

MARION COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2013

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MARION COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2013)		
Sam Nichols	Board of Supervisors	Jan. 2013
Jim Kingery	Board of Supervisors	Jan. 2013
Craig Agan	Board of Supervisors	Jan. 2015
Jake Grandia	County Auditor	Jan. 2013
Denise Emal	County Treasurer	Jan. 2015
Karen Schwanebeck	County Recorder	Jan. 2015
Ronald Goemaat	County Sheriff	Jan. 2013
Ed Bull	County Attorney	Jan. 2015
Drew Sanders	County Assessor	Jan. 2016
(After January 2013)		
Craig Agan	Board of Supervisors	Jan. 2015
Mark Raymie	Board of Supervisors	Jan. 2017
Jim Kingery	Board of Supervisors	Jan. 2017
Jake Grandia	County Auditor	Jan. 2017
Denise Emal	County Treasurer	Jan. 2015
Karen Schwanebeck	County Recorder	Jan. 2015
Jason Sandholdt	County Sheriff	Jan. 2017
Ed Bull	County Attorney	Jan. 2015
Drew Sanders	County Assessor	Jan. 2016

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DONALD D. KAIN
CHUCK C. CONVERSE, CPA
RUSSELL S. TERPSTRA, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Officials of Marion 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 Marion County, Iowa, as of and for the year ended June 30, 2013, and the 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 U.S. generally accepted accounting principles. 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 U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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 respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Marion County as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 54 through 57 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 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the eight 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 12, 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.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2014 on our consideration of Marion 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 Marion County's internal control over financial reporting and compliance.

Oskaloosa, Iowa
March 24, 2014

Hunt + Associates, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Marion County, Iowa provides this Management's Discussion and Analysis of Marion County's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

County governmental funds revenue decreased 5.8% or \$1,209,417 from 2012 to 2013. Property and other county taxes increased approximately \$291,000.

County governmental funds program expenditures decreased approximately 12.3% or \$2,584,464, from 2012 to 2013. Mental health expenditures decreased approximately \$1,250,000 due to statewide changes in mental health cost coverage, while roads and transportation expenditures decreased approximately \$1,397,000 due primarily to fewer road improvement projects.

The County's governmental activities net position increased 6.1%, or \$2,298,831 during the year ended June 30, 2013.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the 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 Marion 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 Marion County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Marion County acts solely as an agent or custodian for the benefit of those outside of the government.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year. Required supplementary information provides a comparison of actual receipts and disbursements to amounts budgeted.

Supplementary Information provides detailed information about the nonmajor special revenue and the individual fiduciary funds.

REPORTING THE COUNTY AS A WHOLE

The Statement of Net Position and the Statement of Activities

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 the County as a whole and about its 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 which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net position presents 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 most recent 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 public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration and interest on long-term debt. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1. Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Mental Health, Rural Service, and Secondary Roads, and 3) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund 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 required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2. Proprietary funds include the County's employee group health insurance, internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows.

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

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

A summary reconciliation between 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.

The County’s combined net position increased by \$2,298,831 from FY 2012. The increase in net position is primarily due to an increase in secondary roads infrastructure and equipment. Our analysis below focuses on the net position of the County’s governmental activities.

<u>Net Position of Governmental Activities</u>		
	<u>2012</u>	<u>2013</u>
Current and other assets	23,389,070	25,355,667
Capital assets	30,585,043	31,227,441
Total assets	<u>53,974,113</u>	<u>56,583,108</u>
Long-term liabilities	5,160,806	4,853,473
Other liabilities	11,030,268	11,647,765
Total Liabilities	<u>16,191,074</u>	<u>16,501,238</u>
Net position:		
Net investments in capital assets	26,035,043	27,067,441
Restricted	6,571,240	7,396,039
Unrestricted	<u>5,176,756</u>	<u>5,618,390</u>
Total net position	<u><u>37,783,039</u></u>	<u><u>40,081,870</u></u>

The net position of the County’s governmental activities increased by 6.1%. The largest portion of the County’s net position is Net Investments in Capital Assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the Net Investments in Capital Assets is liquidated with sources other than capital assets. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from \$5,176,756 at June 30, 2012 to \$5,618,390 at the end of this year, an increase of 8.5 percent.

The increase of \$441,634 in unrestricted net position was a result of increased property tax revenue and intergovernmental revenue. The county increased its investment in roadway equipment and road construction by approximately \$358,000 over the prior year.

The County has adopted a five year plan to replace aging equipment and bring all County secondary roads up to the standards established by the County Planning Committee, and adopted by the County Board of Supervisors, on March 26, 2013.

Changes in Net Position of Governmental Activities

	2012	2013	Net Change
Revenues:			
Program revenues:			
Charges for service and sales	1,634,044	1,850,149	216,105
Operating grants and contributions	6,939,242	5,762,312	(1,176,930)
Capital grants and contributions	4,102,967	2,279,163	(1,823,804)
General revenues:			
Property tax, state credits, penalty	10,349,267	10,715,453	366,186
Local option sales and services tax	1,146,373	1,128,580	(17,793)
Payment in lieu of real estate taxes	99,989	96,688	(3,301)
Unrestricted investment earnings	71,328	49,045	(22,283)
Other general revenues	50,021	6,641	(43,380)
Total revenues	24,393,231	21,888,031	(2,505,200)
Program expenses:			
Public safety and legal services	3,434,275	3,584,601	150,326
Physical health and social services	2,501,572	2,378,599	(122,973)
Mental health	3,095,567	1,844,220	(1,251,347)
County environment and education	1,430,697	1,425,137	(5,560)
Roads and transportation	7,440,726	7,147,493	(293,233)
Government services to residents	640,573	723,338	82,765
Administration or general government	2,464,476	2,413,938	(50,538)
Interest on long-term debt	352,526	71,874	(280,652)
Total expenses	21,360,412	19,589,200	(1,771,212)
Increase (decrease) in net position	3,032,819	2,298,831	(733,988)
Net position July 1	34,750,220	37,783,039	3,032,819
Net position June 30	37,783,039	40,081,870	2,298,831

The County's total government wide revenues decreased 10.3%. The total government wide cost of all programs and services decreased 8.3%. The County covered this year's expenses.

Governmental Activities

Property tax, state credits and penalties revenue for the year increased 3.5%. The County decreased countywide property tax rates in 2013 by \$.08419. A Debt Service Levy of .20110 in 2012 was decreased to .14430 in 2013 due to early refinancing of the Law Enforcement Center bond issue

The cost of all governmental activities this year was \$19,589,200 compared to \$21,360,412 last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes and reserves was only \$9,697,576 because some of the cost was paid by those directly benefiting from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. The County's governmental program revenues, including grants, intergovernmental aid, and fees for services, decreased in 2013 from \$12,676,253 to \$9,891,624.

THE COUNTY'S INDIVIDUAL MAJOR FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$13,488,271, an increase from last year's total of \$12,288,225. The County funds received \$1,200,046 more than were expended for the year. The following are the major reasons for the changes in fund balances for the year:

The General Fund balance increased by \$758,870 from the prior year, or 8.1%. Revenues were steady but the County carefully controlled the related expenditures, which increased by \$149,832 from the prior year, or 1.5%.

The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$1,844,404, a decrease of 40.4% from the prior year. The Mental Health Fund balance at year end decreased by \$70,606 or 27.6% from the prior year.

Rural Service Fund revenues increased 5.7% from \$2,455,611 in 2012 to \$2,594,694 in 2013. The Rural Service ending fund balance increased by \$96,219 or 14.2% due to an increase in property tax revenues. Secondary Roads Fund expenditures decreased by \$1,396,696 or 20.1% over the prior year. Transfers in increased by \$111,713. The ending fund balance in the Secondary Roads Fund was \$1,894,318, an increase of \$397,255 from the prior year.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except internal service funds and agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its operating budget one time, increasing budgeted disbursements by \$382,821 and increasing budgeted receipts by \$196,849. The amendment was made on May 28, 2013. Highlights of the budget amendment were REAP Fund expenditures, Maintenance Department expenditures, a cost sharing agreement with Warren County regarding Iowa Department of Humans Services, and courthouse security expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, Marion County had \$31,227,441 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This amount represents a net increase (including additions and deletions) of \$642,398 or 2.1% over last year. This increase is due primarily to improvements to road infrastructure and the purchase of new road maintenance equipment.

