

TAMA COUNTY

**Independent Auditors' Reports
Basic Financial Statements and Supplementary Information
Schedule of Findings**

June 30, 2012

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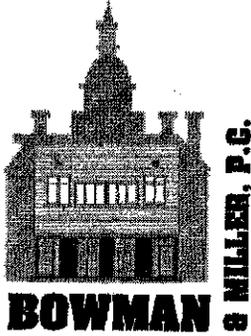
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Tama County

Officials

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Dan Wilkens	Board of Supervisors	January 2013
Kendall Jordan	Board of Supervisors	January 2013
Larry Vest	Board of Supervisors	January 2015
Laura Kopsa	County Auditor	January 2013
Michelle Yuska	County Treasurer	January 2015
Deborah Kupka	County Recorder	January 2015
Dennis Kucera	County Sheriff	January 2013
Brent D. Heeren	County Attorney	January 2015
Jerry Witt	County Assessor	January 2013



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

24 EAST MAIN STREET • MARSHALLTOWN, IOWA 50158 • 641-753-9337 • FAX 641-753-6366
418 2ND STREET • GLADBROOK, IOWA 50635 • 641-473-2717 • FAX 641-753-6366

James R. Bowman, CPA • jim@bowmanandmillerpc.com
Elizabeth A. Miller, CPA • beth@bowmanandmillerpc.com

Independent Auditors' Report

To the Officials of Tama County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tama 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 Tama County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Tama County at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2012 on our consideration of Tama County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U. S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 10 and 41 through 45 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 of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the 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 Tama 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 nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied on our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U. S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bowman and Miller, P.C.

November 26, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tama 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 3.6%, or approximately \$722,000, from fiscal year 2011 to fiscal year 2012. General revenues increased approximately \$280,000, charges for services decreased approximately \$104,000, operating grants, contributions and restricted interest increased approximately \$271,600 and capital grants and contributions decreased approximately \$1,170,000.
- Program expenses of the County's governmental activities were 10.4%, or approximately \$1,572,000, more in fiscal year 2012 than in fiscal year 2011. Roads and transportation expenses increased approximately \$1,776,000 and administration expenses increased approximately \$89,000.
- The County's net assets increased 8.2%, or approximately \$2,856,000, from June 30, 2011 to June 30, 2012.

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 Tama 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 Tama 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 Tama 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.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund and 2) the Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads. 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 drainage districts, 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.

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 County's combined net assets increased from approximately \$34.7 million to approximately \$37.5 million. The analysis that follows focuses on the changes in net assets of governmental activities.

Net Assets of Governmental Activities
(Expressed in Thousands)

	June 30,	
	2012	2011
Current and other assets	\$ 21,016	20,815
Capital assets	25,959	22,871
Total assets	<u>46,975</u>	<u>43,686</u>
Long-term liabilities	441	399
Other liabilities	9,003	8,612
Total liabilities	<u>9,444</u>	<u>9,011</u>
Net assets:		
Invested in net assets	25,959	22,871
Restricted	8,559	8,906
Unrestricted	3,013	2,898
Total net assets	<u>\$ 37,531</u>	<u>34,675</u>

Net assets of Tama County's governmental activities increased 8.2% (\$34.7 million compared to \$37.5 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets -- the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements -- increased from approximately \$2,898,000 at June 30, 2011 to approximately \$3,013,000 at the end of this year, an increase of 4%.

Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2012	2011
Revenues:		
Program revenues:		
Charges for service	\$ 1,595,373	1,699,421
Operating grants and contributions	5,777,568	5,505,922
Capital grants and contributions	3,913,802	5,083,561
General revenues:		
Property tax	7,321,123	7,070,061
Interest and penalty on property tax	55,944	34,200
State tax credits	324,740	331,671
Local option sales tax	523,422	518,225
Unrestricted investment earnings	84,580	95,604
Other general revenues	20,028	-
Total revenues	<u>19,616,580</u>	<u>20,338,665</u>
Program expenses:		
Public safety and legal services	3,035,164	2,965,325
Physical health and social services	1,348,832	1,476,508
Mental health	1,583,572	1,862,279
County environment and education	802,983	796,839
Roads and transportation	8,387,984	6,611,717
Governmental services to residents	488,208	449,358
Administration	1,111,377	1,022,111
Non-program	2,894	4,438
Total expenses	<u>16,761,014</u>	<u>15,188,575</u>
Increase in net assets	2,855,566	5,150,090
Net assets beginning of year	<u>34,675,040</u>	<u>29,524,950</u>
Net assets end of year	<u>\$ 37,530,606</u>	<u>34,675,040</u>

Tama County's net assets of governmental activities increased approximately \$2,856,000 during the year. Revenues for governmental activities decreased approximately \$722,000 from fiscal year 2011 to fiscal year 2012. The total cost of all programs and services increased by 10.4%. Capital grants, contributions and restricted interest decreased by approximately \$1,170,000 due to \$1,700,000 of transfer of jurisdiction funds being received for the transfer of a segment of Highway 30 from the State of Iowa to Tama County in 2011.

The cost of all governmental activities this year was approximately \$16.8 million compared to approximately \$15.2 million last year. However, as shown in the Statement of Activities on page 13, the amount that our taxpayers ultimately financed for these activities was only \$5.5 million because some of the cost was paid by those who directly benefited from the programs (\$1.6 million) or by other governments and organizations that subsidized certain programs with contributions and grants (\$9.7 million). Overall, the County's governmental program revenues including intergovernmental aid and fees for services, decreased in 2012 from approximately \$12.3 million to approximately \$11.3 million. The County paid for the remaining "public benefit" portion of governmental activities (\$5.5 million) with taxes (some of which could only be used for certain programs) and with other revenues such as interest and general entitlements. General revenues remained virtually unchanged from the prior year.

