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

JUNE 30, 2012

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BUENA VISTA COUNTY

OFFICIALS

NAME	TITLE	TERM EXPIRES
Don Altena	Board of Supervisors	Jan. 2013
Rhonda Ringgenberg	Board of Supervisors	Jan. 2013
Dale Arends	Board of Supervisors	Jan. 2015
Ken Hach	Board of Supervisors	Jan. 2015
Paul Merten	Board of Supervisors	Jan. 2015
Susan Lloyd	County Auditor	Jan. 2013
Kathleen Bach	County Treasurer	Jan. 2015
Shari O'Bannon	County Recorder	Jan. 2015
Gary Launderville	County Sheriff	Jan. 2013
Dave Patton	County Attorney	Jan. 2015
Kathy Croker	County Assessor	Jan. 2016

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
JASON K. RAVELING
TAMMY M. CARLSON, C.P.A.
RICHARD R. MOORE, C.P.A. (RETIRED)
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W. J. HUNZELMAN, C.P.A. 1921-1997

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INDEPENDENT AUDITOR'S REPORT

To the Officials of Buena Vista County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Buena Vista 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.

Management has not recorded the materials and supplies inventory in governmental activities or the Secondary Road major fund. Accounting principles generally accepted in the Unites States of America require that the inventory be recorded, which would increase the assets and net assets, and decrease the expenses of the governmental activities and the Secondary Roads major fund. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities and the Secondary Road major fund is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities or the Secondary Road major fund of Buena Vista County as of June 30, 2012, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the major funds, except the Secondary Road fund, and the aggregate remaining fund information of Buena Vista County, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2013, on our consideration of Buena Vista County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information, and the Schedule of Funding Progress for the Retiree Health Plan on pages 6 through 12 and 41 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted principally of inquiries of management regarding 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Buena Vista 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 year ending June 30, 2003, (which is not presented herein) and expressed qualified opinions on those financial statements because of the omission of general fixed assets and materials and supplies inventory. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for each of the years in the six year period ending June 30, 2009 (none of which are presented herein), and expressed qualified opinions on those financial statements because the materials and supplies inventory was omitted. Finally, we previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for each of the years in the two year period ending June 30, 2011, (none of which are presented herein), and expressed an adverse opinion on those financial statements because the materials and supplies inventory was omitted. Other supplementary information included in Schedules 1 through 6 including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matter described in the third paragraph of this report, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Hunzelman, Putzier + Co., PLC

March 22, 2013

Buena Vista 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, 2012. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 6.9%, or approximately $1,216,000, from fiscal year 2011 to fiscal year 2012. Charges for service increased approximately $88,000; operating grants, contributions, and restricted interest increased approximately $54,000; property tax revenues increased approximately $300,000; and capital grants, contributions and restricted interest decreased approximately $1,744,000.
- Program expenses of the County's governmental activities were 18%, or approximately $2,362,000, more in fiscal year 2012 than in fiscal year 2011. Public safety and legal services expenses increased approximately $530,000; mental health expenses increased approximately $325,000; roads and transportation expenses increased approximately $1,205,000; administration expenses increased approximately $254,000.
- Buena Vista County's net assets increased $1,109,621, or approximately 4%, from June 30, 2011, to June 30, 2012, due to several Secondary Road projects, including culvert maintenance, culvert replacements in three locations, 1 ½ bridge replacements, C29 overlay, and resurfacing on C63, M43, and Stoney Point/South Cove.

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 Buena Vista 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 Buena Vista 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 Buena Vista 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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Other Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

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 that 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 three categories 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, and 3) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

2) Proprietary funds account 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 assets, a statement of revenues, expenses, and changes in fund net assets, and a statement of cash flows.

3) 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 emergency management services and the County Assessor, to name a few.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES - (Continued)

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. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities

	June 30,	
	2012	2011
Current and other assets	$21,824,597	$17,653,234
Capital assets	25,532,373	24,746,771
Total assets	47,356,970	42,400,005
Long-term liabilities	10,557,721	7,413,721
Other liabilities	9,913,293	9,209,949
Total liabilities	20,471,014	16,623,670
Net assets		
Invested in capital assets, net of related debt	21,877,196	20,731,638
Restricted	5,110,034	6,130,491
Unrestricted	(101,274)	(1,085,794)
Total net assets, as restated	$26,885,956	$25,776,335

Net assets of Buena Vista County's governmental activities increased 4% (26.9 million compared to $25.8 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, intangibles, 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 are 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.

Changes in Net Assets of Governmental Activities

	Year Ended June 30,	
	2012	2011
Revenues:		
Program revenues:		
Charges for service	$ 1,370,933	$ 1,282,939
Operating grants, contributions, and restricted interest	4,467,818	4,414,092
Capital grants, contributions, and restricted interest	1,129,245	2,872,931
General revenues:		
Property tax	8,164,574	7,865,688
Penalty and interest on property tax	48,637	46,570
Local option sales tax	801,499	725,014
State tax credits	253,922	249,902
Grants and contributions not restricted to specific purposes	133,339	95,034
Unrestricted investment earnings	103,014	126,087
Other general revenues	43,274	53,739
Total revenues	16,516,255	17,731,996
Program expenses:		
Public safety and legal services	3,098,390	2,568,256
Physical health and social services	1,087,850	1,144,492
Mental health	1,667,181	1,342,297
County environment and education	828,558	733,271
Roads and transportation	5,307,525	4,102,471
Governmental services to residents	686,719	700,840
Administration	1,815,808	1,561,617
Non-program	593,851	606,865
Interest on long-term debt	320,752	285,234
Total expenses	15,406,634	13,045,343
Increase in net assets	1,109,621	4,686,653
Net assets beginning of year, as restated	25,776,335	21,089,682
Net assets end of year, as restated	$26,885,956	$25,776,335

Buena Vista County's net assets of governmental activities increased approximately $1,100,000 during the year. Revenues for governmental activities decreased approximately $1,216,000 over the prior year.

The cost of all governmental activities this year was approximately $15 million compared to approximately $13 million last year. However, as shown in the Statement of Activities on page 14, the amount taxpayers ultimately financed for these activities was only $8.4 million because some of the cost was paid by those directly benefited from the programs ($1.4 million) or by other governments and organizations which subsidized certain programs with grants and contributions ($5.6 million). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased in fiscal year 2012 from approximately $8.6 million to approximately $7 million.

INDIVIDUAL MAJOR FUND ANALYSIS

As Buena Vista County completed the year, its governmental funds reported a combined fund balance of $11,673,949, an increase of $3,478,319 from FY'11's total of $8,195,630.

- From FY'11 to FY'12, General Fund expenditures increased $275,902, and revenues increased $219,287.
- Mental Health Fund expenditures increased $337,487 and revenues decreased $9,543. The ending fund balance decreased $296,053.
- Rural Services Fund expenditures increased $171,631, and revenues increased $115,432. The ending fund balance decreased $66,099.
- Secondary Roads Fund expenditures increased $383,593, and revenues increased $33,732. The ending fund balance decreased $2,908.
- Debt Service Fund expenditures increased $131,960, revenues increased $189,813, and other financing sources increased $3,581,580. The ending fund balance increased $3,583,142.

