CASS COUNTY, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2013

Cass County
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Cass County

Officials

Name	Title	Term Expires
Gaylord Schelling	Board of Supervisors	January, 2015
Mark Wedemeyer	Board of Supervisors	January, 2015
Frank Waters	Board of Supervisors	January, 2017
Charles Rieken	Board of Supervisors	January, 2017
Duane McFadden	Board of Supervisors	January, 2017
Dale E. Sunderman	County Auditor	January, 2017
Tracey J. Marshall	County Treasurer	January, 2015
Joyce Jensen	County Recorder	January, 2015
Darby McLaren	County Sheriff	January, 2017
Daniel Feistner	County Attorney	January, 2015
Brenda Nelson	County Assessor	January, 2016

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Officials of Cass County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cass County, Iowa as of and for the year ended June 30, 2013, and related notes to the financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of Cass County as of June 30, 2013 and the respective changes in financial position, and cash flows where applicable for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis and the Budgetary Comparison Information on pages 3 through 3e and on pages 34 through 36 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cass County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2014 on our consideration of Cass County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 in considering Cass County's internal control over financial reporting and compliance.

Grimewood, Berg, Kyhn & Co. P.C.

Atlantic, Iowa
January 8, 2014

Board of Supervisors
Cass County

5 West 7th Street / Atlantic, IA 50022 *(712) 243-6661* *FAX: (712) 243-4572*

MANAGEMENT'S DISCUSSION & ANALYSIS

The Cass County Board of Supervisors provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2013. It is the intent that this statement be reviewed and considered in conjunction with reading the County's financial statements.

2013 FINANCIAL HIGHLIGHTS (See budget for additional information on valuations and levies)

	FY2013	FY2012	CHANGE
Valuation for computing property taxes	$ 678,596,681	$ 624,457,360	$ 54,139,321
Rural Valuation	$ 421,703,965	$ 382,578,428	$ 39,125,537
Urban Valuation	$ 256,892,716	$ 241,878,932	$ 15,013,784
Taxes Levied on Property {see F638-R}	$ 5,903,092	$ 5,437,302	$ 465,790

Cass County levy rates/$1,000 are shown below:

	FY2013	FY2012
General Basic/General Supplemental	4.81014	4.84216
MH-DD	1.10393	1.18549
Rural Basic/Rural Supplemental	4.48140	4.37372
Total	10.39547	10.40137

{see page - 10 & AFR F634-A}	FY2013	FY2012	Change
Governmental Fund Revenues	$ 12,699,770	$ 14,389,115	$ (1,689,345)
Comprised in part by the following:			
Net Taxes	$ 5,631,480	$ 5,153,534	$ 477,946
Utility Tax Replacement	$ 351,650	$ 351,405	$ 245
State Replacements	$ 268,327	$ 278,253	$ (9,926)
Local Option Sales Tax Revenue	$ 630,925	$ 603,906	$ 27,019

(See page -10-)	FY2013	FY2012	Change
Governmental Fund Expenditures	$ 11,942,422	$ 14,378,675	$ (2,436,253)
Comprised of the following:			
Operating Expenses	$ 11,465,298	$ 11,933,112	$ (467,814)
Capital Projects	$ 362,366	$ 2,196,115	$ (1,833,749)
Debt Service	$ 114,758	$ 249,448	$ (134,690)

(See page -4-)	FY2013	FY2012	Change
Capital Assets	$ 18,316,991	$ 17,138,892	$ 1,178,099

UTILIZATION OF THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

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

- The Government-Wide Financial Statements consist of a statement of net position and a statement of activities. These provide information about the activities of Cass 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 Cass County's operations in more detail than government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Cass County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

- Other Supplemental Information provides detailed information about the non major special revenue and the individual fiduciary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

Reporting the County as a Whole

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the event or 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 displayed in the statement of net position and the statement of activities. Governmental activities include:

1. Public Safety and Legal Services
2. Physical Health & Social Services
3. Mental Health
4. County Environment and Education
5. Roads and Transportation
6. Government Services to Residents
7. Administration
8. Non-program Activities
9. Interest on long-term debt

Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

Cass County has three kinds of funds – governmental, proprietary & fiduciary 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. These governmental funds may include: (1) the General Fund (General Basic & General Supplemental), (2) The Special Revenue Funds such as Mental Health, Rural Services (Rural Basic and Rural Supplemental), Secondary Roads and others, (3) the Debt Service Fund, and (4) the Capital Projects Funds. 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 statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements 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 Fund and Employee Group Health Insurance Account. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for emergency management services, the county assessor and others.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. This is the fifth year the County is utilizing accumulated depreciation for capital assets. The analysis that follows focuses on the changes of the net position for our governmental activities.

Statement of Net Position - Governmental Activities

Net Position (see page -5-)	June 30, 2013	June 30, 2012
Invested in Capital Assets, Net of Related Debt	$ 17,699,839	$ 15,833,408
Restricted for:		
Mental Health Purposes	732,916	570,875
Rural Services Purposes	357,120	231,951
Secondary Roads Purposes	1,649,233	1,438,215
Local Option Sales Tax Purposes	217,999	136,332
County Attorney and sheriff investigation purpose	619,057	552,609
Other Purposes	385,937	353,216
Unrestricted	982,781	782,550
Net Position	$ 22,644,882	$ 19,899,156
Short-Term Liabilities (see page -4-)	6,620,672	6,550,519
Amaizing Energy advance	--	602,295
Long-term Liabilities due or payable within one year	251,171	248,386
Long-Term Debt Outstanding- G.O. Bond	561,152	647,189
Total Liabilities	$ 7,432,995	$ 8,048,389

A large portion of the County's total assets is the Invested in Capital Assets (e.g. land, infrastructure, buildings, and equipment), less the related debt. Restricted net position represent resources that are subject to external restrictions, constitution provisions, or enabling legislation on how they can be used. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.