Capital Assets of Governmental Activities at Year End

	2012	2013
Land & other non-depreciable assets	\$ 827,854	329,781
Buildings & Improvements	10,872,893	10,493,158
Machinery & Equipment	1,833,413	1,828,655
Infrastructure	17,050,883	18,575,847
Totals	\$ <u>30,585,043</u>	<u>31,227,441</u>

Long-term Liabilities

At year-end, the County had approximately \$4,853,473 in long-term liabilities compared to \$5,160,806 last year as shown below.

Long-term Liabilities of Governmental Activities at Year-End

	2012	2013
Compensated absences	\$ 458,050	515,473
Net OPEB Liability	149,000	178,000
Early Retirement	3,756	0
General Obligation Law Enforcement Center Bonds	240,000	0
General Obligation County Building & Refunding Bonds	4,310,000	4,160,000
Totals	\$ 5,160,806	4,853,473

Long-term liabilities decreased primarily as a result of payments made on General Obligation Bond debt. Other obligations include accrued vacation pay, compensatory time, OPEB liability and early retirement. More detailed information about the County's long-term liabilities is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Marion County's elected and appointed officials and citizens considered many factors when setting the 2014 fiscal year budget, tax rates, and the fees that will be charged for the various County activities. One of those factors is the economy. Residential sales of property in the County have remained steady. Countywide taxable valuations increased in 2013. Unemployment in the State of Iowa now stands at 4.3 percent versus 4.9 percent a year ago. The Consumer Price Index was 1.7%.

These indicators were taken into account when adopting the County budget for 2014. Budgeted receipts in the operating budget are \$19,060,637, a decrease of 2.65 percent under the final 2013 budget. Marion County will use these receipts to finance programs currently offered and offset the effect we expect inflation to have on program costs. The County has added no major new programs to the 2014 budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Marion County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Marion County, 214 E Main Street, Knoxville, Iowa.

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Basic Financial Statements

MARION COUNTY
STATEMENT OF NET POSITION
June 30, 2013

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 13,237,622
Receivables:	
Property tax:	
Delinquent	27,630
Succeeding year	10,717,000
Interest and penalty on property tax	59,969
Accounts	170,058
Accrued interest	2,697
Due from other governments	725,820
Inventories	414,871
Capital assets, net of accumulated depreciation (note 6)	<u>31,227,441</u>
 Total assets	 <u>56,583,108</u>
Liabilities	
Accounts payable	422,799
Salaries and benefits payable	95,266
Due to other governments (note 7)	393,166
Claims incurred but not reported	14,000
Accrued interest payable	5,534
Deferred revenue:	
Succeeding year property tax	10,717,000
Long-term liabilities (note 8):	
Portion due or payable within one year:	
General obligation bonds	450,000
Compensated absences	515,473
Portion due or payable after one year:	
General obligation bonds	3,710,000
Net OPEB liability	<u>178,000</u>
 Total liabilities	 <u>16,501,238</u>

MARION COUNTY
STATEMENT OF NET POSITION
June 30, 2013

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	\$ 27,067,441
Restricted for:	.
Supplemental levy purposes	2,948,829
Mental health purposes	181,097
Rural services purposes	519,575
Secondary roads purposes	1,741,683
Debt service	51,005
Other purposes	1,953,850
Unrestricted	<u>5,618,390</u>
Total net position	<u>\$ 40,081,870</u>

See notes to financial statements.

MARION COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	
Governmental Activities:					
Public safety and legal services	\$ 3,584,601	\$ 418,613	\$ 112,473	\$ -	\$ (3,053,515)
Physical health and social services	2,378,599	26,891	1,342,971	-	(1,008,737)
Mental health	1,844,220	79,871	584,811	-	(1,179,538)
County environment and education	1,425,137	370,685	63,432	-	(991,020)
Roads and transportation	7,147,493	253,890	3,609,951	2,279,163	(1,004,489)
Government services to residents	723,338	606,268	48,674	-	(68,396)
Administration	2,413,938	93,931	-	-	(2,320,007)
Interest on long-term debt	71,874	-	-	-	(71,874)
Total	\$ 19,589,200	\$ 1,850,149	\$ 5,762,312	\$ 2,279,163	(9,697,576)
General Revenues:					
Property and other county tax levied for:					
General purposes					10,062,521
Debt service					177,944
Penalty and interest on property tax					89,326
State tax credits					385,662
Local option sales and services tax					1,128,580
Payments in lieu of real estate taxes					96,688
Unrestricted investment earnings					49,045
Miscellaneous					6,641
Total general revenues					11,996,407
Change in net position					2,298,831
Net position beginning of year					37,783,039
Net position end of year					\$ 40,081,870

See notes to financial statements.

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MARION COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 9,435,255	\$ 627,656	\$ 753,659	\$ 1,792,596
Receivables:				
Property tax:				
Delinquent	17,072	2,521	7,536	-
Succeeding year	7,081,000	1,046,000	2,377,000	-
Interest and penalty on property tax	59,969	-	-	-
Accounts	142,940	18,372	-	8,109
Accrued interest	2,536	-	-	-
Interfund receivable (note 4)	413,807	-	-	-
Due from other governments	395,178	19,617	29,364	281,661
Inventories	-	-	-	414,871
 Total assets	 <u>\$ 17,547,757</u>	 <u>\$ 1,714,166</u>	 <u>\$ 3,167,559</u>	 <u>\$ 2,497,237</u>

<u>Nonmajor</u>	<u>Total</u>
\$ 475,322	\$ 13,084,488
501	27,630
213,000	10,717,000
-	59,969
637	170,058
161	2,697
-	413,807
-	725,820
-	414,871
<u>\$ 689,621</u>	<u>\$ 25,616,340</u>

MARION COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
 Liabilities and Fund Balances				
Liabilities:				
Interfund payable (note 4)	\$ -	\$ -	\$ -	413,807
Accounts payable	124,762	142,081	1,833	154,123
Salaries and benefits payable	53,328	-	6,949	34,989
Due to other governments (note 7)	55,078	338,088	-	-
Deferred revenue:				
Succeeding year property tax	7,081,000	1,046,000	2,377,000	-
Other	75,747	2,433	7,367	-
Total liabilities	7,389,915	1,528,602	2,393,149	602,919
 Fund balances:				
Nonspendable:				
Inventories	-	-	-	414,871
Restricted for:				
Supplemental levy purposes	2,959,846	-	237,473	-
Cemetery levy purposes	3,470	-	-	-
Local option sales and services tax purposes	772,561	-	-	-
Courthouse security	87,699	-	-	-
Conservation purposes	670,038	-	-	-
Mental health purposes	-	185,564	-	-
Rural services purposes	-	-	536,937	-
Secondary roads purposes	-	-	-	1,479,447
Debt service	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Care facility maintenance	592	-	-	-
Sheriff's reserve officers	19,798	-	-	-
Unassigned	5,643,838	-	-	-
Total fund balances	10,157,842	185,564	774,410	1,894,318
 Total liabilities and fund balances	\$ 17,547,757	\$ 1,714,166	\$ 3,167,559	\$ 2,497,237

See notes to financial statements.