BUDGETARY HIGHLIGHTS

During FY'12, Buena Vista County amended its budget two times. The first amendment, approved December 27, 2011, included a total increase in revenues of $65,451 due to a GRSB grant for the Sheriff of $19,800, Veterans allocation of $10,000, Hazard Mitigation reimbursement of $19,550, District Court Fees to the County Attorney of $728, Federal forfeiture funds of $7,158, sale of crops of $6,984, County Attorney forfeitures of $466, a donation from Pheasants Forever of $200, and a transfer of $565 for boat titles from one fund to another. Expenses were increased a total of $577,009 for Public Safety in the amount of $12,648 for the Sheriff and County Attorney due to grant received and a new server for the County Attorney, Veterans allocation for $10,000, $1,995 for Conservation GPS units and pond nets, $579 carryover for Heritage Tours, $381,750 for Secondary Road maintenance and building expense, $5,000 for Voter card mailing, $39,100 for Hazard Mitigation, $257 for additional County Farm expense, $104,000 for the Vestal Street paving project, and $21,680 for an additional courthouse maintenance position.

The second amendment was approved May 29, 2012, and included additional revenues of $53,100 for the County Attorney for court fees. Expenses were increased for a total of $197,421 for $20,000 additional fuel for the Sheriff, $55,666 for the County Attorney for additional staff, $7,000 for Public Health for therapy, and vehicle repairs, $3,700 for additional election equipment maintenance, $1,400 for the Recorder continuing education and copier maintenance, $1,589 for the Supervisors new table and chairs, $5,140 for Election scanners, $50,000 for a Courthouse generator, $2,926 for a new door at the LEC, and $50,000 for the Conservation campground project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, Buena Vista County had approximately $33.28 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads, and bridges. This is a net increase (including additions and deletions) of approximately $1,536,000, or 4.8 percent over last year.

Capital Assets of Governmental Activities at Year End
(Expressed in Thousands)

	June 30	
	2012	2011
Land	$ 878	$ 878
Construction in progress	1	3,601
Buildings and improvements	7,678	7,539
Equipment and vehicles	8,060	7,744
Intangibles	198	198
Infrastructure	16,466	11,785
Total	$33,281	$31,745

The County had depreciation/amortization expense of $886,762 in FY'12 and total accumulated depreciation/amortization of $7,748,781 at June 30, 2012.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long Term Debt

The County's FY'12 statutory debt limit was 5% of the assessed valuation, or $72,128,649. At June 30, 2012, Buena Vista County had $9,356,564 in outstanding general obligation bonds, or 12.97% of capacity. The County has a current Standard & Poor's rating of A+.

Other obligations include accrued vacation pay and compensatory time, drainage district warrants, and other postemployment benefits. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

According to the U.S. Census Bureau, the 2010 population of Buena Vista County was estimated at 20,260 with an unemployment rate of 4.8% in 2011, compared to 5.4% for the state of Iowa. The most recent median household income adjusted for inflation was $49,427 in 2011.

The FY'13 budget overall tax asking increased $261,656. The Rural Basic tax asking increased $35,264, and the Debt Service decreased $147,941 due to refinancing the Law Enforcement Center bonds. The General Basic Levy remained at the $3.50 limit. Total budgeted expenditures are up 5.36% and budgeted revenues are up 2.11%.

The total levy rate for FY'13 is 10.11379/thousand, down .13039 from FY'12. The countywide rate decreased .13039/thousand, and the rural basic rate is unchanged.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Buena Vista 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 Buena Vista County Auditor's Office, 215 E. 5th St., P.O. Box 220, Storm Lake, Iowa, 50588.

BUENA VISTA COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2012

Exhibit A

	Governmental Activities
ASSETS	
Cash and pooled investments	$ 8,728,064
U.S. Treasury Securities on deposit with escrow agent	3,580,000
Receivables (net of allowances for uncollectibles):	
Property tax:	
Delinquent	54,919
Succeeding year	8,351,382
Interest and penalty on property tax	6,426
Accounts	91,712
Accrued interest	4,108
Drainage assessments	293,677
Due from other governments	577,034
Prepaid expenses	137,275
Land	878,489
Construction in progress	737
Capital assets (net of accumulated depreciation/amortization)	24,653,147
Total assets	47,356,970
LIABILITIES	
Accounts payable	680,271
Accrued interest payable	68,808
Salaries and benefits payable	189,042
Due to other governments	211,543
Deferred revenue:	
Succeeding year property tax	8,351,382
Other	412,247
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds and notes	670,000
Compensated absences	393,699
Portion due or payable after one year:	
General obligation bonds and notes	8,686,564
Drainage warrants/drainage improvement certificates payable	781,413
Net OPEB liability	26,045
Total liabilities	20,471,014
NET ASSETS	
Invested in capital assets, net of related debt	21,877,196
Restricted for:	
Supplemental levy purposes	765,179
Mental health purposes	541,458
Rural services purposes	317,269
Secondary roads purposes	3,285,458
Debt service	32,505
Other purposes	168,165
Unrestricted (Note 15)	(101,274)
Total net assets	$ 26,885,956

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Exhibit B

Functions/Programs	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions, and Restricted Interest	Program Revenues: Capital Grants, Contributions, and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:					
Public safety and legal services	$ 3,098,390	$ 285,569	$ 248,566	$ -	$ (2,564,255)
Physical health and social services	1,087,850	330,348	356,517	-	(400,985)
Mental health	1,667,181	28,524	899,568	-	(739,089)
County environment and education	828,558	32,577	12,169	-	(783,812)
Roads and transportation	5,307,525	251,478	2,835,870	1,071,235	(1,148,942)
Governmental services to residents	686,719	388,052	24,487	-	(274,180)
Administration	1,815,808	53,775	20,665	-	(1,741,368)
Non-program	593,851	610	1,585	58,010	(533,646)
Interest on long-term debt	320,752	-	68,391	-	(252,361)
Total	$ 15,406,634	$ 1,370,933	$ 4,467,818	$ 1,129,245	(8,438,638)

General Revenues:	
Property and other county tax levied for:	
General purposes	7,150,600
Debt service	1,013,974
Penalty and interest on property tax	48,637
State tax credits	253,922
Local option sales tax	801,499
Grants and contributions not restricted to specific purposes	133,339
Unrestricted investment earnings	103,014
Miscellaneous	43,274
Total general revenues	9,548,259
Change in net assets	1,109,621
Net assets beginning of year, as restated	25,776,335
Net assets end of year	$ 26,885,956

See notes to financial statements.

