



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

April 24, 2009

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released an audit report on Taylor County, Iowa.

The County had local tax revenue of \$7,675,804 for the year ended June 30, 2008, which included \$521,039 in tax credits from the state. The County forwarded \$5,204,383 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,471,421 of the local tax revenue to finance County operations, a 4.4 percent increase over the prior year. Other revenues included charges for service of \$661,922, operating grants, contributions and restricted interest of \$3,403,117, capital grants, contributions and restricted interest of \$810,808, local option sales tax of \$163,656, unrestricted investment earnings of \$72,014 and other general revenues of \$244,184.

Expenses for County operations totaled \$7,292,649, a 9.7 percent increase over the prior year. Expenses included \$3,937,611 for roads and transportation, \$928,814 for physical health and social services and \$707,622 for public safety and legal services.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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TAYLOR COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2008

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Taylor County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
J. B. French	Board of Supervisors	Jan 2009
Bonnie Godden	Board of Supervisors	Jan 2009
Robert Lundquist	Board of Supervisors	Jan 2011
Bonny Baker	County Auditor	Jan 2009
Pam Sprague	County Treasurer	Jan 2011
Rick Sheley	County Recorder	Jan 2011
Lonnie Weed	County Sheriff	Jan 2009
Clinton L. Spurrier	County Attorney	Jan 2011
Rosalyn Cummings	County Assessor	Jan 2010

Taylor County



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Independent Auditor's Report

To the Officials of Taylor County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Taylor County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Taylor County's management. Our responsibility is to express opinions on these financial statements based on our audit.

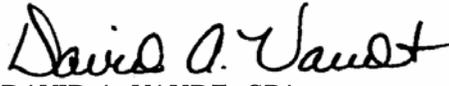
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

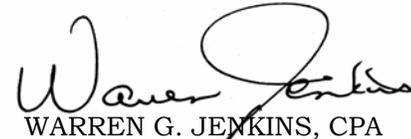
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Taylor County at June 30, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated April 6, 2009 on our consideration of Taylor County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 38 through 41 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Taylor County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other 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 has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 6, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Taylor County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- Governmental activities revenues decreased approximately \$1,905,000, or 19.6%, from fiscal 2007 to fiscal 2008. Property and other county tax increased approximately \$107,000, or 4.9%. Capital grants, contributions and restricted interest decreased approximately \$2,757,000, or 77.3%, primarily due to approximately \$811,000 of funding from the Iowa Department of Transportation for road projects in the current year and approximately \$3,485,000 in FY2007.
- Governmental activities expenses increased approximately \$646,000, or 9.7%, from fiscal 2007 to fiscal 2008. Roads and transportation expenses increased approximately \$463,000.
- Net assets increased 3.9%, or approximately \$534,000, from June 30, 2007 to June 30, 2008.

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 Assets and a Statement of Activities. These provide information about the activities of Taylor County as a whole and present an overall view of the County's finances.

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency 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 Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities 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 Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 periods.

The County's governmental activities are presented in the Statement of Net Assets 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 two 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 governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Taylor County's combined net assets increased slightly from a year ago, increasing from approximately \$13.5 million to approximately \$14.1 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

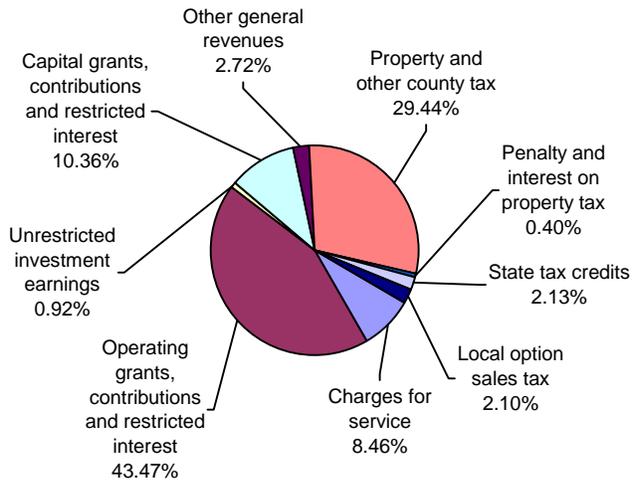
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2008	2007
Current and other assets	\$ 5,291	4,966
Capital assets	12,665	11,984
Total assets	17,956	16,950
Long-term liabilities	1,096	796
Other liabilities	2,786	2,614
Total liabilities	3,882	3,410
Net assets:		
Invested in capital assets, net of related debt	11,738	11,254
Restricted	1,256	1,312
Unrestricted	1,080	974
Total net assets	\$ 14,074	13,540

Net assets of Taylor County's governmental activities increased approximately \$534,000, or 3.9%. The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$974,000 at June 30, 2007 to approximately \$1,080,000 at the end of this year, an increase of 11%.