Changes in Net Position of Governmental Activities
(See Page -6-; Exhibit B- Statement of Activities)
Year Ended June 30, 2013

REVENUES			
	Program Revenues		
		Charges for services	$475,771
		Operating Grants & Contributions & Int.	4,023,138
		Capital Grants & Contributions	1,270,621
	General Revenues		
		Property Taxes	5,990,450
		Penalty & Interest on Property Taxes	49,215
		State tax credits	270,954
		Local option sales & service tax	630,925
		Unrestricted investment earnings	73,630
		Other general revenues	1,773,952
		Total revenues	14,558,656
PROGRAM EXPENSES			
	Public Safety & Legal Services		2,073,034
	Physical Health & Social Services		369,124
	Mental Health		1,157,576
	County Environment & Education		603,978
	Roads & Transportation		3,329,735
	Government Services to Residents		436,691
	Administration		2,326,774
	Non-program		1,486,923
	Interest on Long Term Debt		29,095
		Total expenses	11,812,930
	Change in net position		2,745,726
	Net position beginning of year		19,899,156
	Net position end of year		$22,644,882

INDIVIDUAL FUND ANALYSIS (See Balance Sheet Page -8-)

Fund Balances at end of		FY2010	FY2011	FY2012	FY2013
General Fund		439,532	563,743	802,315	1,021,210
Mental Health/DD Fund		423,669	642,370	580,137	741,321
Rural Services		156,580	193,991	245,461	362,468
Secondary Roads	1	633,983	1,279,998	1,528,561	1,737,888
Local Option Sales Tax		289,280	381,562	136,332	217,999
Co. Attorney & Sheriff Invest		259,645	289,881	552,609	619,057
Capital Projects		52,272	21,320	82,732	95,552
Other Funds		37,464	18,368	86,351	77,936
Total		22,292,425	3,391,233	4,014,498	4,873,431

GENERAL BUDGETARY HIGHLIGHTS

Cass County did not amend its budget in FY2013.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (see page -4-)

Cass County ended FY 2013 with approximately $18,316,991 invested in a broad range of capital assets.

Debt

Cass County and Audubon County invested $1,000,000 ($500,000 each) in a joint land purchase/economic development project in FY2007: Valley Business Park. General Obligation Bonds in the amount of $500,000 each for both Cass County and Audubon County were issued September 11, 2007. First principal payment maturity was June 1, 2008. The principal and interest were paid utilizing Local Option Tax revenues and land lease income. During FY2010, FY2011, FY2012, and FY2013, the same sources were used to pay principal and interest. The intent is to continue to pay general obligation expenses through revenues generated through lease of undeveloped farm ground, Local Option Tax revenues designated for economic development, and revenues resulting from development projects that utilize the site. At the end of FY2013, the General Obligation Bonds remaining were approximately $314,152.

In August of 2011, the County issued $520,000 of general obligation debt through a local bank to finance the completion of infrastructure improvements at Amaizing Energy site. At the end of FY 2013, the General Obligation Bonds remaining were approximately $303,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cass County's Board of Supervisors considered many factors for the fiscal year 2014 budget, tax rates, the local economic conditions and funding of various County services. One of those factors was the economy which continues down. The County also experienced an increase in its insurance costs – liability and workmen's compensation. The population of Cass County as estimated by the 2010 census was 13,956. The county compensation board recommended a 2.5% increase for attorney, recorder, treasurer, auditor, sheriff, and supervisors for FY2014. The board of supervisors approved the recommendation.

The County attempts to keep all departmental budgets to as small an increase as practical to help alleviate the difference between revenue and expenditures in an effort to maintain all current county programs. Limitations of growth in the general funds may jeopardize continuation of current levels of service. Cass County has no plans for the addition of any major new programs or initiatives in the FY 2014 budget.

If projections are realized, during FY 2014 some depletion of fund balances may occur.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Cass County's finances and show accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Cass County Auditor's office, Cass County Courthouse, Atlantic, IA 50022, telephone (712)243-4570.

Cass County

Statement of Net Position

June 30, 2013

	Governmental Activities
Assets	
Cash and pooled investments	$ 5,126,574
Receivables:	
Property tax:	
Delinquent	7,921
Succeeding year	6,013,000
Interest and penalty on property tax	7,075
Accounts	19,547
Accrued interest	871
Due from other governments	493,388
Inventories	92,510
Capital assets (net of accumulated depreciation)	18,316,991
Total assets	30,077,877
Liabilities	
Accounts payable	512,920
Accrued interest payable	921
Salaries and benefits payable	28,606
Due to other funds	24,634
Due to other governments	40,591
Deferred revenue:	
Succeeding year property tax	6,013,000
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	195,171
General obligation bonds	56,000
Portion due or payable after one year:	
General obligation bonds	561,152
Total liabilities	7,432,995

(continued next page)

Cass County

Statement of Net Position - continued

June 30, 2013

	Governmental Activities
Net Position	
Invested in capital assets, net of related debt	$ 17,699,839
Restricted for:	
Mental health purposes	732,916
Rural service purposes	357,120
Secondary roads purposes	1,649,233
County attorney and sheriff investigation purposes	619,057
Other purposes	603,936
Unrestricted	982,781
Total net position	$ 22,644,882

See notes to financial statements.

Cass County

Statement of Activities

Year ended June 30, 2013

	Expenses	Program Revenues Charges for Service
Functions/Programs:		
Governmental activities:		
Public safety and legal services	$ 2,073,034	$ 178,832
Physical health and social services	369,124	--
Mental health	1,157,576	601
County environment and education	603,978	18,283
Roads and transportation	3,329,735	--
Governmental services to residents	436,691	275,417
Administration	2,326,774	2,638
Non-program	1,486,923	--
Interest on long-term debt	29,095	--
Total	$ 11,812,930	$ 475,771
General Revenues:		
Property and other county tax levied for:		
General purposes		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Miscellaneous		
Total general revenues		
Change in net position		
Net position beginning of year		
Net position end of year		

See notes to financial statements.

Program Revenues		
Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
$ 189,093	$ --	$(1,705,109)
172,768	--	(196,356)
579,020	--	(577,955)
82,829	--	(502,866)
1,490,247	1,270,621	(568,867)
680	--	(160,594)
1,434,830	--	(889,306)
--	--	(1,486,923)
73,671	--	44,576
$ 4,023,138	$ 1,270,621	(6,043,400)
		5,990,450
		49,215
		270,954
		630,925
		73,630
		1,773,952
		8,789,126
		2,745,726
		19,899,156
		$ 22,644,882

Cass County

Balance Sheet
Governmental Funds

June 30, 2013

	General	Special Revenue	
		Mental Health	Rural Services
Assets			
Cash and pooled investments	$ 1,158,755	$ 806,409	$ 377,660
Receivables:			
Property tax:			
Delinquent	6,130	982	809
Succeeding year	3,374,000	622,000	2,017,000
Interest and penalty on property tax	7,075	--	--
Accounts	14,479	--	--
Accrued interest	871	--	--
Due from other funds	1,386	--	--
Due from other governments	327,328	65,023	--
Inventories	--	--	--
Total assets	$ 4,890,024	$ 1,494,414	$ 2,395,469
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 338,237	$ 127,687	$ 4,800
Salaries and benefits payable	4,741	907	6,305
Due to other governments	36,425	--	--
Due to other funds	84,300	--	--
Deferred revenue:			
Succeeding year property tax	3,374,000	622,000	2,017,000
Other	12,744	790	409
Compensated absences	18,367	1,709	4,487
Total liabilities	3,868,814	753,093	2,033,001