INDIVIDUAL MAJOR FUND ANALYSIS

As Tama County completed the year, its governmental funds reported a combined fund balance of approximately \$9.9 million, a decrease of approximately \$172,000 under last year's total of approximately \$10.1 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures remained consistent when compared to the prior year. The ending fund balance showed a modest increase of approximately \$448,000 from the prior year to approximately \$4,562,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. In March 2012 the County joined the County Social Services Agency. This Agency is a 17 county member agency established to help consolidate mental health services and costs. For the year, expenditures totaled approximately \$1,572,000, a decrease of 15.1% from the prior year. The Mental Health Fund balance at year end increased approximately \$375,000 over the prior year.
- Rural Services Fund revenues remained virtually unchanged from the prior year. For the year, expenditures totaled approximately \$837,000, an increase of 56.6% from the prior year. This increase was a result of additional funds being spent on road clearing and an increase in the per capita fees to the Tama County Landfill Commission.
- Secondary Roads Fund revenues decreased approximately \$1.6 million, due principally to \$1.7 million in transfer of jurisdiction from the State of Iowa that was received in fiscal year 2011. Expenditures increased approximately \$1.1 million due principally to an increase in roadway maintenance and bridge repair. The amount that the County transferred from the Rural Services and General Funds increased by approximately \$66,000. These changes resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$1 million.

BUDGETARY HIGHLIGHTS

Over the course of the year, Tama County amended its budget once. The amendment was made in May 2012 and resulted in an increase in budgeted disbursements related to public safety, local health and conservation expenditures. The County received additional funding from the state related to several local health grants and the Homeownership Grant. The expenditures were increased to reflect this additional revenue.

The County's receipts were approximately \$595,000 greater than budgeted, a variance of 3.9%.

Total disbursements were \$2.7 million less than the amended budget. This was primarily due to anticipated capital projects not being done by the County.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, Tama County had approximately \$51.6 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This amount represents a net increase (including additions and deletions) of approximately \$4,770,000, or 10.2% over last year.

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

	June 30,	
	2012	2011
Land	\$ 1,386	1,386
Construction in progress	1,399	529
Buildings and improvements	5,420	5,420
Machinery and equipment	8,828	8,076
Infrastructure	34,559	31,404
Totals	\$ 51,592	46,815

This year's major additions included (in thousands):

County sheriff vehicles	\$ 78
Replacement of three trucks and other secondary road equipment	594
Capital assets contributed by the Iowa Department of Transportation	3,852
Total	\$ 4,524

The County had depreciation expense of \$1,753,862 in fiscal year 2012 and total accumulated depreciation of \$25,633,453 at June 30, 2012.

The County's fiscal year 2012 capital budget included funds primarily for the continued upgrading of secondary roads and purchase of sheriff vehicles. These projects will be funded with resources on hand in the County's fund balances. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2012, the County had approximately \$436,000 in compensated absences compared to approximately \$395,000 in compensated absences at June 30, 2011, as shown below.

	June 30,	
	2012	2011
Compensated absences	\$ 436,056	394,907
Total	\$ 436,056	394,907

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Tama County's constitutional debt limit is approximately \$65 million. Additional information about the County's long-term debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Tama County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2013 budget, tax rates and the fees charged for various County activities. The proposed budget for fiscal year 2013 includes increases above the current budget in both the revenue and expenditure categories primarily related to roads and transportation as the County continues to make improvements in the infrastructure of roads and bridges.

The County has no major capital improvement plans for fiscal year 2013, but will continue to do routine maintenance on County buildings, roads and bridges.

The County continues to seek ways to contain costs by sharing programs and personnel with other counties and to increase revenues through user fees, grants and contracts rather than solely relying on tax income.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Tama 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 County Auditor's Office, Tama County Administration Building, 104 West State Street, P.O. Box 61, Toledo, Iowa, 52342.

Tama County
Statement of Net Assets
June 30, 2012

Exhibit A

	Governmental Activities
Assets	
Cash and pooled investments	\$ 12,349,335
Receivables:	
Property tax:	
Delinquent	11,073
Succeeding year	7,844,118
Interest and penalty on property tax	35,219
Accounts	47,491
Due from other governments	497,165
Inventories	186,296
Prepaid expenses	44,959
Capital assets (net of accumulated depreciation)	25,959,053
Total assets	46,974,709
Liabilities	
Accounts payable	753,686
Salaries and benefits payable	210,153
Due to other governments	194,607
Deferred revenue:	
Succeeding year property tax	7,844,118
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	436,056
Portion due or payable after one year:	
Net OPEB liability	5,483
Total liabilities	9,444,103
Net Assets	
Invested in capital assets	25,959,053
Restricted for:	
Supplemental levy purposes	1,361,221
Mental health purposes	1,067,519
Rural services purposes	1,772,253
Secondary roads purposes	1,908,498
Other purposes	2,449,650
Unrestricted	3,012,412
Total net assets	\$ 37,530,606

Tama County
Statement of Activities
Year Ended June 30, 2012

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 3,035,164	424,084	52,794	-
Physical health and social services	1,348,832	444,483	228,232	-
Mental health	1,583,572	123,984	1,260,441	-
County environment and education	802,983	51,533	98,517	61,298
Roads and transportation	8,387,984	74,077	4,113,649	3,852,504
Governmental services to residents	488,208	345,763	127	-
Administration	1,111,377	107,819	23,808	-
Non-program	2,894	23,630	-	-
Total	\$ 16,761,014	1,595,373	5,777,568	3,913,802

General Revenues:

Property and other county tax levied for:

General purposes

Interest and penalty on property tax

State tax credits

Local option sales tax

Unrestricted investment earnings

Gain on sale of assets

Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

Net (Expense)
Revenue and Changes
in Net Assets

(2,558,286)