BUENA VISTA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

Exhibit C

		Special Revenue					
	General	Mental Health	Rural Services	Secondary Roads	Debt Service	Nonmajor	Total
ASSETS							
Cash and pooled investments	$ 3,188,143	$ 699,794	$ 311,113	$3,602,669	$ 45,180	$ 688,406	$ 8,535,305
U.S. Treasury Securities on deposit with escrow agent	-	-	-	-	3,580,000	-	3,580,000
Receivables:							
Property tax:							
Delinquent	40,944	4,352	552	-	12,620	-	58,468
Succeeding year	5,237,916	556,715	1,712,693	-	844,058	-	8,351,382
Interest and penalty on property tax	164,699	-	-	-	-	-	164,699
Accounts	40,768	3,306	-	31,796	-	377	76,247
Accrued interest	3,879	-	-	-	-	19	3,898
Drainage assessments	-	-	-	-	-	293,677	293,677
Due from other governments	106,393	61,095	49,178	286,335	-	74,034	577,035
Prepaid expenses	102,960	3,703	1,896	17,670	-	-	126,229
Total assets	$ 8,885,702	$1,328,965	$ 2,075,432	$3,938,470	$ 4,481,858	$ 1,056,513	$21,766,940
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 67,836	$ 18,604	$ 1,676	$ 422,118	$ -	$ 170,036	$ 680,270
Interest payable	-	-	-	-	-	43,513	43,513
Salaries and benefits payable	109,554	10,546	9,548	59,395	-	-	189,043
Due to other governments	6,758	199,141	836	1,741	-	3,067	211,543
Deferred revenue:							
Succeeding year property tax	5,237,916	556,715	1,712,693	-	844,058	-	8,351,382
Other	206,216	4,352	552	99,823	12,620	293,677	617,240
Total liabilities	5,628,280	789,358	1,725,305	583,077	856,678	510,293	10,092,991
Fund balances:							
Nonspendable							
Prepaid expenses	102,960	3,703	1,896	17,670	-	-	126,229
Restricted for:							
Supplemental levy purposes	765,179	-	-	-	-	-	765,179
Mental health purposes	-	535,904	-	-	-	-	535,904
Rural services purposes	-	-	248,231	-	-	-	248,231
Secondary roads purposes	-	-	-	3,337,723	-	-	3,337,723
Debt service	-	-	-	-	3,625,180	-	3,625,180
Other purposes	-	-	-	-	-	543,059	543,059
Committed for:							
County trail system projects	300,000	-	100,000	-	-	-	400,000
Heritage Tours	398	-	-	-	-	-	398
Unassigned	2,088,885	-	-	-	-	3,161	2,092,046
Total fund balances	3,257,422	539,607	350,127	3,355,393	3,625,180	546,220	11,673,949
Total liabilities and fund balances	$ 8,885,702	$1,328,965	$ 2,075,432	$3,938,470	$ 4,481,858	$ 1,056,513	$21,766,940

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Exhibit D

Total governmental fund balances	$11,673,949
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 $33,281,154 and the accumulated depreciation/amortization is $7,748,781	25,532,373
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	223,167
The allowance for uncollectible accounts receivable is not reported in the governmental funds.	(161,821)
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Assets.	201,304
Long-term liabilities, including notes payable, accrued interest payable on general obligation bonds and notes, compensated absences payable, other postemployment benefits payable, and drainage warrants payable are, not due and payable in the current period and, therefore, are not reported in the governmental funds.	(10,583,016)
Net assets of governmental activities	$26,885,956

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

Exhibit E

		Special Revenue					
	General	Mental Health	Rural Services	Secondary Roads	Debt Service	Nonmajor	Total
Revenues:							
Property and other County tax	$ 5,006,708	$ 447,446	$2,009,741	-	$ 1,014,071	$ 480,900	$ 8,958,866
Interest and penalty on property tax	44,270	-	-	-	-	-	44,270
Intergovernmental	1,148,223	919,597	53,248	3,128,708	31,561	7,362	5,288,699
Licenses and permits	40,457	-	1,050	6,570	-	-	48,077
Charges for services	574,824	13,188	3,200	120,139	-	37,565	748,916
Use of money and property	77,375	-	-	-	68,391	12,504	158,270
Miscellaneous	31,126	-	9,909	38,188	-	62,317	141,540
Total revenues	6,922,983	1,380,231	2,077,148	3,293,605	1,114,023	600,648	15,388,638
Expenditures:							
Operating:							
Public safety and legal services	2,656,266	-	223,893	-	-	11,245	2,891,404
Physical health and social services	1,076,467	-	-	-	-	-	1,076,467
Mental health	-	1,676,284	-	-	-	-	1,676,284
County environment and education	342,076	-	374,667	13,558	-	-	730,301
Roads and transportation	4,997	-	-	4,772,874	-	-	4,777,871
Governmental services to residents	671,837	-	3,966	-	-	-	675,803
Administration	1,380,545	-	5,594	-	-	8,206	1,394,345
Non-program	4,756	-	-	-	-	615,299	620,055
Debt service	-	-	-	-	1,112,461	-	1,112,461
Capital projects	241,446	-	124,000	530,466	-	40,444	936,356
Total expenditures	6,378,390	1,676,284	732,120	5,316,898	1,112,461	675,194	15,891,347
Excess (deficiency) of revenues over expenditures	544,593	(296,053)	1,345,028	(2,023,293)	1,562	(74,546)	(502,709)
Other financing sources (uses):							
Sale of capital assets	310	-	-	2,508	-	10,320	13,138
Proceeds of long-term debt	321	-	-	-	3,581,580	-	3,581,901
Operating transfers in (out)	(144,698)	-	(1,411,127)	2,017,877	-	(462,052)	-
Drainage district warrants	-	-	-	-	-	385,989	385,989
Total other financing sources (uses)	(144,067)	-	(1,411,127)	2,020,385	3,581,580	(65,743)	3,981,028
Net change in fund balances	400,526	(296,053)	(66,099)	(2,908)	3,583,142	(140,289)	3,478,319
Fund balances, beginning of year	2,856,896	835,660	416,226	3,358,301	42,038	686,509	8,195,630
Fund balances, end of year	$ 3,257,422	$ 539,607	$ 350,127	$ 3,355,393	$ 3,625,180	$ 546,220	$11,673,949

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Exhibit F

Net change in fund balances - Total governmental funds		$ 3,478,319
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	$ 951,640	
Capital assets contributed by the Iowa Department of Transportation	782,730	
Depreciation/amortization expense	(894,033)	840,337
In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		(54,735)
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		(4,652)
The increase in the allowance for uncollectible accounts receivable is not reported in the fund financial statements.		16,228
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 theStatement of Net Assets. Current year repayments exceeded issues as follows:		
Repaid general obligation bonds	815,000	
Issued crossover refunding bonds	(3,557,355)	
Issued drainage district warrants	(433,450)	
Redeemed drainage district warrants	47,462	
Amortization of deferred charges	(5,723)	
Amortization of discount on long-term debt	(7,690)	(3,141,756)
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	5,862	
Other post employment benefits	(8,107)	
Interest on long-term debt	(6,320)	(8,565)
The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.		(15,555)
Change in net assets of governmental activities		$ 1,109,621

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012

Exhibit G

	Internal Service Employee Group Health
ASSETS	
Cash and cash equivalents	$ 192,759
Interest receivable	209
Accounts receivable	15,464
Prepaid expense	83,269
Total assets	291,701
LIABILITIES	
Deferred revenue	90,397
Total liabilities	90,397
NET ASSETS	
Unrestricted	$ 201,304

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

Exhibit H

	Internal Service Employee Group Health
Operating revenues:	
Reimbursements from operating funds	$ 880,994
Reimbursements from employees and others	325,925
Total operating revenues	1,206,919
Operating expenses:	
Medical claims and administrative fees	1,225,722
Operating loss	(18,803)
Non-operating revenues:	
Interest income	3,248
Net loss	(15,555)
Net assets beginning of year	216,859
Net assets end of year	$ 201,304

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

Exhibit I

	Internal Service Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements and employees	$ 1,194,771
Cash payments for medical claims and administrative fees	(1,232,506)
Net cash used for operating activities	(37,735)
Cash flows from investing activities:	
Interest on investments	3,417
Net decrease in cash and cash equivalents	(34,318)
Cash and cash equivalents, beginning of year	227,077
Cash and cash equivalents, end of year	$ 192,759
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	$ (18,803)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Increase in accounts receivable	(15,464)
Decrease in prepaid expense	2,735
Decrease in accounts payable	(9,520)
Increase in deferred revenue	3,317
Net cash used for operating activities	$ (37,735)

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2012

Exhibit J

ASSETS	
Cash and pooled investments:	
County Treasurer	$ 1,602,961
Other County officials	82,960
Receivables:	
Property tax:	
Delinquent	483,898
Succeeding year	21,805,727
Accounts	59,885
Due from other governments	17,317
Special assessments	16,313
Total assets	24,069,061
LIABILITIES	
Accounts payable	28,103
Salaries and benefits payable	9,756
Due to other governments	23,972,150
Trusts payable	59,052
Total liabilities	24,069,061
Net Assets	$ -

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Buena Vista 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, Buena Vista 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.