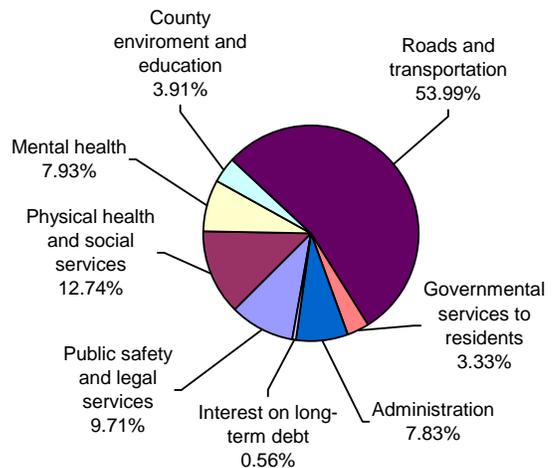
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2008	2007
Revenues:		
Program revenues:		
Charges for service	\$ 662	656
Operating grants, contributions and restricted interest	3,403	2,851
Capital grants, contributions and restricted interest	811	3,568
General revenues:		
Property and other county tax	2,304	2,197
Penalty and interest on property tax	31	30
State tax credits	167	171
Local option sales tax	164	175
Unrestricted investment earnings	72	83
Other general revenues	213	1
Total revenues	7,827	9,732
Program expenses:		
Public safety and legal services	708	682
Physical health and social services	929	921
Mental health	578	600
County environment and education	285	175
Roads and transportation	3,938	3,475
Governmental services to residents	243	230
Administration	571	537
Interest on long-term debt	41	27
Total expenses	7,293	6,647
Increase (decrease) in net assets	534	3,085
Net assets beginning of year	13,540	10,455
Net assets end of year	\$ 14,074	13,540

Revenues by Source



Expenses by Program



The County increased property tax rates for 2008 by an average of 3.1%. This increase raised the County's property tax revenue approximately \$107,000 in 2008. Based on increases in the total assessed valuation and increases in property tax rates, property tax revenue is budgeted to increase approximately \$156,000 next year.

The cost of all governmental activities this year was approximately \$7.3 million compared to approximately \$6.6 million last year. Some of the cost was paid by those directly benefited from the programs (\$662,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$4,214,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased in 2008 from approximately \$7,075,000 to approximately \$4,876,000. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$2,468,000 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Taylor County completed the year, its governmental funds reported a combined fund balance of \$2,474,164, an increase of \$18,953 above last year's total fund balance of \$2,455,211. The fund balance remained relatively unchanged during fiscal year 2008 compared to fiscal year 2007. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund intergovernmental revenues decreased due to a decrease in grants. The ending fund balance increased \$126,173 over the prior year to \$1,447,758.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$578,073, a decrease of 3.6% from the prior year. The Mental Health Fund balance at year end increased approximately \$20,000 over the prior year.
- Secondary Roads Fund expenditures increased approximately \$842,000 over the prior year, due principally to increased costs for capital projects and the purchase of several new pieces of large equipment. The significant increase in expenditures for these projects resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$127,000, or 16%.
- The Rural Services Fund ended the fiscal year with a \$172,929 balance compared to the prior year ending balance of \$146,389. Intergovernmental revenue for the Rural Services Fund decreased \$27,091 and sanitation expenditures decreased \$11,795.

BUDGETARY HIGHLIGHTS

Over the course of the year, Taylor County amended its budget two times. The first amendment was made on April 14, 2008 and resulted in an increase in budgeted disbursements related to flood/ice damages and a windows project. The amendment also resulted in an increase in budgeted revenues related to FEMA flood/ice damages, EMS training funds and an energy rebate.

The final amendment was made on May 19, 2008, and resulted in an increase in disbursements related to mental health expenses, capital projects and Iowa Highway 49 expenses.

The County's receipts were \$141,589 more than budgeted. There were no significant variances noted.

Total disbursements were \$398,135 less than the amended budget. Actual disbursements for the physical health and social services and the public safety and legal services functions were \$152,019 and \$66,836, respectively, less than budgeted. This was primarily due to disbursements not being as high as anticipated.

The County did not exceed the budget amount for any function during the year ended June 30, 2008.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, Taylor County had approximately \$12.7 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities and roads and bridges. This is a net increase (including additions and deletions) of approximately \$771,000, or 6.5%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	Year ended June 30,	
	2008	2007
Land	\$ 892	892
Construction in progress	500	-
Buildings and improvements	582	600
Equipment and vehicles	1,103	863
Infrastructure	9,588	9,539
Total	\$ 12,665	11,894

The County had depreciation expense of \$882,184 in fiscal year 2008 and total accumulated depreciation of \$4,983,327 at June 30, 2008. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2008, Taylor County had approximately \$928,000 in general obligation notes and other debt outstanding, compared to approximately \$640,000 at June 30, 2007.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2008	2007
Capital lease purchase agreement	\$ 3	6
General obligation notes	735	370
Bank loans	190	264
Total	\$ 928	640

Debt increased as a result of issuing general obligation notes to purchase several pieces of secondary roads equipment.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Taylor County's outstanding general obligation debt is significantly below its constitutional debt limit of \$15.6 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were taken into account when adopting the budget for fiscal year 2009. The County had a countywide valuation increase of \$18,354,075 and a rural valuation increase of \$17,700,304 for fiscal year 2009. The rollback totaled 44.0803% for residential property for fiscal year 2009, compared to the fiscal year 2008 rollback of 45.5596%.