(676,117)

(199,147)

(591,635)

(347,754)

(142,318)

(979,750)

20,736

(5,474,271)

7,321,123

55,944

324,740

523,422

84,580

7,228

12,800

8,329,837

2,855,566

34,675,040

\$ 37,530,606

Tama County
Balance Sheet
Governmental Funds
June 30, 2012

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 4,723,613	1,014,449	1,741,334	2,425,473
Receivables:				
Property tax:				
Delinquent	9,265	1,026	782	-
Succeeding year	5,206,060	568,799	2,069,259	-
Interest and penalty on property tax	35,219	-	-	-
Accounts	45,657	1,834	-	-
Due from other governments	92,061	77,056	85,915	242,133
Inventories	-	-	-	186,296
Prepaid expenses	44,959	-	-	-
Total assets	\$ 10,156,834	1,663,164	3,897,290	2,853,902
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 32,020	4,198	4,688	481,264
Salaries and benefits payable	122,562	5,786	6,569	75,236
Due to other governments	189,450	4,557	-	600
Deferred revenue:				
Succeeding year property tax	5,206,060	568,799	2,069,259	-
Other	44,346	1,020	782	-
Total liabilities	5,594,438	584,360	2,081,298	557,100
Fund balances:				
Nonspendable:				
Inventories	-	-	-	186,296
Prepaid expenses	44,959	-	-	-
Restricted for:				
Supplemental levy purposes	1,361,221	-	-	-
Mental health purposes	-	1,078,804	-	-
Rural services purposes	-	-	1,815,992	-
Secondary road purposes	-	-	-	2,110,506
Conservation land acquisition	258,091	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Capital projects	-	-	-	-
Other purposes	386,014	-	-	-
Unassigned	2,512,111	-	-	-
Total fund balances	4,562,396	1,078,804	1,815,992	2,296,802
Total liabilities and fund balances	\$ 10,156,834	1,663,164	3,897,290	2,853,902

See notes to financial statements.

<u>Nonmajor</u>	<u>Total</u>
159,604	10,064,473
-	11,073
-	7,844,118
-	35,219
-	47,491
-	497,165
-	186,296
-	44,959
<u>159,604</u>	<u>18,730,794</u>
-	522,170
-	210,153
-	194,607
-	7,844,118
-	46,148
-	<u>8,817,196</u>
-	186,296
-	44,959
-	1,361,221
-	1,078,804
-	1,815,992
-	2,110,506
-	258,091
138,213	138,213
21,391	21,391
-	386,014
-	2,512,111
<u>159,604</u>	<u>9,913,598</u>
<u>159,604</u>	<u>18,730,794</u>

Tama County
 Reconciliation of the Balance Sheet -
 Governmental Funds to the Statement of Net Assets
 June 30, 2012

Exhibit D

Total governmental fund balances (page 15)	\$ 9,913,598
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
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 \$51,592,506 and the accumulated depreciation is \$25,633,453.	25,959,053
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	46,148
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 in governmental activities in the Statement of Net Assets.	2,053,346
Long-term liabilities, including compensated absences payable and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(441,539)
Net assets of governmental activities (page 11)	<u>\$ 37,530,606</u>

Tama County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,863,226	538,794	1,921,456	-
Local option sales tax	-	-	523,422	-
Interest and penalty on property tax	60,797	-	-	-
Intergovernmental	1,247,776	1,393,028	85,413	3,845,066
Licenses and permits	14,081	-	-	4,295
Charges for service	620,750	15,267	-	-
Use of money and property	211,793	-	-	-
Miscellaneous	38,732	-	-	338,365
Total revenues	<u>7,057,155</u>	<u>1,947,089</u>	<u>2,530,291</u>	<u>4,187,726</u>
Expenditures:				
Operating:				
Public safety and legal services	2,981,390	-	24,316	-
Physical health and social services	1,346,402	-	-	-
Mental health	-	1,571,825	-	-
County environment and education	559,342	-	157,608	-
Roads and transportation	-	-	456,675	7,022,849
Governmental services to residents	465,399	-	2,997	-
Administration	1,027,543	-	-	-
Non-program	1,307	-	-	-
Capital projects	91,757	-	195,633	-
Total expenditures	<u>6,473,140</u>	<u>1,571,825</u>	<u>837,229</u>	<u>7,022,849</u>
Excess (deficiency) of revenues over (under) expenditures	<u>584,015</u>	<u>375,264</u>	<u>1,693,062</u>	<u>(2,835,123)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	7,228
Operating transfers in	-	-	-	1,813,675
Operating transfers out	(135,709)	-	(1,677,966)	-
Total other financing sources (uses)	<u>(135,709)</u>	<u>-</u>	<u>(1,677,966)</u>	<u>1,820,903</u>
Net change in fund balances	448,306	375,264	15,096	(1,014,220)
Fund balances beginning of year	<u>4,114,090</u>	<u>703,540</u>	<u>1,800,896</u>	<u>3,311,022</u>
Fund balances end of year	<u>\$ 4,562,396</u>	<u>1,078,804</u>	<u>1,815,992</u>	<u>2,296,802</u>

See notes to financial statements.