These financial statements present Buena Vista County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two hundred forty-seven drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed, and supervised by the Buena Vista County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Buena Vista County Auditor's office.

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: Buena Vista County Assessor's Conference Board, Buena Vista County Joint Disaster Services Commission, Buena Vista County Early Childhood Iowa Area Board, Buena Vista County Solid Waste Commission, Northwest Iowa Multi-county Regional Juvenile Detention Center, and Buena Vista County E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

(1) Summary of Significant Accounting Policies - (Continued)

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 and its component units. 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/amortization 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 that do not meet 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, 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 main 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 that are 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, mental retardation, 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.

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation - (Continued)

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

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

Additionally, the County reports the following funds:

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

Fiduciary Funds - 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, 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 they occur 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 property tax revenues to be available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

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.

(1) Summary of Significant Accounting Policies - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

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

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

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

Cash, Pooled Investments, and Cash Equivalents - 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.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is 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 revenues recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2010, assessed property valuations; is for the tax accrual period July 1, 2011, through June 30, 2012; and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2011.

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

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.

Drainage Assessments Receivable - Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than ten nor more than twenty 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. Drainage assessments receivable represent assessments which are payable but not yet due.

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.

Prepaids – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in both the government-wide and fund financial statements on the consumption method.

Capital Assets - Capital assets, which include property, equipment and vehicles, intangibles, and infrastructure assets (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 or estimated 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 life 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
Intangibles	50,000
Land, buildings, and improvements	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	20-75
Building improvements	20-75
Infrastructure	20-75
Intangibles	8-10
Equipment	3-25
Vehicles	4-15

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of succeeding year property tax receivable, as well as delinquent property tax receivable not collected within sixty days after year end and drainage assessments receivable.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable and drainage assessments receivable that will not be recognized as revenue until the year for which it is levied and contributions from external customers in the Employee Group Health Fund.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. 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 and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

Fund Equity - 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.

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Fund Equity –(Continued)

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

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

Unassigned – All amounts not included in other classifications.

Net Assets - The net assets 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.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2012, 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.

Investments are stated at fair value.

The County's investments at June 30, 2012, are as follows:

Type	Fair Value
Stamped drainage warrants	$ 464

(2) Cash and Pooled Investments - (Continued)

Interest rate risk - The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Concentration of credit risk - The County places no limit on the amount that may be invested in any one issuer.

(3) Landfill Agreement

The County participates in an agreement with Buena Vista County Solid Waste Commission, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the county. Payments to that commission totaled $217,710 during the year ended June 30, 2012.

The County has guaranteed closure and post-closure costs of the landfill per Chapter 567-113.14(6f) of the Iowa Administrative Code. The total costs have been estimated at approximately $26,286 and $875,205, respectively as of June 30, 2012. The landfill was closed September 30, 2008. The Commission has begun to accumulate resources to fund these costs, and at June 30, 2012, assets of $262,683 are restricted for this purpose.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012, is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	$ 134,133
	Special Revenue:	
	Rural Services	1,411,127
	Local Option Secondary Roads	472,617
		2,017,877
Conservation Land Acquisition Trust	General	10,565
Total		$2,028,442

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated				
Land	$ 878,489	$ -	$ -	$ 878,489
Construction in progress	3,601,389	1,139,836	(4,740,488)	737
Total capital assets not being depreciated	4,479,878	1,139,836	(4,740,488)	879,226
Capital assets being depreciated				
Buildings	7,538,524	139,692	-	7,678,216
Equipment and vehicles	7,744,124	514,878	(198,760)	8,060,242
Intangibles	197,775	-	-	197,775
Infrastructure, road network	11,785,243	4,680,452	-	16,465,695
Total capital assets being depreciated/amortized	27,265,666	5,335,022	(198,760)	32,401,928
Less accumulated depreciation for:				
Buildings	1,396,794	119,109	-	1,515,903
Equipment and vehicles	3,816,785	350,187	(136,754)	4,030,218
Intangibles	101,854	19,013	-	120,867
Infrastructure, road network	1,683,340	398,453	-	2,081,793
Total accumulated depreciation	6,998,773	886,762	(136,754)	7,748,781
Total capital assets being depreciated, net	20,266,893	4,448,260	(62,006)	24,653,147
Governmental activities capital assets, net	$ 24,746,771	$ 5,588,096	$ (4,802,494)	$ 25,532,373

Depreciation expense was charged to the following functions:

Governmental activities	
Public safety and legal services	$ 115,541
Physical health and social services	13,523
Mental health	(2,952)
County environment and education	63,508
Roads and transportation	624,510
Governmental services to residents	14,252
Administration	58,380
Total depreciation expense--governmental activities	$ 886,762

(6) 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. The Agency Fund collections also include accruals of property tax for the succeeding year. 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		$ 6,758
Special Revenue:			
County Recorder's Records Management	Services	$ 3,067	
Rural Services		836	
Secondary Roads		1,741	
Mental Health		199,141	204,785
Total for governmental funds			$ 211,543
Agency:			
County Assessor	Collections		$ 1,024,870
Auto License and Use Tax			456,964
Community Colleges			792,835
Corporations			6,183,563
Schools			14,207,383
All other			1,306,535
Total for agency funds			$23,972,150

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012, is as follows:

	Balance, Beginning of year	Increases	Decreases	Balance, end of year	Due within one year
Drainage warrants/improvement certificates/drainage district deficit balances	$ 395,425	$ 433,450	$ 47,462	$ 781,413	$ -
General obligation bonds	6,690,000	3,580,000	815,000	9,455,000	670,000
Deferred charges on refinanced debt	(34,336)	5,723	-	(28,613)	-
Deferred charges on refinanced debt	-	1,279	22,645	(21,366)	-
Bond discount on LEC bonds	(51,925)	3,468	-	(48,457)	-
Bond discount on general obligation bonds	(2,943)	2,943	-	-	-
Compensated absences	399,562	-	5,863	393,699	393,699
Net OPEB liability	17,938	8,107	-	26,045	-
Total	$7,413,721	$ 4,034,970	$ 890,970	$10,557,721	$1,063,699

(7) Long-Term Liabilities – (Continued)

A. Bonds Payable

A summary of the County's June 30, 2012, general obligation bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2013	.90-4.15%	$ 670,000	$ 303,547	$ 973,547
2014	1.25-4.20	610,000	289,273	899,273
2015	1.70-4.25	890,000	273,675	1,163,675
2016	2.05-4.30	920,000	250,723	1,170,723
2017	2.40-4.35	945,000	225,335	1,170,335
2018-2022	2.70-4.60	2,795,000	812,086	3,607,086
2023-2027	4.63-4.80	2,625,000	264,018	2,889,018
Total		$ 9,455,000	$ 2,418,657	$ 11,873,657

During the year ended June 30, 2012, the County retired $815,000 of general obligation debt.