	<u>Nonmajor</u>	<u>Total</u>
\$	-	\$ 413,807
	-	422,799
	-	95,266
	-	393,166
	213,000	10,717,000
	484	86,031
	<u>213,484</u>	<u>12,128,069</u>
	-	414,871
	-	3,197,319
	-	3,470
	-	772,561
	-	87,699
	354,488	1,024,526
	-	185,564
	-	536,937
	-	1,479,447
	56,055	56,055
	65,594	65,594
	-	592
	-	19,798
	-	5,643,838
	<u>476,137</u>	<u>13,488,271</u>
\$	<u>689,621</u>	<u>\$ 25,616,340</u>

MARION COUNTY

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2013

Total fund balances of governmental funds	\$ 13,488,271
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 as assets in the governmental funds. The cost of assets is \$53,734,593 and the accumulated depreciation is \$22,507,152.	31,227,441
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	86,031
The Internal Service Funds are used by management to charge the costs of the self funding of the County's dental insurance benefit plan to individual funds and to account for the County's health and vision insurance and flexible benefits plan. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	139,134
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(5,534)
Long-term liabilities, including bonds and notes payable, compensated absences payable, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(4,853,473)</u>
Net position of governmental activities	<u>\$ 40,081,870</u>

See notes to financial statements.

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MARION COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2013

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	\$ 7,645,555	\$ 1,052,250	\$ 2,498,156	\$ -
Interest and penalty on property tax	79,376	-	-	-
Intergovernmental	1,978,056	623,561	96,538	3,683,917
Licenses and permits	23,251	-	-	6,216
Charges for service	1,182,633	22,904	-	3,674
Use of money and property	98,844	-	-	-
Miscellaneous	117,807	75,083	-	244,000
Total revenues	11,125,522	1,773,798	2,594,694	3,937,807
Expenditures:				
Operating:				
Public safety and legal services	3,268,559	-	183,247	-
Physical health and social services	2,355,776	-	-	-
Mental health	-	1,844,404	-	-
County environment and education	1,030,379	-	269,295	-
Roads and transportation	363,889	-	298,624	5,003,099
Government services to residents	689,920	-	1,205	-
Administration	2,237,283	-	-	-
Debt service	-	-	-	4,303
Capital projects	122,346	-	-	284,395
Total expenditures	10,068,152	1,844,404	752,371	5,291,797
Excess (deficiency) of revenues over (under) expenditures	1,057,370	(70,606)	1,842,323	(1,353,990)
Other financing sources (uses):				
Sale of capital assets	1,500	-	-	5,141
Interfund transfers in (note 5)	-	-	-	1,746,104
Interfund transfers out (note 5)	(300,000)	-	(1,746,104)	-
Total other financing sources (uses)	(298,500)	-	(1,746,104)	1,751,245
Net change in fund balances	758,870	(70,606)	96,219	397,255
Fund balances beginning of year	9,398,972	256,170	678,191	1,497,063
Fund balances end of year	<u>\$ 10,157,842</u>	<u>\$ 185,564</u>	<u>\$ 774,410</u>	<u>\$ 1,894,318</u>

See notes to financial statements.

	<u>Nonmajor</u>	<u>Total</u>
\$	177,851	\$ 11,373,812
	-	79,376
	20,747	6,402,819
	-	29,467
	7,326	1,216,537
	529	99,373
	26,128	463,018
	<u>232,581</u>	<u>19,664,402</u>
	99	3,451,905
	-	2,355,776
	-	1,844,404
	30,734	1,330,408
	-	5,665,612
	1,986	693,111
	-	2,237,283
	481,454	485,757
	-	406,741
	<u>514,273</u>	<u>18,470,997</u>
	(281,692)	1,193,405
	-	6,641
	300,000	2,046,104
	-	(2,046,104)
	<u>300,000</u>	<u>6,641</u>
	18,308	1,200,046
	<u>457,829</u>	<u>12,288,225</u>
\$	<u><u>476,137</u></u>	<u><u>\$ 13,488,271</u></u>

MARION 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

Net change in fund balances - total governmental funds \$ 1,200,046

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

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

Expenditures for capital assets	\$ 758,231	
Capital assets contributed by the Iowa Department of Transportation	2,226,300	
Depreciation expense	<u>(2,342,133)</u>	642,398

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

Property tax	1,841	
Other	<u>(11,153)</u>	(9,312)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 390,000

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

Early retirement	3,756	
Compensated absences	(57,423)	
Net OPEB liability	(29,000)	
Interest on long-term debt	<u>23,883</u>	(58,784)

The Internal Service Funds are used by management to charge the costs of the self funding of the County's dental insurance benefit plan to individual funds and to account for the costs of the County's health and vision insurance and flexible benefits plan. The change in net position of the Internal Service Funds is reported with governmental activities. 134,483

Change in net position of governmental activities \$ 2,298,831

See notes to financial statements.

MARION COUNTY
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2013

	<u>Internal Service Funds</u>
Assets	
Cash and cash equivalents	\$ <u>153,134</u>
Liabilities	
Claims incurred but not reported	<u>14,000</u>
Net Position	
Unrestricted	\$ <u><u>139,134</u></u>
See notes to financial statements.	

MARION COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2013

	<u>Internal Service Funds</u>
Operating revenues:	
Contributions	\$ <u>1,553,787</u>
Operating expenses:	
Claims	164,373
Insurance premiums	1,247,250
Administrative fees	<u>7,691</u>
Total operating expenses	<u>1,419,314</u>
Operating income	134,473
Non-operating revenues:	
Interest on investments	<u>10</u>
Net income	134,483
Net position beginning of year	<u>4,651</u>
Net position end of year	<u>\$ <u>139,134</u></u>

See notes to financial statements.

MARION COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2013

	<u>Internal Service Funds</u>
Cash flows from operating activities:	
Cash received for contributions	\$ 1,553,787
Cash payments for claims	(166,373)
Cash payments for insurance premiums	(1,247,250)
Cash payments for fees and other expenses	<u>(7,691)</u>
Net cash provided by operating activities	<u>132,473</u>
Cash flows from investing activities:	
Interest on investments	<u>10</u>
Net increase in cash and cash equivalents	132,483
Cash and cash equivalents beginning of year	<u>20,651</u>
Cash and cash equivalents end of year	<u>\$ 153,134</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 134,473
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Decrease) in claims incurred but not reported	<u>(2,000)</u>
Net cash provided by operating activities	<u>\$ 132,473</u>

See notes to financial statements.

MARION COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2013

Assets	
Cash and pooled investments:	
County Treasurer	\$ 1,851,079
Other County officials (note 3)	108,491
Receivables:	
Property tax:	
Delinquent	63,095
Succeeding year	29,039,000
Accounts	39,296
Accrued interest	81
Due from other governments	<u>110,980</u>
Total assets	<u>\$ 31,212,022</u>
Liabilities	
Accounts payable	\$ 86,827
Salaries and benefits payable	2,748
Due to other governments (note 7)	30,754,136
Trusts payable	342,947
Compensated absences	<u>25,364</u>
Total liabilities	<u>\$ 31,212,022</u>

See notes to financial statements.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies

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

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Marion County Assessor's Conference Board, Marion County Emergency Management Commission, and Marion County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County 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 three categories:

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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

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

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, 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 that are not paid from other funds.

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

Proprietary Funds - Internal Service Funds are used 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.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

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

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

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

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for 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, they have a maturity date no longer than three months.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% 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.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Interfund Receivable/Payable – Certain transactions between funds occur during the year. Interfund receivables and payables represent these amounts to the extent of which they had not yet been repaid at year end. These amounts are eliminated from the government-wide 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.

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 (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 or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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.

<u>Asset Class</u>	<u>Amount</u>
Intangibles	\$ 250,000
Infrastructure	250,000
Land, buildings and improvements	50,000
Equipment and vehicles	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	20-40
Improvements other than buildings	20-40
Infrastructure	10-65
Equipment	3-20
Vehicles	5-20

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

Long-term Liabilities – In the government-wide financial statements and the 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 deferred charges and amortized over the term of the related debt.

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

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. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is recorded in the governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 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.

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

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

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

MARION COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Fund Equity (continued)

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

Unassigned – All amounts not included in preceding classifications.

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 did not exceed the amount budgeted in any County function and disbursements did not exceed departmental appropriations.

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.

The County's funds are all deposited in financial institution depository accounts.