Nonmajor	Total
-	7,323,476
-	523,422
-	60,797
13,018	6,584,301
-	18,376
4,003	640,020
1,142	212,935
-	377,097
18,163	15,740,424

4,647	3,010,353
-	1,346,402
-	1,571,825
-	716,950
-	7,479,524
10,366	478,762
-	1,027,543
-	1,307
-	287,390
15,013	15,920,056

3,150	(179,632)
-------	-----------

-	7,228
-	1,813,675
-	(1,813,675)
-	7,228

3,150	(172,404)
-------	-----------

156,454	10,086,002
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159,604	9,913,598
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Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
Year Ended June 30, 2012

Net change in fund balances - Total governmental funds (page 18) \$ (172,404)

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

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

Expenditures for capital assets	\$ 989,007	
Capital assets contributed by the Iowa Department of Transportation	3,852,504	
Depreciation expense	<u>(1,753,862)</u>	3,087,649

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	(7,206)
--------------	---------

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 governmental funds, as follows:

Compensated absences	(41,149)	
Other postemployment benefits	<u>(1,587)</u>	(42,736)

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

(9,737)

Change in net assets of governmental activities (page 13) \$ 2,855,566

Tama County
Statement of Net Assets
Proprietary Fund
June 30, 2012

Exhibit G

	<u>Internal Service- Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 2,284,862
Liabilities	
Accounts payable	<u>231,516</u>
Net Assets	
Unrestricted	<u>\$ 2,053,346</u>

Tama 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	\$ 1,628,380	
Reimbursements from others	18,766	
Insurance reimbursements	101,876	
Total operating revenues		1,749,022
Operating expenses:		
Medical claims	\$ 1,566,742	
Insurance premiums	174,933	
Administrative fees	40,713	
Operating loss		(33,366)
Non-operating revenues:		
Interest income		23,629
Net loss		(9,737)
Net assets beginning of year		2,063,083
Net assets end of year		\$ 2,053,346

Tama 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	\$ 1,628,380
Cash received from others	18,766
Cash received from insurance reimbursements	101,876
Cash paid to suppliers for services	(1,783,060)
Net cash used by operating activities	(34,038)
Cash flows from investing activities:	
Interest on investments	25,537
Net decrease in cash and cash equivalents	(8,501)
Cash and cash equivalents beginning of year	2,293,363
Cash and cash equivalents end of year	\$ 2,284,862
Reconciliation of operating loss to net cash	
used by operating activities:	
Operating loss	\$ (33,366)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Decrease in accounts payable	(672)
Net cash used by operating activities	\$ (34,038)

Tama County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012

Exhibit J

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,497,759
Other County officials	14,937
Receivables:	
Property tax:	
Delinquent	41,791
Succeeding year	17,504,323
Accounts	80,868
Due from other governments	191,041
Total assets	19,330,719

Liabilities

Accounts payable	60,298
Salaries and benefits payable	32,383
Due to other governments	19,127,126
Trusts payable	46,262
Compensated absences	64,650
Total liabilities	19,330,719

Net assets	\$ -
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Tama County
Notes to Financial Statements
June 30, 2012

(1) Summary of Significant Accounting Policies

Tama 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, Tama 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 Tama 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 they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Drainage District #3 has 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 this district is legally separate from the County, it is controlled, managed and supervised by the Tama County Board of Supervisors. This drainage district is reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported in an agency fund. Financial information of the individual drainage districts can be obtained from the Tama County Auditor's office.

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

(1) **Summary of Significant Accounting Policies (continued)**

A. Reporting Entity (continued)

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: Tama County Assessor's Conference Board, Tama County Joint E-911 Service Board, Tama County Economic Development Commission, and Tama County Emergency Management Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following additional jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: County Social Services Agency, Heartland Risk Pool Insurance, Tama County Solid Waste Disposal Commission, County Case Management Services, Mid-Iowa Drug Task Force, Northeast Iowa Response Group, Central Iowa Juvenile Detention Center and Region VI Planning Commission.

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 consists of capital assets, net of accumulated depreciation.

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

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

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

(1) **Summary of Significant Accounting Policies (continued)**

B. Basis of Presentation (continued)

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 other nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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.

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

(1) **Summary of Significant Accounting Policies (continued)**

B. Basis of Presentation (continued)

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 earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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.

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

(1) **Summary of Significant Accounting Policies (continued)**

C. Measurement Focus and Basis of Accounting (continued)

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, 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 the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and 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.

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	20 – 50
Building improvements	20 – 50
Infrastructure	30 – 50
Equipment	5 – 20
Vehicles	7 – 10

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current 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 unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation 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.

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

(1) **Summary of Significant Accounting Policies (continued)**

D. Assets, Liabilities and Fund Equity (continued)

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 balance are classified as follows:

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

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

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other 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. During the year ended June 30, 2012, disbursements in certain departments exceeded the amounts appropriated.

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

(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.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$671,478 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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.

Credit risk – The investment in the Iowa Public Agency Investment Trust is unrated.

(3) 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	\$ 135,709
	Special Revenue:	
	Rural Services	1,677,966
Total		<u>\$ 1,813,675</u>

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

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

(4) 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	\$ 1,386,037	-	-	1,386,037
Construction in progress	528,795	870,068	-	1,398,863
Total capital assets not being depreciated	<u>1,914,832</u>	<u>870,068</u>	<u>-</u>	<u>2,784,900</u>
Capital assets being depreciated:				
Buildings	5,420,362	-	-	5,420,362
Equipment and vehicles	8,075,691	817,755	64,955	8,828,491
Infrastructure, road network	31,404,421	3,154,332	-	34,558,753
Total capital assets being depreciated	<u>44,900,474</u>	<u>3,972,087</u>	<u>64,955</u>	<u>48,807,606</u>
Less accumulated depreciation for:				
Buildings	2,337,493	109,219	-	2,446,712
Equipment and vehicles	5,842,144	450,931	64,311	6,228,764
Infrastructure, road network	15,764,265	1,193,712	-	16,957,977
Total accumulated depreciation	<u>23,943,902</u>	<u>1,753,862</u>	<u>64,311</u>	<u>25,633,453</u>
Total capital assets being depreciated, net	<u>20,956,572</u>	<u>2,218,225</u>	<u>644</u>	<u>23,174,153</u>
Governmental activities capital assets, net	<u>\$ 22,871,404</u>	<u>3,088,293</u>	<u>644</u>	<u>25,959,053</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 89,734
Physical health and social services	27,949
Mental health	8,536
County environment and education	34,725
Roads and transportation	1,533,106
Administration	59,812
Total depreciation expense - governmental activities	<u>\$ 1,753,862</u>

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

(5) Long-Term Liabilities

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

	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 394,907	3,896	398,803
Increases	45,462	1,587	47,049
Decreases	4,313	-	4,313
Balance end of year	\$ 436,056	5,483	441,539
Due within one year	\$ 436,056	-	436,056

(6) Operating Leases

The County has entered into various operating leases for office copy machines and postage meters. These leases expire at various times through May 2017. The following is a schedule by year of the total annual lease costs required under the operating leases.