(continued next page)

Special Revenue Secondary Roads	Nonmajor	Total
$ 1,711,317	$ 858,563	$ 4,912,704
--	--	7,921
--	--	6,013,000
--	--	7,075
1,745	3,323	19,547
--	--	871
--	58,280	59,666
--	101,037	493,388
92,510	--	92,510
$ 1,805,572	$ 1,021,203	$ 11,606,682
$ 35,221	$ 6,475	$ 512,420
16,635	18	28,606
--	4,166	40,591
--	--	84,300
--	--	6,013,000
--	--	13,943
15,828	--	40,391
67,684	10,659	6,733,251

Cass County

Balance Sheet
Governmental Funds - continued

June 30, 2013

	General	Special Revenue	
		Mental Health	Rural Services
Fund balances:			
Nonspendable:			
Inventories	$ --	$ --	$ --
Restricted for:			
Mental health purposes	--	741,321	--
Rural services purposes	--	--	362,468
Secondary roads purposes	--	--	--
Capital projects	--	--	--
Other purposes	--	--	--
Unassigned	1,021,210	--	--
Total fund balances	1,021,210	741,321	362,468
Total liabilities and fund balances	$ 4,890,024	$ 1,494,414	$ 2,395,469

See notes to financial statements.

Special Revenue Secondary Roads	Nonmajor	Total
$ 92,510	$ --	$ 92,510
--	--	741,321
--	--	362,468
1,645,378	--	1,645,378
--	95,552	95,552
--	914,992	914,992
--	--	1,021,210
1,737,888	1,010,544	4,873,431
$ 1,805,572	$ 1,021,203	$ 11,606,682

Exhibit D

Cass County

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

June 30, 2013

Total governmental fund balances (page 8)	$ 4,873,431
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is $25,002,713 and the accumulated depreciation is $6,685,722.	18,316,991
Assets not available to pay for current period expenditures and, therefore, are deferred in the funds.	13,943
The Internal Service Fund is used by management to charge the costs of 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 position.	213,370
Accrued interest payable, and long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(772,853)
Net position of governmental activities (page 5)	$ 22,644,882

See notes to financial statements.

Cass County

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

Year ended June 30, 2013

		Special Revenue	
	General	Mental Health	Rural Services
Revenues:			
Property and other County tax	$ 3,288,182	$ 754,434	$ 1,947,424
Local option sales tax	--	--	--
Interest and penalty on property tax	46,845	--	--
Intergovernmental	1,731,005	565,328	172,274
Licenses and permits	24,229	--	--
Charges for service	362,846	601	--
Use of money and property	73,630	--	--
Miscellaneous	18,957	--	4,660
Total revenues	5,545,694	1,320,363	2,124,358
Expenditures:			
Operating:			
Public safety and legal services	1,397,020	--	571,869
Physical health and social services	369,124	--	--
Mental health	--	1,159,179	--
County environment and education	303,244	--	93,618
Roads and transportation	--	--	244,742
Governmental services to residents	429,305	--	--
Administration	1,174,627	--	--
Non-program	1,486,923	--	--
Debt service	--	--	--
Capital projects	--	--	1,285
Total expenditures	5,160,243	1,159,179	911,514
Excess (deficiency) of revenues over (under) expenditures	385,451	161,184	1,212,844

(continued next page)

Special Revenue Secondary Roads	Nonmajor	Total
$ --	$ --	$ 5,990,040
--	630,925	630,925
--	--	46,845
2,622,906	54,233	5,145,746
1,710	--	25,939
--	3,314	366,761
--	76,356	149,986
35,141	284,770	343,528
2,659,757	1,049,598	12,699,770
--	90,112	2,059,001
--	--	369,124
--	--	1,159,179
--	175,144	572,006
3,970,391	--	4,215,133
--	--	429,305
--	--	1,174,627
--	--	1,486,923
--	114,758	114,758
248,370	112,711	362,366
4,218,761	492,725	11,942,422
(1,559,004)	556,873	757,348

Cass County

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

Year ended June 30, 2013

		Special Revenue	
	General	Mental Health	Rural Services
Other financing sources (uses):			
Sale of capital assets	$ --	$ --	$ --
Operating transfers in	16,000	--	251,498
Operating transfers out	(182,556)	--	(1,347,335)
Total other financing sources (uses)	(166,556)	--	(1,095,837)
Change in fund balances	218,895	161,184	117,007
Fund balances beginning of year	802,315	580,137	245,461
Fund balances end of year	$ 1,021,210	$ 741,321	$ 362,468

See notes to financial statements.

Special Revenue Secondary Roads	Nonmajor	Total
$ 101,585	$ --	$ 101,585
1,666,746	141,023	2,075,267
--	(545,376)	(2,075,267)
1,768,331	(404,353)	101,585
209,327	152,520	858,933
1,528,561	858,024	4,014,498
$ 1,737,888	$ 1,010,544	$ 4,873,431

Exhibit F

Cass County

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

Year ended June 30, 2013

Change in fund balances - Total governmental funds (page 11)		$ 858,933
Amounts reported for governmental activities in the statements 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 outlays exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	$ 799,716	
Capital assets contributed by the Iowa Department of Transportation	1,270,621	
Depreciation expense	(891,764)	1,178,573
In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		(474)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:		
Principal paid		86,037
Write-off Amaizing Energy Advance		602,295
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.		
Change in deferred property tax revenues		2,780
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	(10,734)	
Accrued interest on long-term debt	(374)	(11,108)
The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		28,690
Change in net position of governmental activities (page 6)		$ 2,745,726

See notes to financial statements.

Exhibit G

Cass County

Statement of Net Position
Proprietary Fund

June 30, 2013

	Internal Service - Employee Group Health
Assets	
Cash and cash equivalents	$ 213,870
Total assets	213,870
Liabilities	
Accounts payable	500
Net Position	
Unrestricted	$ 213,370

See notes to financial statements.

Exhibit H

Cass County

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

Year ended June 30, 2013

		Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds		$ 975,840
Reimbursements from employees		148,534
Miscellaneous revenue		28,326
Total operating revenues		1,152,700
Operating expenses:		
Medical claims	$ 152,291	
Insurance premiums	962,611	
Administrative fees	9,108	1,124,010
Operating income		28,690
Net position beginning of year		184,680
Net position end of year		$ 213,370

See notes to financial statements.