Amounts levied for property tax are \$2,594,017, an increase of \$156,228 over fiscal year 2008. Total revenue and other sources for fiscal year 2009 will decrease \$671,792 from the amended budget for fiscal year 2008. This decrease is mainly due to a debt issuance in fiscal year 2008 and a decrease in grant revenues.

Budgeted disbursements are also expected to decrease \$831,354 from the amended fiscal year 2008 budget. The decrease is primarily due to a decrease in capital projects in fiscal year 2009.

The County has added no major new programs or initiatives to the 2009 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly increase by the close of 2009.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Taylor County

Basic Financial Statements

Exhibit A

Taylor County
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 2,002,939
Receivables:	
Property tax:	
Delinquent	8,931
Succeeding year	2,434,000
Interest and penalty on property tax	5,782
Accounts	8,377
Accrued interest	14,603
Due from other governments	378,578
Inventories	250,329
Prepaid insurance	187,075
Capital assets (net of accumulated depreciation)	<u>12,665,433</u>
Total assets	<u>17,956,047</u>
Liabilities	
Accounts payable	198,558
Accrued interest payable	18,925
Salaries and benefits payable	35,989
Due to other governments	98,736
Deferred revenue:	
Succeeding year property tax	2,434,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	2,826
General obligation notes	88,927
Bank loans	67,776
Compensated absences	88,562
Portion due or payable after one year:	
General obligation notes	645,899
Bank loans	122,078
Compensation absences	<u>79,414</u>
Total liabilities	<u>3,881,690</u>
Net Assets	
Invested in capital assets, net of related debt	11,737,927
Restricted for:	
Supplemental levy purposes	514,389
Secondary roads purposes	550,406
Other purposes	191,562
Unrestricted	<u>1,080,073</u>
Total net assets	<u>\$ 14,074,357</u>

See notes to financial statements.

Taylor County
Statement of Activities
Year ended June 30, 2008

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 707,622	89,768	15,205	-	(602,649)
Physical health and social services	928,814	380,546	271,621	-	(276,647)
Mental health	578,073	-	457,547	-	(120,526)
County environment and education	285,020	9,560	66,164	-	(209,296)
Roads and transportation	3,937,611	69,710	2,592,580	810,808	(464,513)
Governmental services to residents	243,578	106,979	-	-	(136,599)
Administration	570,749	5,359	-	-	(565,390)
Interest on long-term debt	41,182	-	-	-	(41,182)
Total	\$ 7,292,649	661,922	3,403,117	810,808	(2,416,802)
General Revenues:					
Property and other county tax levied for:					
General purposes					2,216,530
Debt service					87,627
Penalty and interest on property tax					31,183
State tax credits					167,264
Local option sales tax					163,656
Unrestricted investment earnings					72,014
Gain on disposition of capital assets					212,866
Miscellaneous					135
Total general revenues					2,951,275
Change in net assets					534,473
Net assets beginning of year					13,539,884
Net assets end of year					\$ 14,074,357

See notes to financial statements.

Taylor County
Balance Sheet
Governmental Funds

June 30, 2008

	Special Revenue		
	General	Mental Health	Secondary Roads
Assets			
Cash and pooled investments	\$ 1,127,850	84,019	450,147
Receivables:			
Property tax:			
Delinquent	6,560	539	-
Succeeding year	1,591,000	131,000	-
Interest and penalty on property tax	5,782	-	-
Accounts	6,457	-	-
Accrued interest	14,603	-	-
Due from other governments	189,938	-	158,720
Inventories	-	-	250,329
Prepaid insurance	184,775	-	2,300
	<u>\$ 3,126,965</u>	<u>215,558</u>	<u>861,496</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 15,900	3,541	172,521
Salaries and benefits payable	23,644		10,819
Due to other governments	3,362	94,712	662
Deferred revenue:			
Succeeding year property tax	1,591,000	131,000	-
Other	45,301	2,043	-
Total liabilities	<u>1,679,207</u>	<u>231,296</u>	<u>184,002</u>
Fund balances:			
Reserved for:			
Supplemental levy purposes	520,429	-	-
Resource enhancement and protection	39,307	-	-
Debt service	-	-	-
Medicaid contingencies	11,775	-	-
Unreserved, designated, reported in:			
Special revenue funds	-	-	250,329
Unreserved, undesignated, reported in:			
General fund	876,247	-	-
Special revenue funds	-	(15,738)	427,165
Total fund balances	<u>1,447,758</u>	<u>(15,738)</u>	<u>677,494</u>
	<u>\$ 3,126,965</u>	<u>215,558</u>	<u>861,496</u>

See notes to financial statements.