Note 3. Cash – Other County Officials

The following is a summary of cash and investments held by other County officials at June 30, 2013:

Office:

County Auditor:		
Office fees	\$ 75	
Cemetery trusts	<u>3,843</u>	3,918
County Recorder:		
Office fees		53,637
County Sheriff:		
Office fees		<u>50,936</u>
		<u>\$ 108,491</u>

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 4. Interfund Receivable/Payable

A summary of interfund receivables and payables is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue: Secondary Roads	\$ <u>413,807</u>

This amount represents the balance of a non-current interfund loan.

Note 5. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 1,746,104
Debt Service	General	<u>300,000</u>
		\$ <u>2,046,104</u>

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 6. 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	\$ 300,281	\$ -	\$ -	\$ 300,281
Construction in progress	527,573	83,927	582,000	29,500
Total capital assets not being depreciated	<u>827,854</u>	<u>83,927</u>	<u>582,000</u>	<u>329,781</u>
Capital assets being depreciated:				
Buildings	14,776,877	-	-	14,776,877
Improvements other than buildings	251,987	-	-	251,987
Machinery and equipment	9,937,018	674,304	318,927	10,292,395
Infrastructure	25,275,253	2,808,300	-	28,083,553
Total capital assets being depreciated	<u>50,241,135</u>	<u>3,482,604</u>	<u>318,927</u>	<u>53,404,812</u>
Less accumulated depreciation for:				
Buildings	3,975,716	368,549	-	4,344,265
Improvements other than buildings	180,255	11,186	-	191,441
Machinery and equipment	8,103,605	679,062	318,927	8,463,740
Infrastructure	8,224,370	1,283,336	-	9,507,706
Total accumulated depreciation	<u>20,483,946</u>	<u>2,342,133</u>	<u>318,927</u>	<u>22,507,152</u>
Total capital assets being depreciated, net	<u>29,757,189</u>	<u>1,140,471</u>	<u>-</u>	<u>30,897,660</u>
Governmental activities capital assets, net	<u>\$ 30,585,043</u>	<u>\$ 1,224,398</u>	<u>\$ 582,000</u>	<u>\$ 31,227,441</u>

MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 6. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services	\$	251,622
Physical health and social services		22,595
County environment and education		95,666
Roads and transportation		1,697,907
Government services to residents		49,511
Administration		<u>224,832</u>
 Total depreciation expense - governmental activities	 \$	 <u><u>2,342,133</u></u>

Note 7. Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 55,078
Special Revenue:		
Mental Health		<u>338,088</u>
Total for governmental funds		<u><u>\$ 393,166</u></u>
Agency:		
County Assessor	Collections	\$ 583,293
Area Schools		866,453
Schools		18,292,343
Corporations		8,817,628
Townships		793,351
Auto License and Use Tax		681,933
All Other		<u>719,135</u>
Total for agency funds		<u><u>\$ 30,754,136</u></u>

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 8. Long-Term Liabilities

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

	Early Retirement	General Obligation Refunding Bonds	General Obligation Building and Refunding Bonds	General Obligation Law Enforcement Center Bonds	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 3,756	\$ 3,575,000	\$ 735,000	\$ 240,000	\$ 458,050	\$ 149,000	\$ 5,160,806
Increases	-	-	-	-	515,473	29,000	544,473
Decreases	3,756	-	150,000	240,000	458,050	-	851,806
Balance end of year	\$ -	\$ 3,575,000	\$ 585,000	\$ -	\$ 515,473	\$ 178,000	\$ 4,853,473
Due within one year	\$ -	\$ 300,000	\$ 150,000	\$ -	\$ 515,473	\$ -	\$ 965,473

General Obligation Refunding Bonds

Details of the County's June 30, 2013 general obligation refunding bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2014	0.50 %	\$ 300,000	\$ 51,173	\$ 351,173
2015	0.65	305,000	49,673	354,673
2016	0.85	305,000	47,690	352,690
2017	1.05	315,000	45,097	360,097
2018	1.30	320,000	41,790	361,790
2019-2023	1.45-2.10	1,700,000	134,592	1,834,592
2024	2.25	330,000	7,425	337,425
		\$ 3,575,000	\$ 377,440	\$ 3,952,440

MARION COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 8. Long-Term Liabilities (continued)

General Obligation County Building and Refunding Bonds

Details of the County's June 30, 2013 general obligation County building and refunding bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2014	2.00 %	\$ 150,000	\$ 15,230	\$ 165,230
2015	2.25	80,000	12,230	92,230
2016	2.50	85,000	10,430	95,430
2017	2.80	85,000	8,305	93,305
2018	3.10	90,000	5,925	95,925
2019	3.30	95,000	3,135	98,135
		<u>\$ 585,000</u>	<u>\$ 55,255</u>	<u>\$ 640,255</u>

Non-current Interfund Loan

During the year ended June 30, 2012 the County approved a loan from the General Fund to the Special Revenue Fund, Secondary Roads totaling \$619,168 to help finance various road construction projects. The loan will be paid back to the General Fund over a three year period at .5% interest. Repayments on the loan during the year ended June 30, 2013 included \$205,361 principal and \$4,303 interest, leaving a remaining balance of \$413,807.

Note 9. Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 149 active and 4 retired members in the plan.

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

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 71,700
Interest on net OPEB obligation	6,700
Adjustment to annual required contribution	<u>(9,200)</u>
Annual OPEB cost	69,200
Contributions made	<u>(40,200)</u>
Increase in net OPEB obligation	29,000
Net OPEB obligation beginning of year	<u>149,000</u>
Net OPEB obligation end of year	<u><u>\$ 178,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the County contributed \$40,200 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 68,006	42.4%	\$ 119,000
2012	69,752	57.0%	149,000
2013	69,200	58.1%	178,000

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$641,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$641,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,283,000 and the ratio of the UAAL to covered payroll was 10.2%. As of June 30, 2013, there were no trust fund assets.

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

Mortality rates are from the RP2000 Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from Scale T-6 of the Actuary's Pension Handbook.

Projected claim costs of the medical plan are from \$682 per month to \$743 per month for retirees less than age 65. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

Note 10. 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% of their annual covered salary and the County is required to contribute 8.67% 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 \$625,175, \$594,452 and \$504,603, respectively, equal to the required contributions for each year.

Note 11. Risk Management

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 11. Risk Management (continued)

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 members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2013 were \$268,142.

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.

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 claims and claims 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.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 11. Risk Management (continued)

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 (\$150,000 for the County Treasurer), 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.

Marion County Employee Dental Insurance Plan

Marion County has an administrative services agreement with Delta Dental to administer the self-funded employee dental benefit plan. Monthly payments of service fees and contributions to fund the plan are paid to the Marion County Auditor, trustee for the plan. The monthly payments of service fees and plan contributions are recorded as expenditures at the time of the payment to the trustee. Under the agreement, payments for service fees and paid claims are remitted to Delta Dental on a weekly basis. The County assumes liability for dental claims up to \$1,000 per person per year and up to a maximum benefit carry over of \$1,000 per person for any unused benefit. The County also assumes liability for orthodontics claims up to a lifetime maximum of \$1,000 per person.

Amounts payable from the Internal Service, Self-Funded Dental Insurance Fund at June 30, 2013 include \$14,000 for incurred but not reported (IBNR) claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims. A liability has been established based on the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2012	\$ 16,000
Incurred claims and claim adjustments	94,560
Claims paid	<u>96,560</u>
Unpaid claims at June 30, 2013	<u>\$ 14,000</u>

Note 12. Subsequent Events

On January 14, 2014 the County approved a contract totaling \$182,327 for improvements to the courthouse clock tower. On January 28, 2014 the County approved a contract totaling \$447,096 for a sealcoating project.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 13. Contingent Liabilities

Landfill Closure Assurance Guaranty

The County participates in an agreement with the South Central Iowa Solid Waste Agency, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Agency includes providing economic disposal of solid waste produced or generated within the member counties and municipalities.

State and federal laws and regulations require the Agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The closure and post-closure costs to the Agency have been estimated at \$2,509,581. The Agency has begun to accumulate resources to fund these closure costs, and as of June 30, 2013, has \$2,509,581 restricted for this purpose. The Agency is required to accumulate the full amount of funds required for closure and post-closure during the life of the landfill. However, it must have additional mechanisms in place at all times during the life of the landfill to equal 100 percent of the current cost estimates. No financial assurance guaranty was required from the County for the fiscal year ended June 30, 2013.