Exhibit I

Cass County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2013

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 975,840
Cash received from employees and others	176,860
Cash payments to suppliers for services	(1,124,010)
Net cash provided by operating activities	28,690
Cash and cash equivalents at beginning of year	185,180
Cash and cash equivalents at end of year	$ 213,870
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 28,690
Net cash provided by operating activities	$ 28,690

See notes to financial statements.

Exhibit J

Cass County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2013

Assets	
Cash and pooled investments:	
County Treasurer	$ 864,468
Other County officials	6,303
Receivables:	
Property tax:	
Delinquent	36,352
Succeeding year	16,886,000
Accounts	14,324
Due from other funds	26,020
Due from other governments	124,021
Total assets	17,957,488
Liabilities	
Accounts payable	35,180
Salaries and benefits payable	8,480
Due to other funds	1,386
Due to other governments	17,841,717
Trusts payable	6,103
Compensated absences	64,622
Total liabilities	17,957,488
Net position	$ --

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Related Organizations - The County Board of Supervisors are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The Board of Supervisors appoint two of the five members to the board of the Cass County Environmental Control Agency. An audit of this Agency is performed and filed under separate cover. Financial transactions of this organization are included in the County's financial statements only to the extent of the County's fiduciary relationship with the Commission and, as such, are reported in an Agency Fund of the County.

Jointly Governed Organizations - The County also 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: Cass County Assessor's Conference Board, Public Safety Communications Commission, Cass County Joint E911 Service Board and Cass County Emergency Management Services 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.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position (previously referred to as 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 Position presents the County's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2012.

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 and Due to Other funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 Position. 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 repairs 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
Intangibles	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	3 - 10

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is generally paid at 25%, not to exceed 800 hours, upon retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for amounts paid to employees within sixty days after year end. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

Unassigned - All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, disbursements exceeded the amount budgeted in the non-program function.

NOTE 2 - CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of $1,428,704 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

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

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

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

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General	Agency: County Offices	$ 1,386
Special Revenue: County Attorney and Sheriff Investigation	General	58,280
Agency: Public Safety	General	26,020
Total		$ 85,686

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

NOTE 4 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	County Attorney and Sheriff Investigation	$ 16,000
Special Revenue:		
Secondary Roads	General	119,411
	Special Revenue:	
	Rural Services	1,347,335
	Local Option Tax	200,000
		1,666,746
Special Revenue:		
Rural Services	Special Revenue:	
	Local Option Tax	251,498
Debt Service	Capital Projects:	
	Amaizing Energy Atlantic	41,023
Special Revenue:		
Geographic Information System	General	63,145
	Special Revenue:	
	Local Option Tax	36,855
		100,000
		$ 2,075,267

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

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,344,700	$ --	$ --	$ 1,344,700
Construction in progress	1,016,251	1,524,727	2,294,660	246,318
Total capital assets not being depreciated	2,360,951	1,524,727	2,294,660	1,591,018
Capital assets being depreciated:				
Buildings	1,767,158	--	--	1,767,158
Equipment and vehicles	5,307,489	545,610	199,872	5,653,227
Infrastructure, road network	13,696,650	2,294,660	--	15,991,310
Total capital assets being depreciated	20,771,297	2,840,270	199,872	23,411,695
Less accumulated depreciation for:				
Buildings	1,396,142	28,893	--	1,425,035
Equipment and vehicles	3,286,077	457,986	199,398	3,544,665
Infrastructure, road network	1,311,137	404,885	--	1,716,022
Total accumulated depreciation	5,993,356	891,764	199,398	6,685,722
Total capital assets being depreciated, net	14,777,941	1,948,506	474	16,725,973
Governmental activities capital assets, net	$ 17,138,892	$3,473,233	$2,295,134	$ 18,316,991

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 49,651
County environment and education	42,748
Roads and transportation	761,243
Administrative services	38,122
Total depreciation expense - governmental activities	$ 891,764

NOTE 6 - DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. 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	$ 36,425
Special Revenue:		
County Attorney and Sheriff Investigation	Services	685
Drainage Districts		1,550
Flood and Erosion		1,931
Total for governmental funds		$ 40,591
Agency:		
County Assessor	Collections	$ 448,846
Schools		8,763,623
Community Colleges		710,066
Corporations		4,764,925
Auto License and Use Tax		315,018
County Hospital		2,136,885
All Other		702,354
Total for agency funds		$ 17,841,717

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	General Obligation Bonds	Compensated Absences	Total
Balance beginning of year	$ 703,189	$ 192,386	$ 895,575
Increases	--	2,785	2,785
Decreases	86,037	--	86,037
Balance end of year	$ 617,152	$ 195,171	$ 812,323
Due within one year	$ 56,000	$ 195,171	$ 251,171

NOTE 7 - LONG-TERM LIABILITIES - Continued

A summary of the County's June 30, 2013 general obligation bond indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2014	3.35% - 3.95%	$ 56,000	$ 22,717	$ 78,717
2015	3.35% - 3.95%	56,000	20,647	76,647
2016	3.35% - 3.95%	61,000	18,594	79,594
2017	3.35% - 3.95%	61,000	16,296	77,296
2018	3.35% - 3.95%	66,000	14,044	80,044
2019-2023	3.35% - 3.95%	274,152	33,288	307,440
2024-2025	3.35% - 3.95%	43,000	2,041	45,041
Total		$ 617,152	$ 127,627	$ 744,779

During the year ended June 30, 2013, the County retired $86,037 of general obligation bonds.

NOTE 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 5.78% (5.95% beginning July 1, 2013) of their annual covered salary and the County is required to contribute 8.67% (8.93% beginning July 1, 2013) of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were approximately $338,000, $309,000, and $262,000, respectively, equal to the required contributions for each year.

NOTE 9 - RISK MANAGEMENT

Cass County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 679 members from various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of total current member's basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expense and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2013 were approximately $176,800.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $350,000 per claim. Claims exceeding $350,000 are reinsured in an amount not to exceed $2,650,000 per claim. For members requiring specific coverage from $3,000,000 to $15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location, with excess coverage reinsured by Lexington Insurance Company.

NOTE 9 - RISK MANAGEMENT - continued

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2013, no liability has been recorded in the County's financial statements. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by the amount of capital distributions previously received by the withdrawing member and an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $1,000,000 and $100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual out of pocket maximum of $4,000 for single coverage and $8,000 for family coverage. Claims in excess of the out of pocket maximums are insured through the purchase of insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2013 was $975,840.

