958,383
Other financing sources, net	128,153	-	-	128,153
Change in balances	1,192,654	(2,215,745)	(2,893,882)	4,086,536
Balance beginning of year	8,182,240	4,439,073	4,439,073	3,743,167
Balance end of year	\$ 9,374,894	2,223,328	1,545,191	7,829,703

See accompanying independent auditor's report.

Union County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2022

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	Basis	Adjustments	Accrual
			Basis
Revenues	\$ 13,049,998	(874,624)	12,175,374
Expenditures	11,985,497	(323,234)	11,662,263
Net	1,064,501	(551,390)	513,111
Other financing sources, net	128,153	(108,342)	19,811
Beginning fund balances	8,182,240	(753,990)	7,428,250
Ending fund balances	<u>\$ 9,374,894</u>	<u>(1,413,722)</u>	<u>7,961,172</u>

See accompanying independent auditor's report.

Union County

Union County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2022

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$2,228,260. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2022, disbursements did not exceed the amounts budgeted. However, two departments exceeded the amount appropriated prior to the amendment and one department exceeded the amount appropriated at year end.

Union County

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

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

Required Supplementary Information

	2022	2021	2020	2019
County's proportion of the net pension liability/asset	0.169670% **	0.030705%	0.029861%	0.029220%
County's proportionate share of the net pension liability (asset)	\$ (586)	2,157	1,729	1,849
County's covered payroll	\$ 3,022	2,972	2,929	2,878
County's proportionate share of the net pension liability as a percentage of its covered payroll	-19.39%	72.58%	59.03%	64.25%
IPERS' net position as a percentage of the total pension liability (asset)	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
0.034575%	0.035642%	0.035565%	0.032056%
2,303	2,243	1,757	1271
3,056	2,957	2,894	2711
75.36%	75.85%	60.7%	46.9%
82.21%	81.82%	85.19%	87.61%

Union County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 317	285	282	279
Contributions in relation to the statutorily required contribution	<u>(317)</u>	<u>(285)</u>	<u>(282)</u>	<u>(279)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 3,377	3,022	2,972	2,929
Contributions as a percentage of covered payroll	9.39%	9.43%	9.49%	9.53%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
255	272	271	264	240	218
(255)	(272)	(271)	(264)	(240)	(218)
-	-	-	-	-	-
2,878	3,056	2,957	2,894	2,687	2,608
8.86%	8.90%	9.16%	9.12%	8.93%	8.36%

Union 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.

Union 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	\$ 35,672	25,654	25,029	26,914	26,528
Interest cost	8,183	13,306	12,930	17,331	16,959
Difference between expected and actual experiences	(48,826)	-	(124,531)	-	79,095
Changes in assumptions	27,442	-	1,629	-	(10,857)
Benefit payments	(31,539)	(26,252)	(29,426)	(38,875)	(28,055)
Net change in total OPEB liability	(9,068)	12,708	(114,369)	5,370	83,670
Total OPEB liability beginning of year	380,340	367,632	482,001	476,631	393,231
Total OPEB liability end of year	\$ 371,272	380,340	367,632	482,001	476,901
Covered-employee payroll	\$ 2,944,533	2,956,170	2,884,068	2,873,544	2,830,458
Total OPEB liability as a percentage of covered-employee payroll	12.61%	12.87%	12.75%	16.77%	16.85%

See accompanying independent auditor's report.

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

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	2.16%
Year ended June 30, 2021	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.50%

Union County

Supplementary Information

Union County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2022

				Special
	Flood and Erosion	Resource Enhancement and Protection	County Recorder's Records Management	
Assets				
Cash, cash equivalents and pooled investments	\$ 55,148	118,454		11,543
Receivables:				
Accounts	-	-		242
Opioid settlement	-	-		-
Total assets	\$ 55,148	118,454		11,785
Liabilities and Fund Balances				
Liabilities:				
None	\$ -	-		-
Deferred Inflows of Resources:				
Unavailable Revenues:				
Deferred inflows - other	-	-		-
Fund Balances:				
Restricted for other purposes	55,148	118,454		11,785
Total liabilities and fund balances	\$ 55,148	118,454		11,785

See accompanying independent auditor's report.