General Obligation Refunding Bonds

On September 1, 2011, the County issued $3,580,000 of general obligation refunding bonds, with interest rates ranging from 2% to 3.25%, for a crossover refunding of the general obligation law enforcement bonds issued August 15, 2006. The County entered into an escrow agreement whereby the proceeds from the general obligation refunding bonds were converted into U.S. Treasury Securities. These securities along with additional cash were placed in an escrow account for the express purpose of paying the $3,320,000 principal on the general obligation law enforcement bonds, series 2006, when they become callable on June 1, 2014 and the interest from September 1, 2011 to and including June 1, 2014 on the refunding bonds. After the principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the County. The transactions, balances and liabilities of the escrow account are recorded by the County since the refunded debt is not considered extinguished.

B. Drainage Warrants/Drainage Improvement Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest is paid to the bearer of the certificate upon receipt of the installment payment, plus interest, from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue, Drainage Districts Fund solely from drainage assessments against benefited properties.

(8) 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, IA, 50306-9117.

Most regular plan members are required to contribute 5.38% of their annual covered salary and the County is required to contribute 8.07% of 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, 2012, 2011, and 2010, were $454,971, $378,605, and $353,847, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description. The County operates a single-employer health benefit plan which provides medical, prescription drug, and dental benefits for employees, retirees, and their spouses. There are 121 active and 4 retired members in the plan. Retired participants must meet IPERS normal retirement age. Benefits cease upon attaining age 65. The plan does not issue a stand-alone financial report.

The medical, prescription drug, dental, and vision coverage, which is a medical plan, is administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. Retirees pay the full premium, The current funding policy of the County is to pay health claims as they occur. The required contribution is based on projected pay-as-you go financing. For fiscal year 2012, the County did not make a contribution. Retirees receiving benefits have required monthly contributions of:

Plan	Single	Family
Health and Prescription Drug Plan #1	$ 480	$ 1,237
Health and Prescription Drug Plan #2	457	1,158
Dental	31	71
Vision	11	28

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

(9) Other Postemployment Benefits (OPEB) – (continued)

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	$ 8,402
Interest on net OPEB obligation	807
Adjustment to annual required contribution	(1,102)
Annual OPEB cost	8,107
Contributions made	-
Increase in net OPEB obligation	8,107
Net OPEB obligation beginning of year	17,938
Net OPEB obligation end of year	$ 26,045

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2011. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2012 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	$ 6,465	7.52%	$ 12,041
June 30, 2011	$ 6,383	7.61%	$ 17,938
June 30, 2012	$ 8,107	0.00%	$ 26,045

Funded Status and Funding Progress. As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was $86,758, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $86,758. The covered payroll (annual payroll of active employees covered by the plan) was approximately $4,687,200 and the ratio of the UAAL to covered payroll was 1.9%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

(9) Other Postemployment Benefits (OPEB) – (continued)

The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based on 10% for actives currently electing coverage.

Projected claim costs of the medical plans #1 and #2 are $747 and $712, respectively, per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. Assumptions also include a 3% growth in payroll per annum. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

(10) Risk Management

Buena Vista County is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County assumes liability for any deductibles and claims in excess of coverage limitations.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of $35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2012, was $880,994.

The Employee Group Health Fund did not have any amounts payable at June 30, 2012, which is for reported but not paid claims. The reserve for catastrophic losses was $201,304 at June 30, 2012, and is reported as a designation of the Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

(11) Employee Health Insurance Plan – (Continued)

Unpaid claims at July 1, 2011	$ 9,520
Incurred claims	1,225,722
Payment on claims during the fiscal year	1,235,242
Unpaid claims at June 30, 2012	$ -

(12) Early Childhood Iowa Area Board

Buena Vista County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2012 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early Childhood	$ 98,007	$ -	$ 98,007
Family support and parent education	-	262,408	262,408
Preschool support for low-income families	-	115,216	115,216
Quality improvement	-	45,370	45,370
Allocation for administration	5,158	13,949	19,107
Other grant programs	-	28,011	28,011
Total state grants	103,165	464,954	568,119
Interest on investments	302	2,216	2,518
Total revenues	103,467	467,170	570,637
Expenditures:			
Program services:			
Early childhood	88,893	-	88,893
Family support and parent education	-	266,746	266,746
Preschool support for low-income families	-	158,089	158,089
Quality improvement	-	38,770	38,770
Other program services	-	15,809	15,809
Total program services	88,893	479,414	568,307
Administration	5,201	13,562	18,763
Total expenditures	94,094	492,976	587,070
Net change in fund balance	9,373	(25,806)	(16,433)
Fund balance beginning of year	3,127	98,571	101,698
Fund balance end of year	$ 12,500	$ 72,765	$ 85,265

(13) Juvenile Detention Center

The County participates in the Northwest Iowa Multi-county Regional Juvenile Detention Center, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Center is to establish and maintain a juvenile detention facility and related services. The Center does not determine capital allocations of the equity interest for individual participating jurisdictions. The Center issues separate financial statements on the accrual basis, and the transactions of the Center are not included in the financial statements of the County.

The Center's activity for the fiscal year ending June 30, 2012, which is the latest information available, is summarized as follows:

Net assets, beginning of year	$ 313,665
Revenues	884,848
Expenses	942,967
Net assets, end of year	$ 255,546

The financial statements of the center are available at the Center's administrative office in Cherokee, Iowa.

(14) Commitments

The County has entered into the following contracts which were not completed as of June 30, 2012:

Project	Total Contract Amount	Costs Incurred As of 6-30-12	Remaining Commitment As of 6-30-12
Project LC-1221-73-11 - Box Culverts	151,592	737	150,855
Project LB-376-73-11 - Box Culverts	243,150	-	243,150
Bridge consulting	17,445	11,595	5,850
	$ 412,187	$ 12,332	$ 399,855

The balance remaining at June 30, 2012, will be paid as work on the projects progresses.

(15) Unrestricted Net Assets

As a result of debt which the County has issued for other governmental entities, the unrestricted net assets has a deficit balance of $101,274 at June 30, 2012. If not for the remaining balance on the debt issued for the hospital, the unrestricted net assets at June 30, 2012, would reflect a surplus of $2,020,113.

(16) Leases

Buena Vista County leases copy machines for the communications department; postage machines for the sheriff's department and treasurer's office; and a radio tower for the communications department. The Department of Human Services also leases a copy machine and a postage machine. Total minimum payments under these operating leases for the year ended June 30, 2012, was $6,482.

(16) Leases – (Continued)

Future remaining minimum lease payments under these leases at June 30, 2012, are as follows:

Year ending June 30,	Amount
2013	$ 10,833
2014	9,783
2015	8,433
2016	8,433
2017	5,230
Total minimum lease payments	$ 42,712

The County has also entered into a lease agreement with Plains Area Mental Health for rental office space. This cash lease arrangement is at a rate of $1,012.50 per month, which shall be reviewed annually. The County will also pay Plains Area Mental Health for 30% of utilities, janitorial services, snow removal and garbage pick-up. This agreement commenced on April 1, 2010 and will end on October 31, 2014.

(17) Subsequent Event

The County has issued $770,000 of general obligation capital loan notes dated July 15, 2012. The proceeds were used to finance the acquisition of conservation and sheriff vehicles, improvements to the County's conservation parks, and improvements to County buildings.