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN - continued

Amounts payable from the Employee Group Health Fund at June 30, 2013 total $500, which is for incurred but not recorded (IBNR) and reported but not paid claims. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has 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. At June 30, 2013, the County has accumulated funds in excess of actual claims paid of $213,370, which is reported as net position of the Internal Service, Employee Group Health Fund.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: As required by state law, the County offers health insurance to former employees who have retired after age 55, but have not reached Medicare eligibility. The fully insured plan is a part of the plan offered to all County employees, and the retiree must pay a health insurance premium equal to that charged for current employees. There are approximately 93 active employees and 3 retirees currently covered by the Plan.

Funding Policy: The County does not set aside funds to pay for any OPEB liability. Any County costs of an implicit health insurance premium rate subsidy are charged to expense in the year paid.

Net OPEB Obligation: Management had an actuarial valuation performed dated October 30, 2013. The actuarial report noted the unfunded actuarial accrued liability to be $237,896. The annual required contribution for the year end June 30, 2013 is $35,227. The actuarial accrued liability is assuming a 30% participation rate; however, the County's current participation rate is approximately three percent. Because of the high assumed participation rate, management considers the actuarial accrued liability to be overstated. Management considers the liability to be immaterial and has not recorded this liability in its statements of net position.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Construction

The County has entered into a contract totaling approximately $964,000 for bridge repairs to be completed during fiscal year 2014. The project will be financed through the County's farm to market account.

Subsequent Events

Subsequent to year end, the County purchased various equipment items totaling approximately $400,000.

The County has evaluated all subsequent events through January 8, 2014, the date the financial statements were available to be issued.

* * *

REQUIRED SUPPLEMENTARY INFORMATION

Cass 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, 2013

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other County tax	$ 6,647,356	$ --	$ 6,647,356
Interest and penalty on property tax	46,675	--	46,675
Intergovernmental	5,186,976	--	5,186,976
Licenses and permits	26,019	--	26,019
Charges for service	365,517	--	365,517
Use of money and property	149,067	--	149,067
Miscellaneous	281,909	--	281,909
Total receipts	12,703,519	--	12,703,519
Disbursements:			
Public safety and legal services	2,042,596	--	2,042,596
Physical health and social services	361,451	--	361,451
Mental health	1,493,922	--	1,493,922
County environment and education	419,029	--	419,029
Roads and transportation	4,219,694	--	4,219,694
Governmental services to residents	431,902	--	431,902
Administrative services	1,257,544	--	1,257,544
Non-program	1,220,265	--	1,220,265
Debt service	77,722	--	77,722
Capital projects	407,953	--	407,953
Total disbursements	11,932,078	--	11,932,078
Excess (deficiency) of receipts over (under) disbursements	771,441	--	771,441
Other financing sources, net	101,295	--	101,295
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	872,736	--	872,736
Balance beginning of year	4,039,968	1,550	4,038,418
Balance end of year	$ 4,912,704	$ 1,550	$ 4,911,154

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
$ 6,643,186	$ 6,643,186	$ 4,170
35,770	35,770	10,905
6,272,162	6,272,162	(1,085,186)
17,100	17,100	8,919
319,281	319,281	46,236
152,435	152,435	(3,368)
593,734	593,734	(311,825)
14,033,668	14,033,668	(1,330,149)
2,459,672	2,459,672	417,076
512,095	512,095	150,644
2,582,950	2,582,950	1,089,028
451,574	451,574	32,545
4,783,234	4,783,234	563,540
475,983	475,983	44,081
1,351,445	1,351,445	93,901
1,185,649	1,185,649	(34,616)
310,292	310,292	232,570
1,909,709	1,909,709	1,501,756
16,022,603	16,022,603	4,090,525
(1,988,935)	(1,988,935)	2,760,376
--	--	101,295
(1,988,935)	(1,988,935)	2,861,671
3,301,700	3,301,700	736,718
$ 1,312,765	$ 1,312,765	$ 3,598,389

Cass County

Budgetary Comparison Schedule -Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2013

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 12,703,519	$(3,749)	$ 12,699,770
Expenditures	11,932,078	10,344	11,942,422
Net	771,441	(14,093)	757,348
Other financing sources, net	101,295	290	101,585
Beginning fund balances	4,039,968	(25,470)	4,014,498
Ending fund balances	$ 4,912,704	$(39,273)	$ 4,873,431

See accompanying independent auditor's report.

Cass County

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2013

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units 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, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds. 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.

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, 2013, disbursements exceeded the amounts budgeted in the non-program function.

SUPPLEMENTARY INFORMATION

Cass County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2013

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Conservation Land Acquisition Trust	Resource Enhancement and Protection
Assets				
Cash and pooled investments	$ 2,414	$ 415	$ 14,747	$ 23,279
Receivables:				
Accounts	--	--	--	--
Due from other funds	--	--	--	--
Due from other governments	--	--	--	--
Total assets	$ 2,414	$ 415	$ 14,747	$ 23,279
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	$ --	$ --	$ 1,849	$ --
Salaries and benefits payable	--	--	--	--
Due to other governments	--	--	--	--
Total liabilities	--	--	1,849	--
Fund balances:				
Restricted for:				
Capital projects	--	--	--	--
Other purposes	2,414	415	12,898	23,279
Total fund balance	2,414	415	12,898	23,279
Total liabilities and fund balance	$ 2,414	$ 415	$ 14,747	$ 23,279

See accompanying independent auditor's report.

Special Revenue							
Flood and Erosion	Drainage Districts	Local Option Tax	Geographic Information System	County Attorney and Sheriff Investigation	Debt Service	Capital Projects	Total
$ 22,809	$ 1,550	$ 118,639	$ 18,142	$ 561,066	$ --	$ 95,502	$ 858,563
--	--	--	--	3,323	--	--	3,323
--	--	--	--	58,280	--	--	58,280
--	--	99,360	--	1,627	--	50	101,037
$ 22,809	$ 1,550	$ 217,999	$ 18,142	$ 624,296	$ --	$ 95,552	$ 1,021,203
$ 72	$ --	$ --	$ --	$ 4,554	$ --	$ --	$ 6,475
18	--	--	--	--	--	--	18
1,931	1,550	--	--	685	--	--	4,166
2,021	1,550	--	--	5,239	--	--	10,659
--	--	--	--	--	--	95,552	95,552
20,788	--	217,999	18,142	619,057	--	--	914,992
20,788	--	217,999	18,142	619,057	--	95,552	1,010,544
$ 22,809	$ 1,550	$ 217,999	$ 18,142	$ 624,296	$ --	$ 95,552	$ 1,021,203

Cass County

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

Year ended June 30, 2013

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Conservation Land Acquisition Trust	Resource Enhancement and Protection
Revenues:				
Local option sales tax	$ --	$ --	$ --	$ --
Intergovernmental	--	--	--	10,373
Charges for service	3,026	1	--	--
Use of money and property	2	17	--	1
Miscellaneous	--	--	20,856	--
Total revenues	3,028	18	20,856	10,374
Expenditures:				
Operating:				
Public safety and legal services	--	--	--	--
County environment and education	3,537	--	23,485	--
Debt service	--	--	--	--
Capital projects	--	--	--	--
Total expenditures	3,537	--	23,485	--
Excess (deficiency) of revenues over (under) expenditures	(509)	18	(2,629)	10,374
Other financing sources (uses):				
Operating transfers in	--	--	--	--
Operating transfers out	--	--	--	--
Total other financing sources (uses)	--	--	--	--
Change in fund balance	(509)	18	(2,629)	10,374
Fund balances beginning of year	2,923	397	15,527	12,905
Fund balances end of year	$ 2,414	$ 415	$ 12,898	$ 23,279

See accompanying independent auditor's report.