Revenue				
Local Government Opioid Abatement	Care Facility Hixinbaugh Trust	Care Facility Hipsley Trust		Total
-	105,408	4,384		294,937
-	-	-		242
359,488	-	-		359,488
359,488	105,408	4,384		295,179
-	-	-		-
347,102	-	-		347,102
12,386	105,408	4,384		307,565
359,488	105,408	4,384		654,667

Union County

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

Year ended June 30, 2022

	Flood and Erosion	Resource Enhancement and Protection	Special County Recorder's Records Management
Revenues:			
Intergovernmental	\$ -	131,770	-
Charges for service	-	-	2,949
Use of money and property	-	111	17
Miscellaneous	-	-	-
Total revenues	-	131,881	2,966
Expenditures:			
Operating:			
Governmental services to residents	-	-	12,328
Total expenditures	-	-	12,328
Excess (deficiency) of revenues over (under) expenditures	-	131,881	(9,362)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	(135,000)	-
Total other financing sources (uses)	-	(135,000)	-
Change in fund balances	-	(3,119)	(9,362)
Fund balances beginning of year	55,148	121,573	21,147
Fund balances end of year	\$ 55,148	118,454	11,785

See accompanying independent auditor's report.

Revenue				
Local Government Opiod Abatement	Care Facility Hixinbaugh Trust	Care Facility Hipsley Trust		Total
-	-	-		131,770
-	-	-		2,949
-	113	-		241
12,386	-	-		12,386
12,386	113	-		147,346
-	-	-		12,328
-	-	-		12,328
12,386	113	-		135,018
-	-	-		-
-	-	-		(135,000)
-	-	-		(135,000)
12,386	113	-		18
-	105,295	4,384		307,547
12,386	105,408	4,384		307,565

Union County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	County Hospital
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,706	446,025	11,343
Other County officials	62,932	-	-	-
Receivables:				
Property tax:				
Delinquent	-	919	2,127	6,113
Succeeding year	-	163,000	378,000	1,064,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid expenses	-	-	9,700	-
Total assets	\$ 62,932	165,625	835,852	1,081,456
Liabilities				
Accounts payable	-	-	450	-
Due to other governments	25,291	1,706	-	11,343
Trusts payable	37,641	-	-	-
Compensated absences	-	-	8,609	-
Total liabilities	62,932	1,706	9,059	11,343
Deferred Inflows of Resources				
Unavailable revenues	-	163,000	378,000	1,064,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	919	448,793	6,113

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Southern Hills MHDS	Other	Total
90,224	4,939	34,168	2,421	392,629	426,475	1,518,946	2,928,876
-	-	-	-	-	-	-	62,932
48,715	2,662	27,913	199	-	-	8	88,656
8,636,000	479,000	3,744,000	214,000	-	-	1,000	14,679,000
-	-	-	-	-	-	134,364	134,364
-	-	-	-	-	-	109,166	109,166
-	-	-	-	-	64,507	17,682	82,189
-	-	-	-	-	1,809	304	11,813
8,774,939	486,601	3,806,081	216,620	392,629	492,791	1,781,470	18,096,996
-	-	-	-	-	64,994	136,612	202,056
90,224	4,939	34,168	2,421	392,629	7,529	1,367,351	1,937,601
-	-	-	-	-	-	-	37,641
-	-	-	-	-	31,596	10,982	51,187
90,224	4,939	34,168	2,421	392,629	104,119	1,514,945	2,228,485
8,636,000	479,000	3,744,000	214,000	-	-	1,000	14,679,000
48,715	2,662	27,913	199	-	388,672	265,525	1,189,511