Litigation

The County is involved in one ongoing lawsuit. The County's insurance carrier is affording coverage for this lawsuit.

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Required Supplementary Information

MARION 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	Budgeted Amounts		Final to Actual Variance
		Original	Final	
RECEIPTS:				
Property and other County tax	\$ 11,380,069	\$ 11,413,257	\$ 11,413,257	\$ (33,188)
Interest and penalty on property tax	79,052	53,000	53,000	26,052
Intergovernmental	6,649,752	6,469,497	6,636,796	12,956
Licenses and permits	29,447	31,010	31,010	(1,563)
Charges for service	1,177,117	1,007,326	1,008,376	168,741
Use of money and property	102,315	209,919	209,919	(107,604)
Miscellaneous	456,656	396,167	424,667	31,989
Total receipts	<u>19,874,408</u>	<u>19,580,176</u>	<u>19,777,025</u>	<u>97,383</u>
DISBURSEMENTS:				
Public safety and legal services	3,452,249	3,548,413	3,652,878	200,629
Physical health and social services	2,317,616	2,647,073	2,702,073	384,457
Mental health	1,799,692	2,435,330	2,435,330	635,638
County environment and education	1,325,745	1,319,040	1,354,775	29,030
Roads and transportation	5,552,852	5,934,532	5,934,532	381,680
Government services to residents	696,000	797,610	797,610	101,610
Administration	2,233,867	2,346,980	2,425,212	191,345
Debt service	485,757	492,874	492,874	7,117
Capital projects	406,741	665,000	774,389	367,648
Total disbursements	<u>18,270,519</u>	<u>20,186,852</u>	<u>20,569,673</u>	<u>2,299,154</u>
Excess (deficiency) of receipts over (under) disbursements	1,603,889	(606,676)	(792,648)	2,396,537
Other financing sources, net	<u>6,641</u>	<u>11,000</u>	<u>11,000</u>	<u>(4,359)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,610,530	(595,676)	(781,648)	2,392,178
Balance beginning of year	<u>11,473,958</u>	<u>10,556,464</u>	<u>10,556,464</u>	<u>917,494</u>
Balance end of year	<u>\$ 13,084,488</u>	<u>\$ 9,960,788</u>	<u>\$ 9,774,816</u>	<u>\$ 3,309,672</u>

See accompanying independent auditor's report.

MARION COUNTY

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year Ended June 30, 2013

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 19,874,408	\$ (210,006)	\$ 19,664,402
Expenditures	18,270,519	200,478	18,470,997
Net	1,603,889	(410,484)	1,193,405
Other financing sources, net	6,641	-	6,641
Beginning fund balances	11,473,958	814,267	12,288,225
Ending fund balances	<u>\$ 13,084,488</u>	<u>\$ 403,783</u>	<u>\$ 13,488,271</u>

See accompanying independent auditor's report.

MARION 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, internal service funds, 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, government 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. During the year, one budget amendment increased budgeted disbursements by \$382,821. This budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2013, disbursements did not exceed the amount budgeted in any County function and disbursements did not exceed departmental appropriations.

MARION COUNTY

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information
Year Ended June 30, 2013

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	\$ -	\$ 502	\$ 502	0.0%	\$ 6,303	8.0%
2010	July 1, 2008	-	502	502	0.0%	6,500	7.7%
2011	July 1, 2008	-	502	502	0.0%	6,750	7.4%
2012	July 1, 2011	-	641	641	0.0%	7,033	9.1%
2013	July 1, 2011	-	641	641	0.0%	6,283	10.2%

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

See accompanying independent auditor's report.

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Supplementary Information

MARION COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2013

	Special Revenue			
	County Recorder's Records Management	Resource Enhancement and Protection	Sheriff's Forfeiture	Attorney's Forfeiture
Assets				
Cash and pooled investments	\$ 29,217	\$ 354,400	\$ 35,248	\$ 485
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	637	-	-	-
Accrued interest	7	88	-	-
	<u>29,861</u>	<u>354,488</u>	<u>35,248</u>	<u>485</u>
Total assets	<u>\$ 29,861</u>	<u>\$ 354,488</u>	<u>\$ 35,248</u>	<u>\$ 485</u>
Liabilities and Fund Balances				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	\$ -	\$ -	\$ -	-
Other	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted for:				
Records management purposes	29,861	-	-	-
Resource enhancement and protection	-	354,488	-	-
Public safety purposes	-	-	35,248	485
Debt service	-	-	-	-
Total fund balances	<u>29,861</u>	<u>354,488</u>	<u>35,248</u>	<u>485</u>
Total liabilities and fund balances	<u>\$ 29,861</u>	<u>\$ 354,488</u>	<u>\$ 35,248</u>	<u>\$ 485</u>

See accompanying independent auditor's report.

<u>Debt Service</u>	<u>Total</u>
\$ 55,972	\$ 475,322
501	501
213,000	213,000
-	637
66	161
<u>\$ 269,539</u>	<u>\$ 689,621</u>

\$ 213,000	\$ 213,000
484	484
<u>213,484</u>	<u>213,484</u>

-	29,861
-	354,488
-	35,733
56,055	56,055
<u>56,055</u>	<u>476,137</u>
<u>\$ 269,539</u>	<u>\$ 689,621</u>

MARION 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	Resource Enhancement and Protection	Sheriff's Forfeiture	Attorney's Forfeiture
Revenues:				
Property and other County tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	14,489	-	-
Charges for service	7,326	-	-	-
Use of money and property	27	354	-	-
Miscellaneous	-	-	25,943	185
Total revenues	<u>7,353</u>	<u>14,843</u>	<u>25,943</u>	<u>185</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	99	-
County environment and education	-	30,734	-	-
Government services to residents	1,986	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>1,986</u>	<u>30,734</u>	<u>99</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	5,367	(15,891)	25,844	185
Other financing sources:				
Interfund transfers in	-	-	-	-
Net change in fund balances	5,367	(15,891)	25,844	185
Fund balances beginning of year	<u>24,494</u>	<u>370,379</u>	<u>9,404</u>	<u>300</u>
Fund balances end of year	<u>\$ 29,861</u>	<u>\$ 354,488</u>	<u>\$ 35,248</u>	<u>\$ 485</u>

See accompanying independent auditor's report.

	<u>Debt Service</u>		<u>Total</u>
\$	177,851	\$	177,851
	6,258		20,747
	-		7,326
	148		529
	-		26,128
	<u>184,257</u>		<u>232,581</u>
	-		99
	-		30,734
	-		1,986
	<u>481,454</u>		<u>481,454</u>
	<u>481,454</u>		<u>514,273</u>
	(297,197)		(281,692)
	<u>300,000</u>		<u>300,000</u>
	2,803		18,308
	<u>53,252</u>		<u>457,829</u>
\$	<u><u>56,055</u></u>	\$	<u><u>476,137</u></u>

MARION COUNTY
 COMBINING SCHEDULE OF NET POSITION
 INTERNAL SERVICE FUNDS
 June 30, 2013

	<u>Health Insurance</u>	<u>Self-Funded Dental Insurance</u>	<u>Vision Insurance</u>	<u>Flexible Benefits Plan</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 122,132	\$ 15,089	\$ 6,936	\$ 8,977	\$ 153,134
Liabilities					
Claims incurred but not reported	-	14,000	-	-	14,000
Net Position					
Unrestricted	<u>\$ 122,132</u>	<u>\$ 1,089</u>	<u>\$ 6,936</u>	<u>\$ 8,977</u>	<u>\$ 139,134</u>

See accompanying independent auditor's report.