Special Revenue							
Flood and Erosion	Drainage Districts	Local Option Tax	Geographic Information System	County Attorney and Sheriff Investigation	Debt Service	Capital Projects	Total
$ --	$ --	$ 630,925	$ --	$ --	$ --	$ --	$ 630,925
32,200	--	--	--	11,660	--	--	54,233
--	--	--	287	--	--	--	3,314
--	--	15,600	--	86	--	60,650	76,356
30	--	--	--	160,814	73,671	29,399	284,770
32,230	--	646,525	287	172,560	73,671	90,049	1,049,598
--	--	--	--	90,112	--	--	90,112
21,702	42,734	--	83,686	--	--	--	175,144
--	--	--	--	--	114,758	--	114,758
--	--	76,505	--	--	--	36,206	112,711
21,702	42,734	76,505	83,686	90,112	114,758	36,206	492,725
10,528	(42,734)	570,020	(83,399)	82,448	(41,087)	53,843	556,873
--	--	--	100,000	--	41,023	--	141,023
--	--	(488,353)	--	(16,000)	--	(41,023)	(545,376)
--	--	(488,353)	100,000	(16,000)	41,023	(41,023)	(404,353)
10,528	(42,734)	81,667	16,601	66,448	(64)	12,820	152,520
10,260	42,734	136,332	1,541	552,609	64	82,732	858,024
$ 20,788	$ --	$ 217,999	$ 18,142	$ 619,057	$ --	$ 95,552	$ 1,010,544

Cass County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor
Assets			
Cash and pooled investments:			
County Treasurer	$ --	$ 2,324	$ 79,697
Other County officials	6,303	--	--
Receivables:			
Property tax:			
Delinquent	--	299	360
Succeeding year	--	190,000	371,000
Accounts	--	--	--
Due from other funds	--	--	--
Due from other governments	1,186	--	9,396
Total assets	$ 7,489	$ 192,623	$ 460,453
Liabilities			
Accounts payable	$ --	$ --	$ 2,112
Salaries and benefits payable	--	--	99
Due to other funds	1,386	--	--
Due to other governments	--	192,623	448,846
Trusts payable	6,103	--	--
Compensated absences	--	--	9,396
Total liabilities	$ 7,489	$ 192,623	$ 460,453

(continued next page)

Juvenile Detention Center and Emergency Juvenile Services	Emergency Management Services	City Special Assessments	Schools	Community Colleges	Corporations
$ 22,430	$ 20,709	$ 2,290	$ 111,939	$ 9,942	$ 50,345
--	--	--	--	--	--
--	--	--	13,684	1,124	17,580
--	--	--	8,638,000	699,000	4,697,000
--	--	--	--	--	--
--	--	--	--	--	--
47,567	3,091	--	--	--	--
$ 69,997	$ 23,800	$ 2,290	$8,763,623	$ 710,066	$ 4,764,925
$ 264	$ 80	$ --	$ --	$ --	$ --
696	--	--	--	--	--
--	--	--	--	--	--
49,046	20,629	2,290	8,763,623	710,066	4,764,925
--	--	--	--	--	--
19,991	3,091	--	--	--	--
$ 69,997	$ 23,800	$ 2,290	$8,763,623	$ 710,066	$ 4,764,925

Cass County

Combining Schedule of Fiduciary Assets and Liabilities - Continued
Agency Funds

June 30, 2013

	Townships	Environmental Control Agency	Brucellosis and Tuberculosis Eradication
Assets			
Cash and pooled investments:			
County Treasurer	$ 2,666	$ --	$ 2,541
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	50	--	4
Succeeding year	182,000	--	2,000
Accounts	--	--	--
Due from other funds	--	--	--
Due from other governments	--	39,309	--
Total assets	$ 184,716	$ 39,309	$ 4,545
Liabilities			
Accounts payable	$ --	$ 18,181	$ --
Salaries and benefits payable	--	2,567	--
Due to other funds	--	--	--
Due to other governments	184,716	--	4,545
Trusts payable	--	--	--
Compensated absences	--	18,561	--
Total liabilities	$ 184,716	$ 39,309	$ 4,545

(continued next page)

Auto License and Use Tax	Advance Tax	County Hospital	Public Safety	County Recorder's Electronic Fee	E911 Operating
$ 328,248	$ 85,260	$ 26,637	$(5,661)	$ 561	$ 225
--	--	--	--	--	--
--	3	3,248	--	--	--
--	--	2,107,000	--	--	--
--	--	--	--	--	--
--	--	--	26,020	--	--
--	--	--	22,724	--	748
$ 328,248	$ 85,263	$ 2,136,885	$ 43,083	$ 561	$ 973
$ 13,230	$ --	$ --	$ 340	$ --	$ 973
--	--	--	5,118	--	--
--	--	--	--	--	--
315,018	85,263	2,136,885	24,042	561	--
--	--	--	--	--	--
--	--	--	13,583	--	--
$ 328,248	$ 85,263	$ 2,136,885	$ 43,083	$ 561	$ 973

Cass County

Combining Schedule of Fiduciary Assets and Liabilities - Continued
Agency Funds

June 30, 2013

	E911 Surcharge	Cass-Audubon Economic Development	Environmental Planning Trust
Assets			
Cash and pooled investments:			
County Treasurer	$ 87,652	$ 29,375	$ 2,227
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	--	--	--
Succeeding year	--	--	--
Accounts	14,324	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
Total assets	$ 101,976	$ 29,375	$ 2,227
Liabilities			
Accounts payable	$ --	$ --	$ --
Salaries and benefits payable	--	--	--
Due to other funds	--	--	--
Due to other governments	101,976	29,375	2,227
Trusts payable	--	--	--
Compensated absences	--	--	--
Total liabilities	$ 101,976	$ 29,375	$ 2,227

See accompanying independent auditor's report.