Union County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2022

		Agricultural Extension Education	County Assessor	County Hospital
Assets and Liabilities				
Additions:				
Property and other county tax	\$ -	160,273	370,795	1,065,550
State tax credits	-	15,876	38,368	105,547
Contract law enforcement	-	-	-	-
Office fees and collections	346,426	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	92,124	-	-	-
Miscellaneous	-	-	28,184	-
Total additions	438,550	176,149	437,347	1,171,097
Deductions:				
Agency remittances:				
To other funds	46,433	-	-	-
To other governments	295,968	176,342	333,815	1,172,376
Trusts paid out	96,149	-	-	-
Total deductions	438,550	176,342	333,815	1,172,376
Changes in net position	-	(193)	103,532	(1,279)
Net position beginning of year	-	1,112	345,261	7,392
Net position end of year	\$ -	919	448,793	6,113

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Southern Hills MHDS	Other	Total
8,450,816	463,996	3,449,865	212,742	-	-	1,330	14,175,367
839,157	45,961	487,007	12,413	-	-	132	1,544,461
-	-	-	-	-	-	220,418	220,418
-	-	-	-	-	-	2,447	348,873
-	-	-	-	4,779,019	-	-	4,779,019
-	-	-	-	-	-	5,123	5,123
-	-	-	-	-	-	274,622	366,746
-	-	-	-	-	1,113,750	1,906,183	3,048,117
9,289,973	509,957	3,936,872	225,155	4,779,019	1,113,750	2,410,255	24,488,124
-	-	-	-	166,765	-	-	213,198
9,300,862	510,514	3,955,374	225,530	4,612,254	1,121,355	2,408,098	24,112,488
-	-	-	-	-	-	-	96,149
9,300,862	510,514	3,955,374	225,530	4,779,019	1,121,355	2,408,098	24,421,835
(10,889)	(557)	(18,502)	(375)	-	(7,605)	2,157	66,289
59,604	3,219	46,415	574	-	396,277	263,368	1,123,222
48,715	2,662	27,913	199	-	388,672	265,525	1,189,511

Union 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	\$ 5,995,252	5,986,098	5,756,048	5,237,976
Local option sales tax	778,927	769,813	659,086	552,955
Tax increment financing	-	-	-	-
Interest and penalty on property tax	53,128	87,145	30,254	89,932
Intergovernmental	4,507,610	4,411,610	4,378,399	3,477,019
Licenses and permits	27,631	44,174	28,809	21,634
Charges for service	580,578	588,878	480,112	502,323
Use of money and property	62,775	50,787	189,978	194,834
Miscellaneous	169,473	193,722	121,371	181,511
Total	<u>\$ 12,175,374</u>	<u>12,132,227</u>	<u>11,644,057</u>	<u>10,258,184</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,279,414	1,905,039	1,857,419	1,754,331
Physical health and social services	495,134	513,424	438,186	419,599
Mental health	263,488	490,206	495,156	490,206
County environment and education	794,776	580,973	544,082	551,950
Roads and transportation	3,834,569	4,293,396	3,937,450	4,003,997
Governmental services to residents	615,580	483,906	490,755	528,651
Administration	1,156,417	1,159,602	1,140,369	1,147,511
Debt service	1,969,773	2,040,682	1,920,373	1,568,713
Capital projects	253,112	176,183	5,690,517	1,920,401
Total	<u>\$ 11,662,263</u>	<u>11,643,411</u>	<u>16,514,307</u>	<u>12,385,359</u>