MARION COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2013

	<u>Health Insurance</u>	<u>Self-Funded Dental Insurance</u>	<u>Vision Insurance</u>	<u>Flexible Benefits Plan</u>	<u>Total</u>
Operating revenues:					
Contributions	\$ 1,353,665	\$ 114,364	\$ 15,945	\$ 69,813	\$ 1,553,787
Operating expenses:					
Claims	-	94,560	-	69,813	164,373
Insurance premiums	1,232,667	-	14,583	-	1,247,250
Administrative fees	-	7,691	-	-	7,691
Total operating expenses	<u>1,232,667</u>	<u>102,251</u>	<u>14,583</u>	<u>69,813</u>	<u>1,419,314</u>
Operating income	120,998	12,113	1,362	-	134,473
Non-operating revenues:					
Interest on investments	-	10	-	-	10
Net income	120,998	12,123	1,362	-	134,483
Net position beginning of year	<u>1,134</u>	<u>(11,034)</u>	<u>5,574</u>	<u>8,977</u>	<u>4,651</u>
Net position end of year	<u>\$ 122,132</u>	<u>\$ 1,089</u>	<u>\$ 6,936</u>	<u>\$ 8,977</u>	<u>\$ 139,134</u>

See accompanying independent auditor's report.

MARION COUNTY
 COMBINING SCHEDULE OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 Year Ended June 30, 2013

	Health Insurance	Self-Funded Dental Insurance	Vision Insurance	Flexible Benefits Plan	Total
Cash flows from operating activities:					
Cash received for contributions	\$ 1,353,665	\$ 114,364	\$ 15,945	\$ 69,813	\$ 1,553,787
Cash payments for claims	-	(96,560)	-	(69,813)	(166,373)
Cash payments for insurance premiums	(1,232,667)	-	(14,583)	-	(1,247,250)
Cash payments for fees and other expenses	-	(7,691)	-	-	(7,691)
Net cash provided by operating activities	<u>120,998</u>	<u>10,113</u>	<u>1,362</u>	<u>-</u>	<u>132,473</u>
Cash flows from investing activities:					
Interest on investments	-	10	-	-	10
Net increase in cash and cash equivalents	120,998	10,123	1,362	-	132,483
Cash and cash equivalents beginning of year	<u>1,134</u>	<u>4,966</u>	<u>5,574</u>	<u>8,977</u>	<u>20,651</u>
Cash and cash equivalents end of year	<u>\$ 122,132</u>	<u>\$ 15,089</u>	<u>\$ 6,936</u>	<u>\$ 8,977</u>	<u>\$ 153,134</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 120,998	\$ 12,113	\$ 1,362	\$ -	\$ 134,473
Adjustments to reconcile operating income to net cash provided by operating activities:					
(Decrease) in claims incurred but not reported	-	(2,000)	-	-	(2,000)
Net cash provided by operating activities	<u>\$ 120,998</u>	<u>\$ 10,113</u>	<u>\$ 1,362</u>	<u>\$ -</u>	<u>\$ 132,473</u>

See accompanying independent auditor's report.

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MARION COUNTY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

June 30, 2013

	County Offices			Congregate Meals
	County Auditor	County Recorder	County Sheriff	
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ -	\$ -	\$ -	160,181
Other County officials	3,918	53,637	50,936	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	841	-	-
Accrued interest	-	-	-	20
Due from other governments	-	-	-	-
Total assets	\$ 3,918	\$ 54,478	\$ 50,936	\$ 160,201
LIABILITIES				
Accounts payable	\$ 75	\$ 23,420	\$ 24,513	\$ -
Salaries and benefits payable	-	-	-	-
Due to other governments	-	31,058	-	-
Trusts payable	3,843	-	26,423	160,201
Compensated absences	-	-	-	-
Total liabilities	\$ 3,918	\$ 54,478	\$ 50,936	\$ 160,201

<u>Agricultural Extension Education</u>	<u>County Assessor</u>	<u>Area Schools</u>	<u>Schools</u>	<u>Corporations</u>	<u>E-911 Surcharge</u>
\$ 2,540	\$ 209,954	\$ 7,386	\$ 198,577	\$ 83,956	\$ 217,312
-	-	-	-	-	-
581	914	2,067	43,766	13,672	-
241,000	379,000	857,000	18,050,000	8,720,000	-
-	-	-	-	-	32,177
-	-	-	-	-	61
-	-	-	-	-	18,112
<u>\$ 244,121</u>	<u>\$ 589,868</u>	<u>\$ 866,453</u>	<u>\$ 18,292,343</u>	<u>\$ 8,817,628</u>	<u>\$ 267,662</u>
\$ -	\$ 2,949	\$ -	\$ -	\$ -	\$ 3,324
-	-	-	-	-	326
244,121	583,293	866,453	18,292,343	8,817,628	255,817
-	-	-	-	-	-
-	3,626	-	-	-	8,195
<u>\$ 244,121</u>	<u>\$ 589,868</u>	<u>\$ 866,453</u>	<u>\$ 18,292,343</u>	<u>\$ 8,817,628</u>	<u>\$ 267,662</u>

MARION COUNTY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

June 30, 2013

	Veteran Affairs	Townships	City Special Assessments	Auto License and Use Tax
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ 450	\$ 6,272	\$ 1,178	\$ 681,933
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	2,079	-	-
Succeeding year	-	785,000	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
 Total assets	 <u>\$ 450</u>	 <u>\$ 793,351</u>	 <u>\$ 1,178</u>	 <u>\$ 681,933</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	-
Salaries and benefits payable	-	-	-	-
Due to other governments	450	793,351	1,178	681,933
Trusts payable	-	-	-	-
Compensated absences	-	-	-	-
 Total liabilities	 <u>\$ 450</u>	 <u>\$ 793,351</u>	 <u>\$ 1,178</u>	 <u>\$ 681,933</u>

<u>Brucellosis and Tuberculosis Eradication</u>	<u>Title III</u>	<u>Fire District</u>	<u>Emergency Management</u>	<u>Jail Canteen</u>	<u>Chore Service</u>
\$ 42	\$ 4,873	\$ 140	\$ 121,642	\$ 112,726	\$ 10,777
-	-	-	-	-	-
10	-	6	-	-	-
4,000	-	3,000	-	-	-
-	186	-	-	3,259	2,196
-	-	-	-	-	-
-	26,423	-	26,445	-	-
<u>\$ 4,052</u>	<u>\$ 31,482</u>	<u>\$ 3,146</u>	<u>\$ 148,087</u>	<u>\$ 115,985</u>	<u>\$ 12,973</u>
\$ -	\$ 20,611	\$ -	\$ 6,049	\$ 770	\$ 5,116
-	2,422	-	-	-	-
4,052	1,569	3,146	135,375	-	-
-	-	-	-	115,215	7,857
-	6,880	-	6,663	-	-
<u>\$ 4,052</u>	<u>\$ 31,482</u>	<u>\$ 3,146</u>	<u>\$ 148,087</u>	<u>\$ 115,985</u>	<u>\$ 12,973</u>

MARION COUNTY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

June 30, 2013

	Recorder's Electronic Transaction Fee	Advance Tax Payments	Public Transportation	Local Option Sales and Services Tax
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ 1,700	\$ 29,331	\$ 77	\$ -
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	637	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	40,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>2,337</u>	\$ <u>29,331</u>	\$ <u>77</u>	\$ <u>40,000</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	-
Salaries and benefits payable	-	-	-	-
Due to other governments	2,337	-	-	40,000
Trusts payable	-	29,331	77	-
Compensated absences	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	\$ <u>2,337</u>	\$ <u>29,331</u>	\$ <u>77</u>	\$ <u>40,000</u>

See accompanying independent auditor's report.