Environmental Recycling Trust	Total
$ 5,061	$ 864,468
--	6,303
--	36,352
--	16,886,000
--	14,324
--	26,020
--	124,021
$ 5,061	$ 17,957,488

$ --	$ 35,180
--	8,480
--	1,386
5,061	17,841,717
--	6,103
--	64,622
$ 5,061	$ 17,957,488

Cass County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor
Assets and Liabilities			
Balances beginning of year	$ 26,993	$ 179,459	$ 434,933
Additions:			
Property and other County tax	--	190,977	372,827
E911 surcharge	--	--	--
State tax credits	--	8,221	14,864
Office fees and collections	374,640	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	219,700	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	--	--	--
Miscellaneous	--	--	293
Total additions	594,340	199,198	387,984
Deductions:			
Agency Remittances:			
To other funds	183,889	--	--
To other governments	210,257	186,034	362,464
Trusts paid out	219,698	--	--
Distribution to E911 operating fund	--	--	--
Total deductions	613,844	186,034	362,464
Balances end of year	$ 7,489	$ 192,623	$ 460,453

(continued next page)

Juvenile Detention Center and Emergency Juvenile Services	Emergency Management Services	City Special Assessments	Schools	Community Colleges	Corporations
$ 72,128	$ 25,158	$ 3,262	$8,877,063	$ 760,307	$ 4,429,898
--	--	--	8,703,199	704,281	4,569,209
--	--	--	--	--	--
--	--	--	396,808	35,051	215,539
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	19,502	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
289,729	79,325	--	--	--	--
289,729	79,325	19,502	9,100,007	739,332	4,784,748
--	--	--	--	--	--
291,860	80,683	20,474	9,213,447	789,573	4,449,721
--	--	--	--	--	--
--	--	--	--	--	--
291,860	80,683	20,474	9,213,447	789,573	4,449,721
$ 69,997	$ 23,800	$ 2,290	$8,763,623	$ 710,066	$ 4,764,925

Cass County

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued
Agency Funds

Year ended June 30, 2013

	Townships	Environmental Control Agency	Brucellosis and Tuberculosis Eradication
Assets and Liabilities			
Balances beginning of year	$ 188,832	$ 30,678	$ 2,002
Additions:			
Property and other County tax	185,897	--	2,533
E911 surcharge	--	--	--
State tax credits	8,312	--	100
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	--	--	--
Miscellaneous	--	883,885	--
Total additions	194,209	883,885	2,633
Deductions:			
Agency Remittances:			
To other funds	--	--	--
To other governments	198,325	875,254	90
Trusts paid out	--	--	--
Distribution to E911 operating fund	--	--	--
Total deductions	198,325	875,254	90
Balances end of year	$ 184,716	$ 39,309	$ 4,545

(continued next page)

Auto License and Use Tax	Advance Tax	County Hospital	Public Safety	County Recorder's Electronic Fee
$ 345,690	$ 40,159	$ 2,049,812	$ 41,578	$ 467
--	--	2,122,535	--	--
--	--	--	--	--
--	--	94,232	--	--
--	--	--	--	--
4,246,345	--	--	--	--
88,613	--	--	--	--
--	--	--	--	3,026
--	--	--	--	--
--	--	--	--	--
--	81,462	--	--	--
--	--	--	--	--
240	--	--	340,844	--
4,335,198	81,462	2,216,767	340,844	3,026
13,230	--	--	--	--
4,339,410	36,358	2,129,694	339,339	2,932
--	--	--	--	--
--	--	--	--	--
4,352,640	36,358	2,129,694	339,339	2,932
$ 328,248	$ 85,263	$ 2,136,885	$ 43,083	$ 561

Cass County

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued
Agency Funds

Year ended June 30, 2013

	E911 Operating	E911 Surcharge	Cass-Audubon Economic Development
Assets and Liabilities			
Balances beginning of year	$ 297	$ 90,218	$ 22,709
Additions:			
Property and other County tax	--	--	--
E911 surcharge	--	119,371	--
State tax credits	--	--	--
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	108,360	--	--
Miscellaneous	--	747	80,000
Total additions	108,360	120,118	80,000
Deductions:			
Agency Remittances:			
To other funds	107,684	--	--
To other governments	--	--	73,334
Trusts paid out	--	--	--
Distribution to E911 operating fund	--	108,360	--
Total deductions	107,684	108,360	73,334
Balances end of year	$ 973	$ 101,976	$ 29,375

See accompanying independent auditor's report.

Environmental Planning Trust	Environmental Recycling Trust	Tax Sale Redemption	Total
$ 8,632	$ --	$ --	$ 17,630,275
--	--	--	16,851,458
--	--	--	119,371
--	--	--	773,127
--	--	--	374,640
--	--	--	4,246,345
--	--	--	88,613
--	--	--	3,026
--	--	--	19,502
--	--	109,809	329,509
--	--	--	81,462
--	--	--	108,360
4,308	18,572	--	1,697,943
4,308	18,572	109,809	24,693,356
--	--	--	304,803
10,713	13,511	--	23,623,473
--	--	109,809	329,507
--	--	--	108,360
10,713	13,511	109,809	24,366,143
$ 2,227	$ 5,061	$ --	$ 17,957,488

Cass County

Schedule of Revenues by Source and Expenditures by Function -
All Governmental Fund Types

For the Last Ten Years

	Modified Accrual Basis				
	2013	2012	2011	2010	2009
Revenues:					
Property and other County tax	$ 6,620,965	$ 6,150,888	$ 5,888,548	$ 5,069,888	$ 4,851,694
Interest and penalty on property tax	46,845	48,160	50,972	45,035	49,092
Intergovernmental	5,145,746	6,705,691	6,087,544	6,509,684	5,398,243
Licenses and permits	25,939	26,618	72,190	16,134	12,901
Charges for service	366,761	352,680	364,599	331,044	352,024
Use of money and property	149,986	160,946	160,970	173,836	197,003
Miscellaneous	343,528	944,132	402,507	313,162	264,702
Total	$ 12,699,770	$ 14,389,115	$ 13,027,330	$ 12,458,783	$ 11,125,659
Expenditures:					
Operating:					
Public safety and legal services	$ 2,059,001	$ 1,935,360	$ 1,851,156	$ 1,672,950	$ 1,710,523
Physical health and social services	369,124	478,949	441,375	554,996	433,167
Mental health	1,159,179	2,312,828	1,916,651	2,067,276	2,121,352
County environment and education	572,006	430,641	433,668	389,686	434,787
Roads and transportation	4,215,133	4,375,809	4,167,109	4,216,540	4,126,502
Governmental services to residents	429,305	402,688	410,872	396,319	359,223
Administration	1,174,627	1,129,327	1,070,552	1,019,398	1,007,030
Non-program	1,486,923	867,510	798,090	1,600,473	337,343
Debt service	114,758	249,448	51,584	52,295	49,130
Capital projects	362,366	2,196,115	798,625	1,166,098	1,081,410
Total	$ 11,942,422	$ 14,378,675	$ 11,939,682	$ 13,136,031	$ 11,660,467

See accompanying independent auditor's report.