(18) Accounting Restatement

Beginning fund balance for governmental funds has been restated to reflect a correction of an error in the beginning fund balance for the General fund. This restatement is summarized below:

Fund balance, June 30, 2011 as previously reported	$ 8,207,463
Restatement of beginning fund balance	(11,833)
Restated fund balance, June 30, 2011	$ 8,195,630

Beginning net assets for governmental activities has been restated to reflect a change in capital assets and long-term liabilities. This restatement is summarized below:

Net assets, June 30, 2011 as previously reported	$25,881,223
Restatement of beginning net assets	(104,888)
Restated net assets, June 30, 2011	$25,776,335

REQUIRED SUPPLEMENTARY INFORMATION

BUENA VISTA 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, 2012

	Actual	Less Funds Not Required to be Budgeted	Net	Budgeted Amounts Original	Budgeted Amounts Final	Final to Net Variance
Receipts:						
Property and other County tax	$8,961,358	$ -	$8,961,358	$8,815,283	$8,815,283	$ 146,075
Interest and penalty on property tax	44,270	-	44,270	43,700	43,700	570
Intergovernmental	5,310,649	-	5,310,649	5,017,895	5,121,073	189,576
Licenses and permits	48,815	-	48,815	41,625	41,625	7,190
Charges for service	792,352	-	792,352	620,255	620,255	172,097
Use of money and property	92,611	-	92,611	133,352	133,352	(40,741)
Miscellaneous	145,045	58,010	87,035	36,001	52,809	34,226
Total receipts	15,395,100	58,010	15,337,090	14,708,111	14,828,097	508,993
Disbursements:						
Public safety and legal services	2,857,957	-	2,857,957	3,011,178	3,099,492	241,535
Physical health and social services	1,076,669	-	1,076,669	1,250,947	1,267,947	191,278
Mental health	1,660,237	-	1,660,237	1,758,883	1,758,883	98,646
County environment and education	724,666	-	724,666	725,877	728,451	3,785
Roads and transportation	4,435,085	-	4,435,085	4,389,865	4,771,615	336,530
Governmental services to residents	673,828	-	673,828	695,603	705,703	31,875
Administration	1,389,034	-	1,389,034	1,421,078	1,481,858	92,824
Non-program	443,581	438,824	4,757	4,500	4,757	-
Debt Service	1,044,070	-	1,044,070	1,045,251	1,045,251	1,181
Capital projects	1,166,552	-	1,166,552	1,469,918	1,683,573	517,021
Total disbursements	15,471,679	438,824	15,032,855	15,773,100	16,547,530	1,514,675
Excess (deficiency) of receipts over disbursements	(76,579)	(380,814)	304,235	(1,064,989)	(1,719,433)	2,023,668
Other financing sources, net	398,474	385,989	12,485	700	700	11,785
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	321,895	5,175	316,720	(1,064,289)	(1,718,733)	2,035,453
Balance beginning of year	8,213,410	90,406	8,123,004	6,040,768	8,123,004	-
Balance end of year	$8,535,305	$ 95,581	$8,439,724	$4,976,479	$6,404,271	$2,035,453

See accompanying independent auditor's report.

BUENA VISTA COUNTY
BUDGETARY COMPARISON SCHEDULE-BUDGET
TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2012

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$15,395,100	$ (6,462)	$15,388,638
Expenditures	15,471,679	419,668	15,891,347
Net	(76,579)	(426,130)	(502,709)
Other financing sources, net	398,474	3,582,554	3,981,028
Beginning fund balances	8,213,410	(17,780)	8,195,630
Ending fund balances	$ 8,535,305	$ 3,138,644	$11,673,949

See accompanying independent auditor's report.

BUENA VISTA COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
JUNE 30, 2012

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service, and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, 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 $774,430. 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 E911 Service Board, and for Emergency Management Services by the County Emergency Management Commission.

Included in the funds not required to be budgeted are the drainage districts.

BUENA VISTA COUNTY
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	$38,918	$ 38,918	0.00%	$4,210,646	0.92%
2010	July 1, 2008	-	$38,918	$ 38,918	0.00%	$4,336,965	0.90%
2011	July 1, 2008	-	$38,918	$ 38,918	0.00%	$4,467,074	0.87%
2012	July 1, 2011	-	$86,758	$ 86,758	0.00%	$4,687,200	1.85%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, and funded status and funding progress.

BUENA VISTA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

Schedule 1

	Special Revenue								
	Local Option Secondary Roads	County Recorder's Records Management	Resource Enhancement and Protection	Jail Security Fund	Drainage Districts	Conservation Land Acquisition	Newell Cemetery Trust	Capital Projects	Total
ASSETS									
Cash and pooled investments	$ 303,954	$ 13,894	$ 78,670	$ 82,592	$ 95,582	$ 108,586	$ 1,972	$ 3,156	$ 688,406
Receivables:									
Accounts	-	308	-	-	-	69	-	-	377
Accrued interest	-	5	9	-	-	-	-	5	19
Drainage assessments	-	-	-	-	293,677	-	-	-	293,677
Due from other governments	73,768	-	-	50	-	216	-	-	74,034
Total assets	$ 377,722	$ 14,207	$ 78,679	$ 82,642	$ 389,259	$ 108,871	$ 1,972	$ 3,161	$ 1,056,513
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	$ -	$ -	$ -	$ -	$ 170,036	$ -	$ -	$ -	$ 170,036
Interest payable	-	-	-	-	43,513	-	-	-	43,513
Deferred revenue	-	-	-	-	293,677	-	-	-	293,677
Due to other governments	-	3,067	-	-	-	-	-	-	3,067
Total liabilities	-	3,067	-	-	507,226	-	-	-	510,293
Fund balances:									
Restricted	377,722	11,140	78,679	82,642	(117,967)	108,871	1,972	-	543,059
Unassigned	-	-	-	-	-	-	-	3,161	3,161
Total fund balances	377,722	11,140	78,679	82,642	(117,967)	108,871	1,972	3,161	546,220
Total liabilities and fund balances	$ 377,722	$ 14,207	$ 78,679	$ 82,642	$ 389,259	$ 108,871	$ 1,972	$ 3,161	$ 1,056,513

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

Schedule 2

	Special Revenue								
	Local Option Secondary Roads	County Recorder's Records Management	Resource Enhancement and Protection	Jail Security Fund	Drainage Districts	Conservation Land Acquisition	Newell Cemetery Trust	Capital Projects	Total
Revenues:									
Property and other County tax	$ 480,900	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 480,900
Intergovernmental	-	-	7,362	-	-	-	-	-	7,362
Charges for services	-	3,671	-	26,011	-	7,883	-	-	37,565
Use of money and property	-	65	220	-	-	12,151	5	63	12,504
Miscellaneous	-	-	-	2,722	58,012	1,583	-	-	62,317
Total revenues	480,900	3,736	7,582	28,733	58,012	21,617	5	63	600,648
Expenditures:									
Operating:									
Public safety and legal services	-	-	-	11,245	-	-	-	-	11,245
Administration	-	-	-	8,206	-	-	-	-	8,206
Non-program	-	-	-	-	615,299	-	-	-	615,299
Capital Projects	-	3,067	-	-	-	34,451	-	2,926	40,444
Total expenditures	-	3,067	-	19,451	615,299	34,451	-	2,926	675,194
Excess (deficiency) of revenues over expenditures	480,900	669	7,582	9,282	(557,287)	(12,834)	5	(2,863)	(74,546)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	10,320	-	-	10,320
Operating transfers in (out)	(472,617)	-	-	-	-	10,565	-	-	(462,052)
Drainage district warrants issued	-	-	-	-	385,989	-	-	-	385,989
Total other financing sources (uses)	(472,617)	-	-	-	385,989	20,885	-	-	(65,743)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	8,283	669	7,582	9,282	(171,298)	8,051	5	(2,863)	(140,289)
Fund balances beginning of year, as restated	369,439	10,471	71,097	73,360	53,331	100,820	1,967	6,024	686,509
Fund balances end of year	$ 377,722	$ 11,140	$ 78,679	$ 82,642	$ (117,967)	$ 108,871	$ 1,972	$ 3,161	$ 546,220