Rural Services	Nonmajor	Total
168,945	171,978	2,002,939
1,574	258	8,931
649,000	63,000	2,434,000
-	-	5,782
-	1,920	8,377
-	-	14,603
10,472	19,448	378,578
-	-	250,329
-	-	187,075
829,991	256,604	5,290,614
4,966	1,630	198,558
1,526	-	35,989
-	-	98,736
649,000	63,000	2,434,000
1,570	253	49,167
657,062	64,883	2,816,450
-	-	520,429
-	-	39,307
-	159	159
-	-	11,775
-	41,112	291,441
-	-	876,247
172,929	150,450	734,806
172,929	191,721	2,474,164
829,991	256,604	5,290,614

Taylor County

Taylor County

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets

June 30, 2008

Total governmental fund balances (page 19) \$ 2,474,164

Amounts reported for governmental activities in the Statement of Net Assets 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 assets is \$17,648,760 and the accumulated depreciation is \$4,983,327. 12,665,433

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 49,167

Long-term liabilities, including capital lease purchase agreement payable, notes payable, bank loans payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (1,114,407)

Net assets of governmental activities (page 16) \$ 14,074,357

See notes to financial statements.

Taylor County

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

Year ended June 30, 2008

	Special Revenue		
	General	Mental Health	Secondary Roads
Revenues:			
Property and other county tax	\$ 1,460,002	130,328	-
Interest and penalty on property tax	29,623	-	-
Intergovernmental	766,432	467,286	2,580,549
Licenses and permits	618	-	3,248
Charges for service	156,705	-	-
Use of money and property	73,530	-	-
Miscellaneous	83,796	-	78,493
Total revenues	<u>2,570,706</u>	<u>597,614</u>	<u>2,662,290</u>
Expenditures:			
Operating:			
Public safety and legal services	654,372	-	-
Physical health and social services	876,260	-	-
Mental health	-	578,073	-
County environment and education	132,738	-	-
Roads and transportation	-	-	3,073,685
Governmental services to residents	238,877	-	-
Administration	549,214	-	-
Debt service	3,072	-	76,682
Capital projects	-	-	583,902
Total expenditures	<u>2,454,533</u>	<u>578,073</u>	<u>3,734,269</u>
Excess (deficiency) of revenues over (under) expenditures	116,173	19,541	(1,071,979)
Other financing sources (uses):			
Operating transfers in	10,000	-	527,820
Operating transfers out	-	-	-
Note proceeds	-	-	417,341
Sale of capital assets	-	-	-
Total other financing sources (uses)	<u>10,000</u>	<u>-</u>	<u>945,161</u>
Net change in fund balances	126,173	19,541	(126,818)
Fund balances beginning of year	1,321,585	(35,279)	804,312
Fund balances end of year	<u>\$ 1,447,758</u>	<u>(15,738)</u>	<u>677,494</u>

See notes to financial statements.

Rural Services	Nonmajor	Total
644,614	193,907	2,428,851
-	-	29,623
47,640	6,525	3,868,432
5,905	-	9,771
-	1,351	158,056
-	27,890	101,420
44	4,440	166,773
698,203	234,113	6,762,926
38,296	6,955	699,623
50,145	-	926,405
-	-	578,073
24,200	105,659	262,597
29,899	-	3,103,584
1,303	1,282	241,462
-	15,899	565,113
-	94,233	173,987
-	29,618	613,520
143,843	253,646	7,164,364
554,360	(19,533)	(401,438)
-	12,500	550,320
(527,820)	(22,500)	(550,320)
-	-	417,341
-	3,050	3,050
(527,820)	(6,950)	420,391
26,540	(26,483)	18,953
146,389	218,204	2,455,211
172,929	191,721	2,474,164

Taylor County

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

Year ended June 30, 2008

Net change in fund balances - Total governmental funds (page 23)

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

\$ 18,953

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

Expenditures for capital assets	\$ 633,011	
Capital assets contributed by the Iowa Department of Transportation	810,808	
Depreciation expense	<u>(882,184)</u>	561,635

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.

209,816

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	38,960	
Other	<u>1,562</u>	40,522

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 Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	(417,341)	
Repaid	<u>129,835</u>	(287,506)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(11,932)	
Interest on long-term debt	<u>2,985</u>	<u>(8,947)</u>

Change in net assets of governmental activities (page 17)

\$ 534,473

See notes to financial statements.

Taylor County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2008

Assets	
Cash and pooled investments:	
County Treasurer	\$ 375,138
Other County officials	3,981
Receivables:	
Property tax:	
Delinquent	23,967
Succeeding year	4,859,000
Prepaid insurance	3,100
Total assets	5,265,186
 Liabilities	
Accounts payable	1,274
Due to other governments	5,256,843
Trusts payable	3,680
Compensated absences	3,389
Total liabilities	5,265,186
 Net assets	 \$ -

See notes to financial statements.

Taylor County

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets 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 Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

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

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

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

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.

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

The government-wide 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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets 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.