	<u>Anatomical Gift, Public Awareness and Transportation</u>	<u>Total</u>
\$	32	\$ 1,851,079
	-	108,491
	-	63,095
	-	29,039,000
	-	39,296
	-	81
	-	110,980
	<u>32</u>	<u>31,212,022</u>
\$	<u>32</u>	<u>\$ 31,212,022</u>
\$	-	\$ 86,827
	-	2,748
	32	30,754,136
	-	342,947
	-	25,364
	<u>32</u>	<u>31,212,022</u>
\$	<u>32</u>	<u>\$ 31,212,022</u>

MARION COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

Year Ended June 30, 2013

	County Offices			Congregate Meals
	County Auditor	County Recorder	County Sheriff	
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 3,839	\$ 40,364	\$ 61,819	\$ 159,811
Additions:				
Property and other County tax	-	-	-	-
State tax credits	-	-	-	-
Local option sales and services tax	-	-	-	-
Payments to states in lieu of real estate taxes	-	-	-	-
E-911 surcharge	-	-	-	-
Office fees and collections	612	607,188	377,132	-
Auto licenses, use tax, drivers licenses and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	10	-	759,575	390
Hazard mitigation grants	-	-	-	-
Emergency management performance grants	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	<u>622</u>	<u>607,188</u>	<u>1,136,707</u>	<u>390</u>
Deductions:				
Agency remittances:				
To other funds	543	249,549	361,187	-
To other governments	-	343,525	9,241	-
Trusts paid out	-	-	777,162	-
Total deductions	<u>543</u>	<u>593,074</u>	<u>1,147,590</u>	<u>-</u>
Balances end of year	\$ <u>3,918</u>	\$ <u>54,478</u>	\$ <u>50,936</u>	\$ <u>160,201</u>

<u>Board of Supervisors Senior Activity</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>	<u>Area Schools</u>	<u>Schools</u>	<u>Corporations</u>	<u>E-911 Surcharge</u>
\$ 813	\$ 238,749	\$ 743,701	\$ 696,169	\$ 18,267,292	\$ 9,269,973	\$ 227,954
-	241,593	378,701	857,524	18,070,630	8,687,388	-
-	8,607	15,522	25,033	663,335	254,536	-
-	-	-	-	-	-	-
-	68	122	197	123,960	5,340	-
-	-	-	-	-	-	213,600
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	222
-	-	3,488	-	-	-	2,424
-	250,268	397,833	882,754	18,857,925	8,947,264	216,246
-	-	-	-	-	-	-
-	244,896	551,666	712,470	18,832,874	9,399,609	176,538
813	-	-	-	-	-	-
813	244,896	551,666	712,470	18,832,874	9,399,609	176,538
\$ -	\$ 244,121	\$ 589,868	\$ 866,453	\$ 18,292,343	\$ 8,817,628	\$ 267,662

MARION COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

Year Ended June 30, 2013

	Veteran Affairs	Townships	City Special Assessments	Auto License and Use Tax
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 449	\$ 521,473	\$ 16,430	\$ 732,751
Additions:				
Property and other County tax	-	789,747	-	-
State tax credits	-	22,355	-	-
Local option sales and services tax	-	-	-	-
Payments to states in lieu of real estate taxes	-	18,210	-	-
E-911 surcharge	-	-	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax, drivers licenses and postage	-	-	-	8,659,227
Assessments	-	-	34,478	-
Trusts	-	-	-	-
Hazard mitigation grants	-	-	-	-
Emergency management performance grants	-	-	-	-
Interest	1	-	-	-
Miscellaneous	-	-	-	-
Total additions	<u>1</u>	<u>830,312</u>	<u>34,478</u>	<u>8,659,227</u>
Deductions:				
Agency remittances:				
To other funds	-	-	-	331,482
To other governments	-	558,434	49,730	8,378,563
Trusts paid out	-	-	-	-
Total deductions	<u>-</u>	<u>558,434</u>	<u>49,730</u>	<u>8,710,045</u>
Balances end of year	<u>\$ 450</u>	<u>\$ 793,351</u>	<u>\$ 1,178</u>	<u>\$ 681,933</u>

<u>Brucellosis and Tuberculosis Eradication</u>	<u>Title III</u>	<u>Tax Sale Redemption</u>	<u>Fire District</u>	<u>Emergency Management</u>	<u>Jail Canteen</u>	<u>Chore Service</u>
\$ 4,061	\$ 16,252	\$ -	\$ 3,054	\$ 115,240	\$ 93,424	\$ 15,656
3,864	-	-	3,368	-	-	-
142	-	-	163	-	-	-
-	-	-	-	-	-	-
1	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	380,098	442,824	-	-	43,841	18,561
-	-	-	-	13,978	-	-
-	-	-	-	32,568	-	-
-	-	-	-	-	-	-
-	-	-	-	116,112	-	-
<u>4,007</u>	<u>380,098</u>	<u>442,824</u>	<u>3,531</u>	<u>162,658</u>	<u>43,841</u>	<u>18,561</u>
-	-	-	-	-	-	-
4,016	-	-	3,439	129,811	-	-
-	364,868	442,824	-	-	21,280	21,244
<u>4,016</u>	<u>364,868</u>	<u>442,824</u>	<u>3,439</u>	<u>129,811</u>	<u>21,280</u>	<u>21,244</u>
\$ <u>4,052</u>	\$ <u>31,482</u>	\$ <u>-</u>	\$ <u>3,146</u>	\$ <u>148,087</u>	\$ <u>115,985</u>	\$ <u>12,973</u>

MARION COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2013

	Recorder's Electronic Transaction Fee	Advance Tax Payments	Public Transportation	Local Option Sales and Services Tax
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 1,213	\$ 17,304	\$ 58,605	\$ 40,000
Additions:				
Property and other County tax	-	-	-	-
State tax credits	-	-	-	-
Local option sales and services tax	-	-	-	240,000
Payments to states in lieu of real estate taxes	-	-	-	-
E-911 surcharge	-	-	-	-
Office fees and collections	7,326	-	-	-
Auto licenses, use tax, drivers licenses and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	24,205	217,335	-
Hazard mitigation grants	-	-	-	-
Emergency management performance grants	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	<u>7,326</u>	<u>24,205</u>	<u>217,335</u>	<u>240,000</u>
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	6,202	-	-	240,000
Trusts paid out	-	12,178	275,863	-
Total deductions	<u>6,202</u>	<u>12,178</u>	<u>275,863</u>	<u>240,000</u>
Balances end of year	<u>\$ 2,337</u>	<u>\$ 29,331</u>	<u>\$ 77</u>	<u>\$ 40,000</u>

See accompanying independent auditor's report.

<u>Anatomical Gift, Public Awareness and Transportation</u>	<u>Total</u>
\$ <u>42</u>	\$ <u>31,346,438</u>
-	29,032,815
-	989,693
-	240,000
-	147,898
-	213,600
-	992,258
-	8,659,227
-	34,478
-	1,886,839
-	13,978
-	32,568
-	223
<u>494</u>	<u>122,518</u>
<u>494</u>	<u>42,366,095</u>
-	942,761
504	39,641,518
-	1,916,232
<u>504</u>	<u>42,500,511</u>
\$ <u><u>32</u></u>	\$ <u><u>31,212,022</u></u>

MARION COUNTY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST NINE YEARS

	Modified Accrual Basis			
	Year Ended June 30,			
	2013	2012	2011	2010
Revenues:				
Property and other County tax	\$ 11,373,812	11,082,344	\$ 10,581,178	10,134,344
Interest and penalty on property tax	79,376	93,120	106,281	95,927
Intergovernmental	6,402,819	8,030,587	7,512,500	7,821,660
Licenses and permits	29,467	34,188	31,417	32,524
Charges for service	1,216,537	1,130,308	1,194,318	1,197,183
Use of money and property	99,373	121,742	170,984	168,061
Miscellaneous	463,018	381,530	699,007	444,028
Total	\$ 19,664,402	20,873,819	\$ 20,295,685	19,893,727
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,451,905	3,315,442	\$ 3,162,622	3,029,931
Physical health and social services	2,355,776	2,451,806	2,516,784	2,364,667
Mental health	1,844,404	3,094,667	2,460,887	2,418,348
County environment and education	1,330,408	1,314,598	1,490,243	1,246,594
Roads and transportation	5,665,612	6,059,001	6,764,906	5,850,704
Government services to residents	693,111	606,168	623,063	596,528
Administration	2,237,283	2,261,425	2,086,466	2,101,628
Debt service	485,757	585,323	549,444	728,109
Capital projects	406,741	1,367,031	1,294,048	714,991
Total	\$ 18,470,997	21,055,461	\$ 20,948,463	19,051,500

See accompanying independent auditor's report.