Year ending June 30,	Rent Due
2013	\$ 25,768
2014	14,650
2015	9,238
2016	8,051
2017	1,819
Total	\$ 59,526

The total annual lease costs for the year ended June 30, 2012 were \$26,613.

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

(7) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 189,450
Special Revenue:		
Secondary Roads	Services	600
Mental Health	Services	4,557
		<u>5,157</u>
Total for governmental funds		<u>\$ 194,607</u>
Agency:		
County Assessor	Collections	\$ 537,411
Schools		11,614,374
Community Colleges		1,305,678
Corporations		4,091,826
Townships		303,641
Auto License and Use Tax		410,321
E-911		264,600
Emergency Management Services		187,509
All other		411,766
Total for agency funds		<u>\$ 19,127,126</u>

(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, Iowa, 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 contribution to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$456,699, \$390,613 and \$372,393, respectively, equal to the required contributions for each year.

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

(9) Other Postemployment Benefits (OPEB)

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug and dental benefits for retirees and their spouses. There are 114 active and 1 retired member in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug and dental benefits are provided through a partially self-funded medical plan administered by Bernie Lowe and Associates. Retirees under age 65 pay 102% of the full active employee premium for the medical/prescription drug and dental benefit, 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. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

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.

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 contributions	\$ 3,769
Interest on net OPEB obligation	166
Adjustment to annual required contribution	<u>(216)</u>
Annual OPEB cost	3,719
Contributions made	<u>(1,916)</u>
Increase in net OPEB obligation	1,803
Net OPEB obligation beginning of year	<u>3,680</u>
Net OPEB obligation end of year	<u><u>\$ 5,483</u></u>

For calculations of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. 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.

For the year ended June 30, 2012 plan members eligible for benefits contributed \$1,916, or 100% of the premium costs.

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

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

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	\$ 3,769	51%	\$ 1,853
June 30, 2011	3,743	51%	3,680
June 30, 2012	3,719	52%	5,483

Funded Status and Funding Progress. As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$40,111, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$40,111. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,506,797 and the ratio of the UAAL to covered payroll was .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. 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, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment return based on the County's funding policy. The projected annual medical trend rate is 10%. 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 developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

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

Projected claim costs of the medical plan for retirees less than age 65 are \$1,227 per month for a family plan and \$565 per month for a single plan and projected claim costs for retirees who have attained the age of 65 are \$689 per month for a family plan and \$346 per month for a single plan. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Tama County Employee Group Health Fund

The Internal Service, Tama County 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 Bernie Lowe Associates, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000 and aggregating stop loss limitation of \$42,500. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Tama County 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 First Administrators and Bernie Lowe and Associates from the Tama County Employee Group Health Fund. The County's contribution for the year ended June 30, 2012 was \$1,628,380.

Amounts payable from the Employee Group Health Fund at June 30, 2012 total \$231,516, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$2,053,346 at June 30, 2012 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. 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:

Unpaid claims beginning of year	\$ 232,188
Incurred claims (including claims incurred but not reported at June 30, 2012)	1,566,742
Payments on claims during the fiscal year	<u>1,567,414</u>
Unpaid claims end of year	<u>\$ 231,516</u>

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

(11) Risk Management

Tama County is a member in the Heartland Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Risk Pool (Pool) is a local government risk-sharing pool whose members include ten counties throughout the State of Iowa. The Pool was formed July 1, 1987 to provide workers' compensation and property/casualty insurance for its members. The risk pool was created for the purpose of providing and maintaining self-insurance benefits on a group basis substantially at cost.

Each member County is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery. The risk pool is responsible for paying the reinsurance premiums on the insurance policies when due, to pay claims in accordance with the various coverages and to make other payments as required by applicable law, to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool, and to pay all reasonable and necessary expenses for administering the risk pool and fund.

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2012, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers compensation, and in excess of \$400,000 per occurrence, up to a maximum of \$8,000,000 per occurrence, including the retention of the pool, for general liability, police professional, errors and omissions and automobile liability. The risk pool records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustment expenses. At June 30, 2012, 2011 and 2010 the risk pool reported a surplus of assets over liabilities.

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool by means of an assessment that would be charged to the member County in addition to the premium contributions. At June 30, 2012, settled claims have not exceeded the risk pool reinsurance coverage since commencement of the risk pool.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2012 were \$143,222.

Initial membership into the Pool is for a mandatory three year period. Subsequent to the initial term, a member County may withdraw at the end of any given fiscal year. The initial membership period for Tama County commenced July 1, 1987 and is subject to renewal every three years. The county assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Tama County
Notes to Financial Statements (Continued)
June 30, 2012

(12) Contingent Liability

During the year ended June 30, 1994, an underground storage tank investigation classified three former underground storage tank sites in Tama County as high risk, requiring the County to submit plans for remedial action to the Iowa Department of Natural Resources. The County is currently contesting the high risk classification for two of the three sites. The County estimates the costs to remediate the sites under the proposed plans to be approximately \$75,000 per site. As a result, a liability for \$150,000 has been recorded in accounts payable in the Secondary Roads Fund at June 30, 2012.