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, Liabilities and Fund Equity

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred 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, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

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

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds 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, and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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	\$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

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

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide 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, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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 debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements did not exceed the amounts budgeted by function.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2008 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 insure 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. 3, as amended by Statement No. 40.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Child Health (0-5 years)	\$ 10,000
Special Revenue: Secondary Roads	Special Revenue: Rural Services	527,820
SIRWA Grid Sinking Reserve	Local Option Sales Tax	12,500
Total		\$ 550,320

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, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 891,709	-	-	891,709
Construction in progress, road network	-	1,192,641	(692,848)	499,793
Total capital assets not being depreciated	891,709	1,192,641	(692,848)	1,391,502
Capital assets being depreciated:				
Buildings	1,203,008	-	-	1,203,008
Improvements other than buildings	238,151	-	-	238,151
Equipment and vehicles	3,727,577	466,896	(557,881)	3,636,592
Infrastructure, road network	10,486,659	692,848	-	11,179,507
Total capital assets being depreciated	15,655,395	1,159,744	(557,881)	16,257,258
Less accumulated depreciation for:				
Buildings	836,433	13,108	-	849,541
Improvements other than buildings	4,763	4,763	-	9,526
Equipment and vehicles	2,864,205	221,245	(551,979)	2,533,471
Infrastructure, road network	947,721	643,068	-	1,590,789
Total accumulated depreciation	4,653,122	882,184	(551,979)	4,983,327
Total capital assets being depreciated, net	11,002,273	277,560	(5,902)	11,273,931
Governmental activities capital assets, net	\$ 11,893,982	1,470,201	(698,750)	12,665,433

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 19,240
Physical health and social services	16,476
County environment and education	13,707
Roads and transportation	827,425
Administration	5,336
Total depreciation expense - governmental activities	\$ 882,184

Equipment includes assets acquired under capital leases with a book value of \$10,055.

(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 is as follows:

Fund	Description	Amount
General	Services	\$ 3,362
Special Revenue:		
Mental Health	Services	94,712
Secondary Roads	Services	662
		<u>95,374</u>
Total for governmental funds		<u>\$ 98,736</u>
Agency:		
County Assessor	Collections	\$ 283,606
Schools		3,532,746
Community Colleges		175,855
Corporations		903,828
Townships		117,650
All other		<u>243,158</u>
Total for agency funds		<u>\$ 5,256,843</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Capital Lease Purchase Agreement	General Obligation Capital Loan Notes	Bank Loans	Compen- sated Absences	Total
Balance beginning of year	\$ 5,649	370,000	264,351	156,044	796,044
Increases	-	417,341	-	149,960	567,301
Decreases	2,823	52,515	74,497	138,028	267,863
Balance end of year	<u>\$ 2,826</u>	<u>734,826</u>	<u>189,854</u>	<u>167,976</u>	<u>1,095,482</u>
Due within one year	<u>\$ 2,826</u>	<u>88,927</u>	<u>67,776</u>	<u>88,562</u>	<u>248,091</u>

Capital Lease Purchase Agreement

In a prior year, the County entered into a capital lease purchase agreement to lease a mower with an historical cost of \$17,200. The following is a schedule of the future minimum lease payments, including interest at 4.25% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2008:

<u>Year ending June 30,</u>	<u>Amount</u>
2009	\$ 2,953
Less amount representing interest	<u>(127)</u>
Present value of net minimum lease payments	<u>\$ 2,826</u>

Payments under the capital lease purchase agreement totaled \$3,072 during the year ended June 30, 2008.

General Obligation Capital Loan Notes

During the year ended June 30, 2008, the County entered into a general obligation capital loan anticipation project note for \$417,341 to acquire two graders and a back hoe for the county road department. A summary of the County's June 30, 2008 general obligation capital loan note indebtedness is as follows:

<u>Year ending June 30,</u>	<u>Series 2006</u>			<u>Series 2007</u>			<u>Total</u>	
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	5.30%	\$ 49,483	17,060	5.10%	\$ 39,444	19,477	88,927	36,537
2010	5.30	50,809	14,401	5.10	39,648	19,273	90,457	33,674
2011	5.30	52,170	11,671	5.10	41,670	17,251	93,840	28,922
2012	5.30	53,544	8,892	5.10	43,795	15,125	97,339	24,017
2013	5.30	55,003	5,991	5.10	45,994	12,927	100,997	18,918
2014	5.30	56,476	3,035	5.10	206,790	10,546	263,266	13,581
Total		<u>\$ 317,485</u>	<u>61,050</u>		<u>\$ 417,341</u>	<u>94,599</u>	<u>734,826</u>	<u>155,649</u>

During the year ended June 30, 2008, the County retired \$52,515 of notes.

Bank Loans

A summary of the County's June 30, 2008 bank loans payable is as follows:

<u>Year ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	4.10-5.10%	\$ 67,776	8,905	76,681
2010	4.10-5.10	70,846	5,835	76,681
2011	5.10	24,970	2,649	27,619
2012	5.10	26,262	1,358	27,620
Total		<u>\$ 189,854</u>	<u>18,747</u>	<u>208,601</u>

During the year ended June 30, 2008, the County repaid \$74,497 of loans.

(7) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.90% of their annual covered salary and the County is required to contribute 6.05% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$139,468, \$127,500 and \$117,224, respectively, equal to the required contributions for each year.

(8) Risk Management

Taylor County is a member in 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 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual 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 due and payable in the current 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 to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current 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 risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2008 were \$107,986.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical

damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. 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, 2008, no liability has been recorded in the County's financial statements. As of June 30, 2008, 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 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. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, 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.