Modified Accrual Basis				
2008	2007	2006	2005	2004
$ 4,805,648	$ 4,678,010	$ 4,321,827	$ 4,276,692	$ 3,954,555
46,544	50,066	35,853	46,776	39,140
4,998,735	4,504,374	4,062,946	4,053,344	4,383,691
16,179	11,624	12,654	10,012	9,538
369,449	311,806	336,859	349,344	534,903
296,102	304,575	279,717	175,927	150,236
325,451	537,730	661,879	282,682	127,181
$ 10,858,108	$ 10,398,185	$ 9,711,735	$ 9,194,777	$ 9,199,244
$ 1,666,411	$ 1,725,161	$ 1,611,122	$ 1,382,309	$ 1,410,230
415,007	385,611	386,747	395,282	368,196
2,315,481	2,147,822	1,941,999	1,795,418	1,699,740
367,127	360,300	307,792	311,758	284,495
3,620,861	3,412,537	3,481,258	3,400,642	3,464,007
348,097	337,930	462,230	334,862	303,884
992,373	923,555	971,115	846,822	791,378
24,067	29,592	117,090	188,489	390,178
569,529	--	--	--	--
1,412,044	2,138,169	532,209	404,139	721,146
$ 11,730,997	$ 11,460,677	$ 9,811,562	$ 9,059,721	$ 9,433,254

Cass County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		$ 16,644
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grant Program/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRH-203/ 08-DRH-003	1,264,535
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5882BT15/ 5883BT15	23,135
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5882NB06/ 5883NB06	19,616
Community Transformation Grant Community Projects	93.531	5882HP02/ 5883HP03	102,283
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrance Assistance - State Administered Programs	93.566		39
Child Care Mandatory and Matching Funds of the Child Care and Development Fun	93.596		2,988
Foster Care - Title IV-E	93.658		5,948
Adoption Assistance - Title IV-E	93.659		1,804
Children's Health Insurance Program (CHIP)	93.767		58
Medical Assistance Program (Medicaid, Title XIX)	93.778		15,723

(continued next page)

Cass County

Schedule of Expenditures of Federal Awards - Continued

Year ended June 30, 2013

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
Iowa Department of Human Services (continued):			
Social Services Block Grant	93.667		$ 5,548
U.S. Department of Homeland Security:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042	EMPG-13-PT-15	24,537
Homeland Security Grant Program	97.067	HSGP-09-CCP-05	3,252
Total			$ 1,486,110

Basis of Presentation -The Schedule of Expenditures of Federal Awards includes the federal grant activity of Cass County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation, of the general purpose financial statements.

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

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

To the Officials of Cass County, Iowa

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cass County, Iowa, as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 8, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cass County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cass County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cass County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be significant deficiencies. However, we noted an other deficiency in internal control over financial reporting described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 13-II-A.

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

To the Officials of Cass County, Iowa

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.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2013 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.

Responses to Findings

Cass County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Cass County's responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Gunewold, Ben, Kyhnn & Co., P.C.

Atlantic, Iowa
January 8, 2014

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

To the Officials of Cass County, Iowa

Report on Compliance for Each Major Federal Program

We have audited Cass County Iowa's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2013. The County's major federal program is identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the County's management.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the County's compliance.

To the Officials of Cass County, Iowa

Opinion on Each Major Federal Program

In our opinion, Cass County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Cass County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cass County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Grenwalt, Berg, Kyhnn & Co. P.C.

Atlantic, Iowa
January 8, 2014

Cass County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Part I: Summary of the Independent Auditor's Results

Financial Statements

(a) Type of auditor's report issued:
- Unmodified.

(b) Internal control over financial reporting:
- Material weakness(es) identified? ____ yes __X__ no
- Significant deficiency(ies) identified? ____ yes __X__ none reported

(c) Noncompliance material to financial statements noted? ____ yes __X__ no

Federal Awards

(d) Internal control over major program:
- Material weakness(es) identified? ____ yes __X__ no
- Significant deficiency(ies) identified? ____ yes __X__ none reported

(e) Type of auditor's report issued on compliance for major program:
- Unmodified.

(f) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the OMB Circular A-133? ____ yes __X__ no

(g) Identification of major program:

- CFDA Number 14.228 - Community Development Block Grant Program/ State's Program and Non-Entitlement Grants in Hawaii

(h) Dollar threshold used to distinguish between Type A and Type B programs: $300,000.

(i) Auditee qualified as low-risk auditee? __X__ yes ____ no

Cass County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

13-II-A Credit Cards: During our audit, we noted that the County has multiple credit cards used by various departments and that several transactions were not supported with proper documentation. In addition, some transactions were for employee personal use that were properly reimbursed by the employee.

Recommendation: County management should ensure that proper documentation is kept for all credit transactions and that personal use of the County's credit cards is not allowed.

Response: Management will make sure all transactions on credit card statements are properly supported and that transactions are not for personal use.

Conclusion: Response accepted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON- COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting

13-IV-A Certified Budget: Disbursements during the year ended June 30, 2013 exceeded the amounts budgeted in the non-program function.

Recommendation: The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

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

Response: We will amend the budget when required and appropriations will be watched more closely by the departments.

Conclusion: Response accepted.

13-IV-B Questionable Expenditures: No expenditures were noted that do not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

13-IV-C Travel Expense: No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

13-IV-D Business Transactions: The following business transactions between the County and County officials were noted:

Name, Title and Business Connection	Transaction Description	Amount
Joyce Jensen, Recorder, Stockholder in Robinson Hardware	Supplies	$ 2,247

The transactions with a corporation in which the Recorder owns stock may represent conflicts of interest as defined in Chapter 331.342 of the Code of Iowa since the total transactions exceed $1,500 during the fiscal year and the transactions were not competitively bid.

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

Response: All purchases from Robinson Hardware were made by departments other than that of the Recorder, except for $27, with no single purchase greater than $500. This is not considered to be a conflict.

Conclusion: Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting - Continued

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

13-IV-F Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.

13-IV-G 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.

13-IV-H 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).

13-IV-I 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, 2013 for the County Extension Office did not exceed the amount budgeted.

* * *