The environmental impact of the sites is currently unknown and the potential liability, if any, for additional costs associated with the sites is indeterminable.

(13) Date of Management Evaluation

Management has evaluated subsequent events through November 16, 2012, the date on which the financial statements were available to be issued.

Required Supplementary Information

Tama 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
Receipts:		
Property and other county tax	\$ 7,804,284	-
Interest and penalty on property tax	61,023	-
Intergovernmental	6,756,438	-
Licenses and permits	17,667	-
Charges for services	616,903	-
Use of money and property	215,136	-
Miscellaneous	380,622	-
Total receipts	15,852,073	-
Disbursements:		
Public safety and legal services	2,856,717	-
Physical health and social services	1,351,967	-
Mental health	1,779,211	-
County environment and education	687,302	-
Roads and transportation	7,113,583	-
Governmental services to residents	487,654	-
Administration	1,009,673	-
Non-program	652	-
Capital projects	287,852	-
Total disbursements	15,574,611	-
Excess (deficiency) of receipts over (under) disbursements	277,462	-
Other financing sources, net	7,228	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	284,690	-
Balance beginning of year	9,779,783	859
Balance end of year	\$ 10,064,473	859

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
7,804,284	7,820,477	7,820,477	(16,193)
61,023	8,609	8,609	52,414
6,756,438	6,248,739	6,389,351	367,087
17,667	11,250	11,250	6,417
616,903	527,619	527,619	89,284
215,136	142,334	142,334	72,802
380,622	357,071	357,071	23,551
15,852,073	15,116,099	15,256,711	595,362
2,856,717	3,281,805	3,349,908	493,191
1,351,967	1,509,957	1,629,419	277,452
1,779,211	1,913,644	1,913,644	134,433
687,302	955,960	958,292	270,990
7,113,583	7,280,008	7,280,008	166,425
487,654	508,804	508,804	21,150
1,009,673	1,187,016	1,187,016	177,343
652	7,750	7,750	7,098
287,852	1,448,774	1,448,774	1,160,922
15,574,611	18,093,718	18,283,615	2,709,004
277,462	(2,977,619)	(3,026,904)	3,304,366
7,228	3,000	3,000	4,228
284,690	(2,974,619)	(3,023,904)	3,308,594
9,778,924	4,214,317	4,214,317	5,564,607
10,063,614	1,239,698	1,190,413	8,873,201

Tama 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	\$ 15,852,073	133,322	15,740,424
Expenditures	15,574,611	121,043	15,920,056
Net	277,462	12,279	(179,632)
Other financing sources, net	7,228	-	7,228
Beginning fund balances	9,779,783	293,940	10,086,002
Ending fund balances	\$ 10,064,473	306,219	9,913,598

Tama 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, one budget amendment increased budgeted disbursements by \$189,897. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2012, disbursements in certain departments exceeded the amounts appropriated.

Tama County
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

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)
July 1, 2009	-	\$ 40,111	40,111	0.0%	\$ 4,578,884	.9%
July 1, 2010	-	40,111	40,111	0.0%	4,479,535	.9%
July 1, 2011	-	40,111	40,111	0.0%	4,506,797	.9%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Supplementary Information

Tama County
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue			
	Resource Enhancement and Protection	County Recorder's Records Management	County Sheriff's Forfeiture Fund	County Attorney's Forfeiture Fund
Assets				
Cash and pooled investments	\$ 93,724	36,300	31	325
Total assets	\$ 93,724	36,300	31	325
Fund Balances				
Fund balances:				
Restricted for:				
Other purposes	\$ 93,724	36,300	31	325
Assigned for:				
Capital projects	-	-	-	-
Total fund balances	\$ 93,724	36,300	31	325

Tobacco Compliance	Drainage District	Capital Projects	Total
6,974	859	21,391	159,604
6,974	859	21,391	159,604

6,974	859	-	138,213
-	-	21,391	21,391
6,974	859	21,391	159,604

Tama County
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Resource Enhancement and Protection	County Recorder's Records Management	Special Revenue	
			County Sheriff's Forfeiture Fund	County Attorney's Forfeiture Fund
Revenues:				
Intergovernmental	\$ 11,968	-	-	-
Charges for service	-	4,003	-	-
Use of money and property	1,014	127	-	-
Total revenues	12,982	4,130	-	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Governmental services to residents	-	10,366	-	-
Total expenditures	-	10,366	-	-
Excess (deficiency) of revenues over (under) expenditures	12,982	(6,236)	-	-
Fund balances beginning of year	80,742	42,536	31	325
Fund balances end of year	\$ 93,724	36,300	31	325

Tobacco Compliance	Drainage District	Capital Projects	Total
1,050	-	-	13,018
-	-	-	4,003
1	-	-	1,142
1,051	-	-	18,163
4,647	-	-	4,647
-	-	-	10,366
4,647	-	-	15,013
(3,596)	-	-	3,150
10,570	859	21,391	156,454
6,974	859	21,391	159,604

Tama County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012

	County Offices		Agricultural	County Assessor	Schools
	County Recorder	County Sheriff	Extension Education		
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	-	2,244	272,008	161,367
Other County officials	11,805	3,132	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	274	551	19,774
Succeeding year	-	-	168,558	286,958	11,433,233
Accounts	2,469	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 14,274	3,132	171,076	559,517	11,614,374
Liabilities					
Accounts payable	\$ -	-	-	-	-
Salaries and benefits payable	-	-	-	5,971	-
Due to other governments	14,274	24	171,076	537,411	11,614,374
Trusts payable	-	3,108	-	-	-
Compensated absences	-	-	-	16,135	-
Total liabilities	\$ 14,274	3,132	171,076	559,517	11,614,374