(9) Deficit Fund Balance

The Special Revenue, Mental Health Fund had a deficit fund balance of \$15,738 at June 30, 2008. The deficit will be eliminated with future state funding.

(10) Southern Iowa Rural Water Association (SIRWA) Agreement

On May 23, 2005, the County entered into a 28E agreement with SIRWA and nine other counties to provide joint financing of certain water development facilities at Gooseberry Lake to enable SIRWA to withdraw water sufficient to supply treated water to portions of SIRWA's rural water distribution system. Pursuant to the agreement, SIRWA will obtain a loan for \$500,000 to cover the initial costs. Liability for repayment of the loan will be borne by the respective parties (counties) to the agreement. Taylor County's share of the debt is 12.5%, or \$62,500. Each participant is required to establish a SIRWA Grid sinking and reserve fund, into which there shall be sufficient funds to pay the principal and interest on the loan. As of June 30, 2008, the County has transferred \$25,000 to this fund in compliance with the 28E agreement. At June 30, 2008, no debt has been issued by SIRWA and, accordingly, a liability has not been reflected in the County's financial statements.

Required Supplementary Information

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

Required Supplementary Information

Year ended June 30, 2008

	Actual
Receipts:	
Property and other county tax	\$ 2,431,378
Interest and penalty on property tax	29,665
Intergovernmental	3,948,667
Licenses and permits	12,304
Charges for service	159,603
Use of money and property	92,497
Miscellaneous	164,188
Total receipts	6,838,302
Disbursements:	
Public safety and legal services	697,759
Physical health and social services	913,140
Mental health	602,498
County environment and education	263,619
Roads and transportation	3,115,404
Governmental services to residents	241,011
Administration	570,099
Debt service	173,986
Capital projects	613,520
Total disbursements	7,191,036
Excess (deficiency) of receipts over (under) disbursements	(352,734)
Other financing sources, net	417,341
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	64,607
Balance beginning of year	1,938,332
Balance end of year	\$ 2,002,939

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
2,363,201	2,376,201	55,177
4,510	4,510	25,155
3,687,957	3,958,943	(10,276)
10,265	11,265	1,039
125,115	125,115	34,488
80,045	80,045	12,452
67,300	140,634	23,554
<u>6,338,393</u>	<u>6,696,713</u>	<u>141,589</u>
754,595	764,595	66,836
1,016,929	1,065,159	152,019
558,016	608,016	5,518
214,844	309,603	45,984
2,517,000	3,115,778	374
283,422	283,562	42,551
606,001	619,837	49,738
175,001	174,001	15
625,000	648,620	35,100
<u>6,750,808</u>	<u>7,589,171</u>	<u>398,135</u>
(412,415)	(892,458)	539,724
-	417,341	-
(412,415)	(475,117)	539,724
<u>1,786,001</u>	<u>1,786,001</u>	<u>152,331</u>
<u>1,373,586</u>	<u>1,310,884</u>	<u>692,055</u>

Taylor County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2008

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 6,838,302	(75,376)	6,762,926
Expenditures	7,191,036	(26,672)	7,164,364
Net	(352,734)	(48,704)	(401,438)
Other financing sources, net	417,341	3,050	420,391
Beginning fund balances	1,938,332	516,879	2,455,211
Ending fund balances	\$ 2,002,939	471,225	2,474,164

See accompanying independent auditor's report.

Taylor County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

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 Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$838,363. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2008, disbursements did not exceed the amounts budgeted by function.

Taylor County

Other Supplementary Information

Taylor County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2008

	Special			
	County Recorder's Records Management	Forfeitures	Child Health (0-5 years)	Care Facility Building
Assets				
Cash and pooled investments	\$ 9,192	17,549	26,139	14,973
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	1,920
Due from other governments	-	-	-	-
Total assets	\$ 9,192	17,549	26,139	16,893
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 466	-	-	1,164
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total liabilities	466	-	-	1,164
Fund equity:				
Fund balances:				
Reserved for debt service	-	-	-	-
Unreserved:				
Designated	-	-	26,139	14,973
Undesignated	8,726	17,549	-	756
Total fund equity	8,726	17,549	26,139	15,729
Total liabilities and fund equity	\$ 9,192	17,549	26,139	16,893

See accompanying independent auditor's report.

Revenue					
Local Option Sales Tax	SIRWA Grid Sinking Reserve	Conservation Land Acquisition	Debt Service		Total
69,742	25,000	9,229	154		171,978
-	-	-	258		258
-	-	-	63,000		63,000
-	-	-	-		1,920
19,448	-	-	-		19,448
89,190	25,000	9,229	63,412		256,604
-	-	-	-		1,630
-	-	-	63,000		63,000
-	-	-	253		253
-	-	-	63,253		64,883
-	-	-	159		159
-	-	-	-		41,112
89,190	25,000	9,229	-		150,450
89,190	25,000	9,229	159		191,721
89,190	25,000	9,229	63,412		256,604