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
JUNE 30, 2012

Schedule 3

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	License and Use Tax	Other	Total
ASSETS										
Cash and pooled investments:										
County Treasurer	$ -	$ 1,648	$ 680,813	$ 138,184	$ 7,643	$ 57,122	$ 2,565	$ 413,695	$ 301,291	$ 1,602,961
Other County officials	82,960	-	-	-	-	-	-	-	-	82,960
Receivables:										
Property tax:										
Delinquent	-	1,565	2,777	129,682	7,372	338,556	135	-	3,811	483,898
Succeeding year	-	200,194	355,331	13,939,517	777,820	5,787,885	305,919	-	439,061	21,805,727
Accounts	4,348	-	-	-	-	-	-	43,269	12,268	59,885
Due from other governments	-	-	-	-	-	-	-	-	17,317	17,317
Special assessments	-	-	-	-	-	-	-	-	16,313	16,313
Total assets	$ 87,308	$ 203,407	$ 1,038,921	$ 14,207,383	$ 792,835	$ 6,183,563	$ 308,619	$ 456,964	$ 790,061	$ 24,069,061
LIABILITIES										
Accounts payable	$ -	$ -	$ 6,336	$ -	$ -	$ -	$ -	$ -	$ 21,767	$ 28,103
Salaries & benefits payable	-	-	7,715	-	-	-	-	-	2,041	9,756
Due to other governments	39,809	203,407	1,024,870	14,207,383	792,835	6,183,563	308,619	456,964	754,700	23,972,150
Trusts payable	47,499	-	-	-	-	-	-	-	11,553	59,052
Total liabilities	$ 87,308	$ 203,407	$ 1,038,921	$ 14,207,383	$ 792,835	$ 6,183,563	$ 308,619	$ 456,964	$ 790,061	$ 24,069,061

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2012

Schedule 4

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
ASSETS AND LIABILITIES										
Balances beginning of year	$ 102,666	$ 173,508	$ 1,025,051	$ 14,317,949	$ 802,944	$ 5,662,850	$ 305,913	$ 446,606	$ 771,066	$ 23,608,553
Additions:										
Property and other county tax	-	200,211	354,638	13,924,525	779,712	5,759,064	305,786	-	438,369	21,762,305
E911 surcharge	-	-	-	-	-	-	-	-	116,121	116,121
State tax credits	-	5,359	12,013	439,973	24,812	157,558	9,227	-	13,820	662,762
Office fees and collections	576,095	-	1,379	-	-	-	-	-	145,332	722,806
Auto licenses, use tax, and postage	-	-	-	-	-	-	-	6,164,687	-	6,164,687
Assessments	-	-	-	-	-	-	-	-	14,280	14,280
Trusts	655,690	-	-	-	-	-	-	-	608,313	1,264,003
Total additions	1,231,785	205,570	368,030	14,364,498	804,524	5,916,622	315,013	6,164,687	1,336,235	30,706,964
Deductions:										
Agency remittances:										
To other governments	575,688	175,671	354,160	14,475,064	814,633	5,395,909	312,307	6,154,329	663,874	28,921,635
Trusts paid out	671,455	-	-	-	-	-	-	-	653,366	1,324,821
Total deductions	1,247,143	175,671	354,160	14,475,064	814,633	5,395,909	312,307	6,154,329	1,317,240	30,246,456
Balances end of year	$ 87,308	$ 203,407	$ 1,038,921	$ 14,207,383	$ 792,835	$ 6,183,563	$ 308,619	$ 456,964	$ 790,061	$ 24,069,061

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY
FUNCTION – ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

Schedule 5

	Modified Accrual Basis									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Property and other County tax	$ 8,958,866	$ 8,589,265	$ 8,581,521	$ 7,837,830	$ 7,065,977	$ 6,648,612	$ 6,577,364	$ 6,388,682	$ 6,136,029	$ 4,697,645
Interest and penalty on property tax	44,270	48,725	46,597	49,207	40,523	43,470	46,464	34,702	39,269	31,434
Intergovernmental	5,288,699	5,229,112	5,144,423	4,646,265	5,074,654	4,998,520	5,072,950	6,021,929	5,401,544	4,388,110
Licenses and permits	48,077	42,179	60,668	44,644	51,864	29,037	27,696	32,782	27,954	26,003
Charges for service	748,916	655,653	628,387	720,600	624,766	600,836	625,239	673,495	586,418	503,889
Use of money and property	158,270	121,705	125,632	158,506	243,620	430,698	240,451	151,098	129,839	154,053
Miscellaneous	141,540	144,441	515,737	77,085	289,421	235,095	499,302	367,317	197,088	128,306
Total	$15,388,638	$14,831,080	$15,102,965	$13,534,137	$13,390,825	$12,986,268	$13,089,466	$13,670,005	$12,518,141	$ 9,929,440
Expenditures:										
Operating:										
Public safety and legal services	$ 2,891,404	$ 2,661,575	$ 2,430,820	$ 2,411,483	$ 2,416,715	$ 2,208,090	$ 2,130,132	$ 1,916,398	$ 1,891,622	$ 1,789,460
Physical health and social services	1,076,467	1,124,760	1,198,245	1,130,674	1,125,268	1,056,604	987,561	1,022,394	1,081,819	1,167,713
Mental health	1,676,284	1,338,797	1,258,695	1,379,923	1,428,879	1,496,631	1,407,028	1,255,061	1,170,050	1,126,253
County environment and education	730,301	664,729	635,694	625,020	609,120	607,830	642,349	493,960	460,508	471,973
Roads and transportation	4,777,871	3,772,684	3,771,775	4,319,136	3,170,235	3,622,293	4,492,826	3,051,873	3,298,592	2,725,349
Governmental services to residents	675,803	678,327	612,565	607,382	551,839	512,159	488,654	452,522	436,248	345,670
Administration	1,394,345	1,185,343	1,236,579	1,154,125	1,141,424	1,047,527	1,019,714	979,435	963,822	1,009,896
Non-program	620,055	411,203	203,259	149,299	564,050	1,961,898	1,151,855	2,138,420	1,158,653	213,401
Debt service	1,112,461	1,048,022	1,010,945	1,291,446	1,157,644	1,051,170	858,289	1,265,592	881,621	693,761
Capital projects	936,356	1,440,775	1,129,049	682,924	1,214,030	4,393,109	710,072	257,978	332,071	1,846,546
Total	$15,891,347	$14,326,215	$13,487,626	$13,751,412	$13,379,204	$17,957,311	$13,888,480	$12,833,633	$11,675,006	$11,390,022

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

Schedule 6

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		$ 14,717
Natural Resources Conservation Service			
Watershed Protection and Flood Prevention	10.904		33,000
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C011-(73)-8J-11	169,557
Highway Planning and Construction	20.205	BROS-C011-(84)-8J-11	10,337
			179,894
National Highway Traffic Safety Administration:			
Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601		19,165
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistant	93.566		26
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,253
Foster Care - Title IV-E	93.658		5,366
Adoption Assistance	93.659		1,561
Social Services Block Grant	93.667		4,704
Children's Health Insurance Program	93.767		51
Medical Assistance Program	93.778		13,812
Child Care and Development Block Grant	93.575		94,095
Social Services Block Grant-CPC	93.667		84,087
			206,955
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT11	6,566
Public Health Emergency Preparedness	93.069	5882BT11	17,275
Immunization Cooperative Agreements	93.268	5881I409	2,886
Immunization Cooperative Agreements	93.268	5881I409	3,590
			30,317
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Hazard Mitigation Grant	97.039		17,493
Emergency Management Performance Grants	97.042		17,317
			34,810
Total			$ 518,858

See accompanying independent auditor's report.