Community Colleges	Corporations	Townships	Special Assessments	Auto License and Use Tax	Empowerment	Emergency Management Services	E-911
19,079	54,162	4,410	14,451	410,321	46,823	92,067	238,638
-	-	-	-	-	-	-	-
2,574	18,488	125	-	-	-	-	-
1,284,025	4,019,176	299,106	-	-	-	-	-
-	-	-	-	-	-	-	16,702
-	-	-	-	-	-	154,274	10,517
<u>1,305,678</u>	<u>4,091,826</u>	<u>303,641</u>	<u>14,451</u>	<u>410,321</u>	<u>46,823</u>	<u>246,341</u>	<u>265,857</u>
-	-	-	-	-	16,758	573	1,257
-	-	-	-	-	-	17,560	-
1,305,678	4,091,826	303,641	14,451	410,321	30,065	187,509	264,600
-	-	-	-	-	-	-	-
-	-	-	-	-	-	40,699	-
<u>1,305,678</u>	<u>4,091,826</u>	<u>303,641</u>	<u>14,451</u>	<u>410,321</u>	<u>46,823</u>	<u>246,341</u>	<u>265,857</u>

Tama County
Combining Schedule of Fiduciary Assets and Liabilities (Continued)
Agency Funds
June 30, 2012

Schedule 3

Assets	Economic Development	Sanitary Landfill	Third Party Payees	Other	Total
Cash and pooled investments:					
County Treasurer	\$ 18,757	46,633	43,154	73,645	1,497,759
Other County officials	-	-	-	-	14,937
Receivables:					
Property tax:					
Delinquent	-	-	-	5	41,791
Succeeding year	-	-	-	13,267	17,504,323
Accounts	-	61,697	-	-	80,868
Due from other governments	26,250	-	-	-	191,041
Total assets	\$ 45,007	108,330	43,154	86,917	19,330,719
Liabilities					
Accounts payable	\$ 293	41,417	-	-	60,298
Salaries and benefits payable	3,451	5,401	-	-	32,383
Due to other governments	38,391	56,568	-	86,917	19,127,126
Trusts payable	-	-	43,154	-	46,262
Compensated absences	2,872	4,944	-	-	64,650
Total liabilities	\$ 45,007	108,330	43,154	86,917	19,330,719

Tama County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2012

	County Offices			Agricultural Extension Education
	County Auditor	County Recorder	County Sheriff	
Assets and Liabilities				
Balances beginning of year	\$ -	9,401	9,872	152,781
Additions:				
Property and other county tax	-	-	-	162,268
E-911 surcharge	-	-	-	-
State tax credits	-	-	-	6,370
Interest	-	-	-	-
Office fees and collections	4,993	325,535	384,341	-
Auto licenses, drivers license, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	335,604	-
Reimbursements from other governments	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	4,993	325,535	719,945	168,638
Deductions:				
Agency remittances:				
To other funds	4,993	127,413	357,871	-
To other governments	-	193,249	6,521	150,343
Trusts paid out	-	-	362,293	-
Total deductions	4,993	320,662	726,685	150,343
Balances end of year	\$ -	14,274	3,132	171,076

County Assessor	Schools	Community Colleges	Corporations	Townships	Special Assessments	Auto License and Use Tax	Empowerment
623,196	10,893,197	1,297,401	3,878,804	290,211	3,725	404,718	26,752
274,089	10,976,034	1,205,671	3,852,263	287,098	-	-	-
-	-	-	-	-	-	-	-
12,812	453,335	52,299	156,365	12,151	-	-	-
-	-	-	-	-	-	-	659
-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,138,843	-
-	-	-	-	-	30,583	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	215,608
683	-	-	-	-	-	-	-
287,584	11,429,369	1,257,970	4,008,628	299,249	30,583	5,138,843	216,267
-	-	-	-	-	-	199,710	-
351,263	10,708,192	1,249,693	3,795,606	285,819	19,857	4,933,530	196,196
-	-	-	-	-	-	-	-
351,263	10,708,192	1,249,693	3,795,606	285,819	19,857	5,133,240	196,196
559,517	11,614,374	1,305,678	4,091,826	303,641	14,451	410,321	46,823

Tama County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds (Continued)
Year Ended June 30, 2012

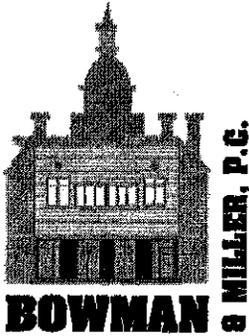
	Emergency Management Services	E-911	Economic Development	Sanitary Landfill
Assets and Liabilities				
Balances beginning of year	\$ 221,617	252,564	83,266	74,999
Additions:				
Property and other county tax	-	-	-	-
E-911 surcharge	-	116,197	-	-
State tax credits	-	-	-	-
Interest	-	1,130	-	-
Office fees and collections	-	-	-	-
Auto licenses, drivers license, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Reimbursements from other governments	682,564	-	276,214	-
Miscellaneous	2,061	202	31,616	558,146
Total additions	684,625	117,529	307,830	558,146
Deductions:				
Agency Remittances:				
To other funds	-	-	-	-
To other governments	659,901	104,236	346,089	524,815
Trusts paid out	-	-	-	-
Total deductions	659,901	104,236	346,089	524,815
Balances end of year	\$ 246,341	265,857	45,007	108,330

Third Party Payees	Other	Total
23,706	90,927	18,337,137
-	10,574	16,767,997
-	-	116,197
-	521	693,853
-	-	1,789
-	4,450	719,319
-	-	5,138,843
-	-	30,583
454,792	299,283	1,089,679
-	-	1,174,386
-	1,349	594,057
454,792	316,177	26,326,703
-	-	689,987
-	17,427	23,542,737
435,344	302,760	1,100,397
435,344	320,187	25,333,121
43,154	86,917	19,330,719