Taylor County

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

Year ended June 30, 2008

	County		Child	Special
	Recorder's	Forfeitures	Health	Care
	Records		(0-5 years)	Facility
	Management			Building
Revenues:				
Property and other county tax	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for service	1,351	-	-	-
Use of money and property	1	-	-	27,868
Miscellaneous	-	4,434	-	-
Total revenues	1,352	4,434	-	27,868
Expenditures:				
Operating:				
Public safety and legal services	-	6,955	-	-
County environment and education	-	-	-	-
Governmental services to residents	1,282	-	-	-
Administration	-	-	-	15,899
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	1,282	6,955	-	15,899
Excess (deficiency) of revenues over (under) expenditures	70	(2,521)	-	11,969
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(10,000)	-
Sale of capital assets	-	3,050	-	-
Total other financing sources (uses)	-	3,050	(10,000)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	70	529	(10,000)	11,969
Fund balances beginning of year	8,656	17,020	36,139	3,760
Fund balances end of year	\$ 8,726	17,549	26,139	15,729

See accompanying independent auditor's report.

Revenue						
Local Option Sales Tax	SIRWA Grid Sinking Reserve	Conservation Land Acquisition	Debt Service	Capital Projects	Total	
106,376	-	-	87,531	-	193,907	
-	-	-	6,525	-	6,525	
-	-	-	-	-	1,351	
-	-	21	-	-	27,890	
-	-	-	6	-	4,440	
106,376	-	21	94,062	-	234,113	
-	-	-	-	-	6,955	
105,659	-	-	-	-	105,659	
-	-	-	-	-	1,282	
-	-	-	-	-	15,899	
-	-	-	94,233	-	94,233	
-	-	-	-	29,618	29,618	
105,659	-	-	94,233	29,618	253,646	
717	-	21	(171)	(29,618)	(19,533)	
-	12,500	-	-	-	12,500	
(12,500)	-	-	-	-	(22,500)	
-	-	-	-	-	3,050	
(12,500)	12,500	-	-	-	(6,950)	
(11,783)	12,500	21	(171)	(29,618)	(26,483)	
100,973	12,500	9,208	330	29,618	218,204	
89,190	25,000	9,229	159	-	191,721	

Taylor County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,456	111,649	72,192	3,147
Other County officials	3,981	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	300	700	13,554	708
Succeeding year	-	73,000	170,000	3,447,000	172,000
Prepaid insurance	-	-	3,100	-	-
Total assets	\$ 3,981	74,756	285,449	3,532,746	175,855
Liabilities					
Accounts payable	\$ 719	-	-	-	-
Due to other governments	2,811	74,756	283,606	3,532,746	175,855
Trusts payable	451	-	-	-	-
Compensated absences	-	-	1,843	-	-
Total liabilities	\$ 3,981	74,756	285,449	3,532,746	175,855

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Other	Total
14,414	2,362	109,507	60,411	375,138
-	-	-	-	3,981
8,414	288	-	3	23,967
881,000	115,000	-	1,000	4,859,000
-	-	-	-	3,100
903,828	117,650	109,507	61,414	5,265,186
-	-	-	555	1,274
903,828	117,650	109,507	56,084	5,256,843
-	-	-	3,229	3,680
-	-	-	1,546	3,389
903,828	117,650	109,507	61,414	5,265,186

Taylor County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 5,495	68,866	236,632	3,405,992	148,028
Additions:					
Property and other county tax	-	72,965	170,375	3,454,306	172,833
E911 surcharge	-	-	-	-	-
State tax credits	-	4,991	11,206	247,338	10,790
Office fees and collections	120,690	-	-	-	-
Electronic transaction fees	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Drivers license fees	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	28,075	-	-	-	-
Miscellaneous	62	-	1,303	-	-
Total additions	148,827	77,956	182,884	3,701,644	183,623
Deductions:					
Agency remittances:					
To other funds	68,125	-	-	-	-
To other governments	54,231	72,066	134,067	3,574,890	155,796
Trusts paid out	27,985	-	-	-	-
Total deductions	150,341	72,066	134,067	3,574,890	155,796
Balances end of year	\$ 3,981	74,756	285,449	3,532,746	175,855

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	Other	Total
861,340	100,028	119,356	52,595	4,998,332
863,374	115,981	-	774	4,850,608
-	-	-	64,794	64,794
72,465	6,927	-	58	353,775
-	-	-	-	120,690
-	-	-	1,403	1,403
-	-	1,427,296	-	1,427,296
-	-	9,254	-	9,254
-	-	-	2,984	2,984
-	-	-	334,886	362,961
-	-	-	18,000	19,365
935,839	122,908	1,436,550	422,899	7,213,130
-	-	74,714	-	142,839
893,351	105,286	1,371,685	101,621	6,462,993
-	-	-	312,459	340,444
893,351	105,286	1,446,399	414,080	6,946,276
903,828	117,650	109,507	61,414	5,265,186