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
5,134,069	5,071,444	5,066,042	5,182,423	5,302,989	5,440,676
497,502	553,749	451,896	587,413	485,770	515,784
-	140,680	308,591	288,563	285,865	297,725
56,640	57,886	58,665	62,948	56,498	60,098
4,010,194	5,097,089	6,779,436	10,217,589	4,682,565	3,473,821
16,912	31,811	73,304	20,845	14,810	15,258
546,970	463,751	484,337	455,668	508,295	510,127
77,918	71,730	59,838	69,516	51,482	52,924
128,895	220,924	158,576	275,373	407,127	303,343
10,469,100	11,709,064	13,440,685	17,160,338	11,795,401	10,669,756
1,814,328	1,658,968	1,621,213	1,649,294	1,605,836	1,526,248
428,475	443,101	427,515	430,690	430,704	460,746
495,155	509,478	979,306	1,193,629	702,457	878,989
1,176,990	2,241,917	3,873,296	6,890,858	2,566,041	438,914
4,225,387	3,602,147	3,577,262	3,449,120	3,695,527	3,216,281
565,496	508,561	446,887	482,639	433,867	451,160
991,858	946,068	941,218	1,005,986	1,023,940	957,327
1,968,659	1,444,052	1,451,675	1,497,622	1,539,439	1,691,998
824,783	307,356	421,223	165,610	291,764	791,975
12,491,131	11,661,648	13,739,595	16,765,448	12,289,575	10,413,638



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

To the Officials of Union County:

We have audited, in accordance with 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 Union 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 May 30, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings as 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union 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 the Union 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 the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


Union County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Union County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Union 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 Union County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



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

May 30, 2023

Union County

Schedule of Findings

Year ended June 30, 2022

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY

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 employees have access to the change fund.	Recorder
(2) Responsibilities for opening mail, collection, deposit preparation, and reconciliation functions are not segregated from those for recording and accounting for cash.	Sheriff, Recorder, and Treasurer
(3) The person who signs checks is not independent of the person preparing the checks, approving disbursements, handling cash and recording cash receipts.	Sheriff and Recorder
(4) Responsibilities for recordkeeping and investing are not segregated from having custody of investment.	Treasurer
(5) Responsibility for maintaining detail accounts receivable records and delinquent records not segregated from collections, records posting and reconciliation.	Treasurer
(6) Bank reconciliations are not prepared by someone who doesn’t sign checks, handle or record cash.	Recorder
(7) The person who prepares a summary of delinquent tax collections also reconciles delinquencies at year end.	Treasurer
(8) There was no evidence of independent review of payroll journals.	Auditor

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

Union County

Schedule of Findings

Year ended June 30, 2022

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

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

Responses –

County Auditor – In the future the County Auditor will ensure the payroll journals are independently reviewed.

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

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

County Sheriff – We do not have enough employees to delegate each task individually. We are in the process of spreading more duties out utilizing the Civil Clerk, the Sheriff, the Chief Deputy, and the jail Administrator.

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

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Union County

Schedule of Findings

Year ended June 30, 2022

Other Findings Related to Required Statutory Reporting:

2022-A Certified Budget – Disbursements during the year ended June 30, 2022 did not exceed the amounts budgeted at year end. However, disbursements in certain departments exceeded the amounts appropriated prior to the budget amendments 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 Auditor will continue to monitor the budget by department to ensure amendments are done prior to disbursements exceeding the amounts appropriated.

Conclusion – Response accepted.

2022-B Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

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

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

2022-E Business Transactions – No business transactions between the County and County officials or employees were noted.

2022-F Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.

2022-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

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

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).

2022-K Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

Union County

Schedule of Findings

Year ended June 30, 2022

2022-L Local Option Sales Tax (LOST) – The LOST ballot requires 20% of LOST collections be allocated for community betterment, 30% for property tax relief and 50% for secondary roads, bridge maintenance and replacement. The County credits the 20% of the LOST revenues for community betterment to the General Fund, 30% of the LOST revenues to the Special Revenue, Rural Services Fund for property tax relief and 50% of the LOST revenues to the Special Revenue, Secondary Roads Fund for road and bridge maintenance and replacement. However, the County does not maintain documentation to support how the 20% of LOST collections credited to the General Fund for community betterment were used or the unspent balances held for the specified purpose.

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

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

Conclusion – Response accepted.

Union County

Staff

This audit was performed by:

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