Tama County
Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds
For the Last Ten Years

	2012	2011	2010
Revenues:			
Property and other county tax	\$ 7,323,476	7,069,902	7,033,685
Local option sales tax	523,422	518,225	546,292
Interest and penalty on property tax	60,797	59,812	64,768
Intergovernmental	6,584,301	8,821,665	6,939,984
Licenses and permits	18,376	12,272	17,026
Charges for service	640,020	635,113	534,167
Use of money and property	212,935	146,484	175,458
Miscellaneous	377,097	89,475	122,811
Total	\$ 15,740,424	17,352,948	15,434,191
Expenditures:			
Operating:			
Public safety and legal services	\$ 3,010,353	2,913,234	2,900,899
Physical health and social services	1,346,402	1,444,262	1,403,084
Mental health	1,571,825	1,852,265	1,778,066
County environment and education	716,950	794,334	617,963
Roads and transportation	7,479,524	6,070,593	5,734,075
Governmental services to residents	478,762	431,876	478,621
Administration	1,027,543	985,324	1,033,398
Non-program	1,307	112	134
Capital projects	287,390	272,379	604,053
Total	\$ 15,920,056	14,764,379	14,550,293

Modified Accrual Basis						
2009	2008	2007	2006	2005	2004	2003
6,959,487	6,592,282	6,243,083	6,173,881	5,789,728	5,575,434	5,211,802
548,739	547,461	536,617	465,352	512,969	356,360	-
57,758	73,650	66,062	63,803	110,698	53,806	58,411
6,418,435	6,877,451	6,754,711	6,442,517	6,258,963	6,194,220	5,803,803
14,469	14,946	13,515	14,408	10,841	13,645	6,712
521,606	505,387	498,324	522,452	576,931	542,154	533,987
169,285	251,133	300,347	213,015	118,865	94,480	120,038
127,711	81,984	48,739	58,830	109,005	55,017	120,108
<u>14,817,490</u>	<u>14,944,294</u>	<u>14,461,398</u>	<u>13,954,258</u>	<u>13,488,000</u>	<u>12,885,116</u>	<u>11,854,861</u>
2,709,086	2,672,476	2,531,566	2,480,455	2,449,550	2,202,911	2,116,423
1,379,806	1,335,015	1,202,218	1,121,910	1,119,516	1,102,767	1,009,196
1,860,702	1,783,875	1,694,136	2,387,504	1,737,404	1,697,265	1,737,208
580,591	616,085	825,251	579,237	779,924	471,499	841,820
5,118,437	5,414,893	5,889,960	5,197,434	5,629,714	5,690,051	4,819,756
478,877	459,901	429,841	533,397	441,282	394,182	616,975
1,132,708	1,199,758	1,171,989	1,107,117	1,043,037	1,060,873	798,186
2,200	3,427	181	827	198	973	48,324
340,127	783,271	641,249	321,022	317,057	88,333	52,904
<u>13,602,534</u>	<u>14,268,701</u>	<u>14,386,391</u>	<u>13,728,903</u>	<u>13,517,682</u>	<u>12,708,854</u>	<u>12,040,792</u>



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

24 EAST MAIN STREET • MARSHALLTOWN, IOWA 50158 • 641-753-9337 • FAX 641-753-6366
418 2ND STREET • GLADBROOK, IOWA 50635 • 641-473-2717 • FAX 641-753-6366

James R. Bowman, CPA • jim@bowmanandmillerpc.com
Elizabeth A. Miller, CPA • beth@bowmanandmillerpc.com

Independent Auditors' 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 Tama County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tama 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 November 26, 2012. 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 Tama County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Tama 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 Tama County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Tama 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 a deficiency in internal control over financial reporting that we consider to be a material weakness.

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

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 noted no items that we considered to be significant deficiencies.

Compliance and Other Matters

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

Tama County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusion on the County's responses, we did not audit Tama 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 Tama County and other parties to whom Tama 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.

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

Bowman and Miller, P.C.

November 26, 2012

Tama County
Schedule of Findings
Year Ended June 30, 2012

Part I: Summary of the Independent Auditors' Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Tama County
 Schedule of Findings (Continued)
 Year Ended June 30, 2012

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCY:

II-A-12 Segregation of Duties – During our review of internal control, the existing control 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 the offices identified may have control over the following areas for which no compensating controls exist:

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

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. 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.

Tama County
Schedule of Findings (Continued)
Year Ended June 30, 2012

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY (continued):

Response – Each office will be reminded to segregate duties to practically accomplish internal controls.

Conclusion – Response accepted.

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. However, disbursements in certain departments exceeded the amounts appropriated.

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

Response – As County Auditor I will do my due diligence to be very watchful of the department appropriations and if needed will let the Board of Supervisors know of any need for them to take action to increase or decrease any appropriations as needed before disbursements are allowed to exceed the appropriations.

Conclusion – Response accepted.

III-B-12 Questionable Expenditures – We noted no expenditures 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 expenses of spouses of County officials or employees were noted.

Tama County
 Schedule of Findings (Continued)
 Year Ended June 30, 2012

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

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
Kendall Jordan, Board of Supervisor Part Owner of S&S Car Wash	Truck and car washes	\$ 1,294
Deb Kupka, County Recorder Owner	Baked goods for elections	142

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with the Board of Supervisor and Recorder do not appear to represent conflicts of interest since total transactions with each individual were than \$1,500 during the fiscal year.

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

III-F-12 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

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 properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

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.

Tama County
Audit Staff

This audit was performed by:

Bowman and Miller, P.C.
Certified Public Accountants
Marshalltown, Iowa

Personnel:

Elizabeth A. Miller, CPA, Principal
Nathan Minkel, CPA, Staff
Diana Swanson, Staff