(1) Basis of Presentation

The accompanying schedule of expenditures of the federal awards includes the federal grant activity of Buena Vista County, Iowa for the year ended June 30, 2012. All federal financial assistance passed through other government agencies expended during the year is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

(2) Significant Accounting Policies

Revenue from federal awards is recognized when the County has done everything necessary to establish its right to revenue. For government funds, revenue from federal grant is recognized when they become both measurable and available. Expenditures allowable in accordance with the grant agreement are recognized when they become a demand on current available financial resources.

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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 Buena Vista County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 22, 2013. Our report on the financial statements was adverse because the materials and supplies inventory was not included. Except as discussed in the preceding sentence, 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

The management of Buena Vista County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Buena Vista 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 Buena Vista County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Buena Vista 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies, or material weakness have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Buena Vista County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings as items II-(A-C)-12 to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-D-12 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buena Vista 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 instances of noncompliance or other matters which are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012, 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.

Buena Vista 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 Buena Vista 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 Buena Vista County and other parties to whom Buena Vista County may report, including federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

March 22, 2013

Hunzelman, Putzier & Co., PLC

HUNZELMAN, PUTZIER & CO., PLC
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Officials of Buena Vista County:

Compliance

We have audited Buena Vista County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Buena Vista County, Iowa's major federal programs are identified in Part I of the accompanying *Schedule of Findings*. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of Buena Vista County, Iowa's management. Our responsibility is to express an opinion on Buena Vista County, Iowa's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buena Vista County, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Buena Vista County, Iowa's compliance with those requirements.

In our opinion, Buena Vista County, Iowa complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Buena Vista County, Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered Buena Vista County, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Buena Vista County, Iowa's internal control over compliance.

Our consideration of internal control over compliance was for the limited purposed described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Buena Vista County's responses to the 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 Buena Vista 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 Buena Vista County and other parties to whom Buena Vista County may report, including federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Hungelman, Putzies & Co., PLC

March 22, 2013

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

Part I: Summary of the Independent Auditor's Results:

(a) An adverse opinion was issued on the financial statements.

(b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No significant deficiencies or material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.

(e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.

(f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) The major programs were as follows:
CFDA Number 20.205 Highway Planning and Construction
CFDA Number 93.667 Social Services Block Grant

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Buena Vista County did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-12 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that 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. We noted that generally one or two individuals in an office may have control over areas for which no compensating controls exist.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions reconciliations, and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review. Following are controls which should be implemented whenever possible:

1. All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

2. Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.

3. Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants, or approve vouchers for payment.

4. Voided transactions, both receipts and disbursements, should be approved by an individual not involved in the voided transaction. This individual should review the void to determine if it is proper.

Response – To the degree possible in the various departments, incoming mail is opened, and checks and cash listed, by a person not authorized to make accounting entries. Checks and cash are then turned over to accounting personnel for processing. The list of checks and cash is later reconciled with cash receipt records.

To the degree possible in each department, bank accounts are reconciled promptly by a staff person who is not authorized to sign checks.

To the degree possible in the departments, the following responsibilities are segregated: approval of supporting documentation of claims submitted, preparing and recording of disbursements, reviewing of warrant with original claim documentation, and handling of petty cash.

To the degree possible in the departments, voided transactions, both receipts and disbursements, will be reviewed and approved by an individual not involved in the voided transaction.

Conclusion – Response accepted.

Part II: Findings Related to the Financial Statements: - (Continued)

INTERNAL CONTROL DEFICIENCIES - (Continued)

II-B-12 Materials and Supplies Inventory - The financial statements do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds. The amounts of such inventories are not determinable because no count has been taken by the County.

Recommendation - The County should make appropriate counts of materials and supplies inventory on hand at June 30 each year and determine the cost to be included in the annual financial statements in order to conform with generally accepted accounting principles. The annual count should be coordinated with the independent auditors who will need to observe the inventory counting procedures.

Response – At the current time sufficient resources are not available to perform inventory on June 30. However, an annual inventory is taken at another time during the fiscal year for management purposes. The Board of Supervisors has determined that this inventory is satisfactory for management's need, and that the cost of changing to a June 30 inventory exceeds the benefit to be gained.

Conclusion – Response accepted.

II-C-12 Financial Reporting – We noted that while management is capable of preparing accurate financial statements that provide information sufficient to make management decisions, reporting financial data reliably in accordance with generally accepted accounting principles (GAAP) requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Recommendation - Obtaining additional GAAP knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in the ability to prepare and take responsibility for reliable GAAP financial statements.

Response – Management has addressed this control risk by engaging you (our independent CPA), to prepare the financial statements, has appointed persons with sufficient knowledge to evaluate your preparation of the financial statements, and has reviewed and accepted the financial statements as you have prepared them. Outside preparation of the financial statements is more cost effective than preparing them in-house.

Conclusion – Response accepted.

Part II: Findings Related to the Financial Statements: - (Continued)

INTERNAL CONTROL DEFICIENCIES - (Continued)

II-D-12 Vacation Carryover– One secondary road employee and two Sheriff Deputies had unused vacation time in excess of established policies as of June 30, 2012. Although the County's policy allows the carryover of vacation with department head approval, this amount results in a current liability which may become a substantial payment at a future date.

Recommendation – To avoid a possible substantial payment in the future, the Board should consider eliminating some of this carryover through payments or paid time off.

Response – The Secondary Road employee that had excess vacation time was approved by the Board on May 22, 2012 to allow the carryover to be used by August. One of the two Sheriff Deputies that had excess vacation time had his previous request denied by the Sheriff due to circumstances in the jail, and so he used the excess 16 hours the week following his anniversary date. The second Sheriff Deputy that had excess vacation was overlooked prior to his anniversary due to the focus on use of his comp time. After this was discovered, a plan was put in place, and his excess vacation was used by October, 2012.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-12 Certified Budget - Disbursements during the year ended June 30, 2012, did not exceed the amounts budgeted.

III-B-12 Questionable Expenditures - No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

III-C-12 Travel Expense - No expenditures of County money for travel expense of spouses of County officials or employees were noted.

III-D-12 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Kim Briley, Deputy Treasurer Husband owns Briley's Auto Body Service Inc.	Repairs	$ 600

The transactions do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since total transactions were less than $1,500 during the fiscal year.

Part III: Other Findings Related to Required Statutory Reporting: - (Continued)

III-E-12 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

III-F-12 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not. However, the published minutes did not contain the purpose of approved claims as required by Chapter 349.18 of the Code of Iowa and several Attorney General's opinions.

Recommendation - Published minutes should contain a list of all approved claims, including the purpose of the claim.

Response – Since we do not receive inquiries about this information, and in an attempt to manage the cost of publication, the Board of Supervisors has directed that a list of the claims paid should be published quarterly including the vendor and amount. More complete information is available by request.

Conclusion – Response accepted.

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

III-H-12 Resource Enhancement and Protection Certification - The County did not dedicate property tax revenue to conservation purposes sufficient to meet the requirements of Chapter 455 A.19(1)(b) of the Code of Iowa in order to receive additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

III-I-12 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, 2012, for the County Extension Office did not exceed the amount budgeted.

III-J-12 Early Childhood Iowa Area Board – Buena Vista County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. No instances of non-compliance were noted as a result of the audit procedures performed.