Taylor County

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

For the Last Eight Years

	Modified Accrual			
	2008	2007	2006	2005
Revenues:				
Property and other county tax	\$ 2,428,851	2,369,761	2,157,427	2,058,299
Interest and penalty on property tax	29,623	28,502	31,257	33,807
Intergovernmental	3,868,432	3,421,429	3,315,325	4,616,305
Licenses and permits	9,771	10,906	10,636	11,628
Charges for service	158,056	159,972	153,664	181,176
Use of money and property	101,420	112,461	87,895	121,049
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	166,773	158,004	182,748	102,562
Total	\$ 6,762,926	6,261,035	5,938,952	7,124,826
Expenditures:				
Operating:				
Public safety and legal services	\$ 699,623	670,809	671,836	667,610
Physical health and social services	926,405	915,733	786,264	730,376
Mental health	578,073	599,619	552,081	546,380
County environment and education	262,597	172,061	166,628	149,417
Roads and transportation	3,103,584	2,668,989	2,721,434	2,823,099
Governmental services to residents	241,462	231,877	332,668	258,022
Administration	565,113	530,755	519,928	541,352
Debt service	173,987	89,578	201,648	138,593
Capital projects	613,520	520,176	3,747,310	430,777
Total	\$ 7,164,364	6,399,597	9,699,797	6,285,626

See accompanying independent auditor's report.

Basis			
2004	2003	2002	2001
1,901,086	1,765,389	1,581,492	1,457,969
26,953	30,749	28,427	22,052
4,640,502	4,526,047	3,230,238	3,012,875
7,188	7,517	5,949	6,021
165,947	167,913	128,293	117,391
81,135	43,031	68,525	155,393
-	-	1,593	3,644
101,390	35,844	27,884	142,152
<u>6,924,201</u>	<u>6,576,490</u>	<u>5,072,401</u>	<u>4,917,497</u>
630,218	618,784	608,862	736,036
788,912	829,081	741,172	717,998
489,836	561,049	583,944	558,470
109,305	102,044	119,392	116,062
2,271,756	2,161,540	2,667,618	2,428,712
244,175	228,899	221,911	204,223
536,656	499,680	469,669	459,710
138,149	131,049	164,511	161,017
314,663	100,100	406,549	885
<u>5,523,670</u>	<u>5,232,226</u>	<u>5,983,628</u>	<u>5,383,113</u>

Taylor County



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

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

To the Officials of Taylor County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Taylor County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated April 6, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Taylor County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Taylor County's financial statements that is more than inconsequential will not be prevented or detected by Taylor County's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Taylor County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above and reported as item (A) is a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Taylor County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Taylor County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Taylor County and other parties to whom Taylor County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 6, 2009

Taylor County
Schedule of Findings
Year ended June 30, 2008

Part I: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY:

(A) Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the County Recorder's office may have control over the following areas for which no compensating controls exist:

(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is prepared. However, an independent reconciliation of the listing to the accounting records is not performed.

(2) Checks are not signed by an individual who does not otherwise participate in preparing the checks, recording cash receipts, handling petty cash and approving disbursements.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Recorder should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances. The County Recorder should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

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

Conclusion – Response acknowledged. In many instances, the segregation of duties can be improved by seeking assistance from other County offices.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Taylor County
Schedule of Findings
Year ended June 30, 2008

Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2008 did not exceed the amounts budgeted by function.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Mary Eagan, Sheriff's Office employee, spouse owns Eagan Services	Mowing services	\$ 2,255
Lori Hughes, Deputy Recorder, spouse owns Hughes Feed and Supply and is County Auditor's brother	Corrugated pipe, seed, parts and supplies	35,439
Julie Thomas, County Nurse, spouse is Andy Thomas	Repair work on Sheriff's office garage door, jail fence and remodel EOC room	2,570
Rick Sheley, County Recorder, spouse owns Marla's Country Garden	Plants for Courthouse	19

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions less than \$1,500 per year do not appear to represent conflicts of interest. The purchases of seed, parts, supplies and corrugated pipe from Hughes Feed and Supply, mowing services from Eagan Services and repair work performed for the Sheriff's office by Andy Thomas may represent conflicts of interest as defined in Chapter 331.342 of the Code of Iowa because the transactions are more than \$1,500 per year by individual.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – We want to keep our services to Taylor County residents. There is no direct correlation between Taylor County's employees and the services.

Conclusion – Response acknowledged. The Board should consult legal counsel regarding transactions with related parties.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. Minutes were published for all meetings held as required by the Code of Iowa.

Taylor County

Schedule of Findings

Year ended June 30, 2008

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) 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).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2008 for the County Extension Office did not exceed the amount budgeted.

- (10) County Extension Office Board Minutes – One set of board minutes of the County Extension Office were not signed.

Recommendation – The minutes should be signed to authenticate the record.

Response – We will make sure all board minutes will be signed.

Conclusion – Response accepted.

- (11) Deficit Fund Balance – The Special Revenue, Mental Health Fund had a deficit fund balance of \$15,738 at June 30, 2008.

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

Response – Taylor County’s Mental Health Fund had a cash balance of \$84,019. It was only in the accrual balance that there was a deficit. No checks were written until there was cash to pay for it. Taylor County has levied the maximum for several years and has done everything that the law would allow to try to keep it in a sound financial position including cutting services to the mentally ill.

Conclusion – Response accepted.

Taylor County

Staff

This audit was performed by:

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