	2009	2008	2007	2006	2005
\$	9,768,915	\$ 9,189,865	\$ 9,274,345	\$ 8,916,108	\$ 8,611,535
	94,916	95,094	92,313	82,702	81,839
	8,805,960	6,789,833	5,858,139	6,049,533	6,139,309
	18,115	16,897	15,643	18,383	14,938
	1,160,761	1,912,090	1,627,868	1,449,997	1,439,528
	206,243	395,560	388,924	387,617	137,568
	435,436	620,346	404,097	599,682	440,403
\$	<u>20,490,346</u>	<u>19,019,685</u>	<u>17,661,329</u>	<u>17,504,022</u>	<u>16,865,120</u>
\$	3,015,604	\$ 2,837,709	\$ 2,494,360	\$ 2,250,878	\$ 2,033,900
	2,347,248	2,354,699	1,905,738	1,900,406	2,226,147
	2,278,438	2,885,427	2,679,212	2,412,897	2,226,239
	1,205,327	1,167,909	1,109,158	1,023,321	958,101
	6,348,573	5,701,926	5,595,033	5,393,024	4,590,995
	625,144	523,828	514,848	744,153	502,958
	2,099,462	1,991,003	1,842,881	1,967,014	1,712,002
	465,829	459,716	463,023	579,104	159,265
	574,977	658,409	2,396,298	3,800,454	1,809,179
\$	<u>18,960,602</u>	<u>18,580,626</u>	<u>19,000,551</u>	<u>20,071,251</u>	<u>16,218,786</u>

MARION COUNTY
 SCHEDULE OF TITLE III ACTIVITY
 Year Ended June 30, 2013

Additions:

Special programs for the aging - Title III, Part C nutrition services (noncash)	\$ 6,684	
Special programs for the aging - Title III, Part C nutrition services	113,005	
Elderly waiver	37,622	
Donations and contributions	<u>222,787</u>	\$ 380,098

Deductions:

Salaries and benefits	174,919	
Food and provisions	133,884	
Supplies	5,983	
Travel and training	5,879	
Telephone and utilities	8,369	
Trash removal	1,122	
Rental building	23,105	
Equipment and repair	7,154	
Miscellaneous	<u>4,453</u>	<u>\$ 364,868</u>

Net 15,230

Balance beginning of year 16,252

Balance end of year \$ 31,482

See accompanying independent auditor's report

MARION COUNTY

SCHEDULE OF PUBLIC TRANSPORTATION ACTIVITY
Year Ended June 30, 2013

Additions:

Federal Transit Administration - HIRTA	\$	55,000	
State Transit Administration - HIRTA		16,036	
Grants for Supportive Services and Senior Centers		35,747	
Elderly waiver		12,972	
Senior citizen fares		46,532	
Local contributions from County		33,000	
United Way		9,000	
Miscellaneous		9,048	\$ 217,335

Deductions:

Wages and benefits		184,987	
Fuel		43,884	
Office supplies		450	
Employee mileage reimbursement		170	
Telephone		550	
Equipment expense		24,792	
Administration		7,000	
Insurance		13,321	
Miscellaneous		709	275,863

Net (58,528)

Balance beginning of year 58,605

Balance end of year \$ 77

See accompanying independent auditor's report.

MARION COUNTY

IOWA DEPARTMENT OF PUBLIC HEALTH
 SCHEDULE OF REVENUES, EXPENDITURES, AND BALANCES
 Year Ended June 30, 2013

	Women, Infants and Children 5882AO53	Women, Infants and Children 5883AO53	Maternal Child Health 5882MH06	Maternal Child Health 5883MH06
Revenues:				
Federal	\$ 100,035	\$ 255,871	\$ 13,958	\$ 43,893
State	-	-	-	15,733
Other	-	-	17,352	54,868
Total	100,035	255,871	31,310	114,494
Expenditures:				
Salaries and benefits	61,427	192,482	27,282	86,430
Contracted providers	6,513	12,328	1,058	3,301
Administration/indirect costs	9,334	7,671	435	6,100
Miscellaneous	22,761	43,390	2,535	18,663
Total	100,035	255,871	31,310	114,494
Balance	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

Immunization Action Plan 5882I488	Immunization Action Plan 5883I488	Public Health Emergency Preparedness 5882BT205	Community Transformation Grants 5882HP14	Community Transformation Grants 5883HP14
\$ 8,728	\$ 7,703	\$ 25,963	\$ 52,374	\$ 57,392
-	2,347	-	-	-
-	-	-	-	-
<u>8,728</u>	<u>10,050</u>	<u>25,963</u>	<u>52,374</u>	<u>57,392</u>
3,078	7,596	9,551	14,417	35,642
5,474	-	7,171	-	-
-	-	2,360	3,772	6,679
<u>176</u>	<u>2,454</u>	<u>6,881</u>	<u>34,185</u>	<u>15,071</u>
<u>8,728</u>	<u>10,050</u>	<u>25,963</u>	<u>52,374</u>	<u>57,392</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MARION COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5882AO53	\$ 100,035
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5883AO53	<u>255,871</u>
			<u>355,906</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY 13	<u>11,546</u>
Iowa Department of Agriculture:			
WIC Farmers' Market Nutrition Program	10.572	FY 12	<u>205</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	HBRR 5R63	948
Highway Planning and Construction	20.205	BROS63(102)	43,531
Highway Planning and Construction	20.205	BROS63(106)	3,395
Highway Planning and Construction	20.205	BROS63(107)	<u>4,990</u>
			<u>52,864</u>
Heart of Iowa Regional Transit Agency:			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	FY 13	<u>55,000</u>
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	HSP-3 FY 13	4,895
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	13-410, Task 36	855
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	12-410, Task 48	<u>2,451</u>
			<u>8,201</u>

MARION COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Aging Resources of Central Iowa:			
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	FY 13	\$ <u>119,689</u> *
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566	FY 13	<u>53</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY 13	<u>2,667</u>
Foster Care - Title IV-E	93.658	FY 13	<u>4,018</u>
Adoption Assistance	93.659	FY 13	<u>1,121</u>
Social Services Block Grant	93.667	FY 13	<u>3,491</u>
Children's Health Insurance Program	93.767	FY 13	<u>44</u> **
Medical Assistance Program	93.778	FY 13	<u>11,501</u>
Children's Health Insurance Program	93.767	75X5551	<u>366,429</u> **
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5882BT63	7,592
Public Health Emergency Preparedness	93.069	5882BT205	25,963
Public Health Emergency Preparedness	93.069	5883BT63	<u>44,687</u>
			<u>78,242</u>
Immunization Cooperative Agreements	93.268	5883I488	6,829
Immunization Cooperative Agreements	93.268	5882I488	<u>8,728</u>
			<u>15,557</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5883NB18	<u>20,012</u>
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531	5882HP14	52,374
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531	5883HP14	<u>57,392</u>
			<u>109,766</u>

MARION COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services (continued):			
Iowa Department of Public Health (continued):			
PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance			
	93.539	5883I488	\$ <u>874</u>
Maternal and Child Health Services Block Grant to the States			
	93.994	5883MH06	43,893
Maternal and Child Health Services Block Grant to the States			
	93.994	5882MH06	<u>13,958</u>
			<u>57,851</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
	97.036	DR1930	<u>34,928</u>
Hazard Mitigation Grant			
	97.039	FY13	<u>12,142</u>
Emergency Management Performance Grants			
	97.042	FY 13	<u>32,568</u>
Total			\$ <u><u>1,354,675</u></u>

* = Includes \$6,684 of non-cash awards

** = Total expenditures for CFDA 93.767 = \$366,473

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Marion County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with 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 basic financial statements.

See accompanying independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of Marion County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marion 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 March 24, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-13 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-13 and II-C-13 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marion 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.

Marion County's Responses to Findings

Marion County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Marion County's responses were not subjected to the 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.

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

Oskaloosa, Iowa
March 24, 2014

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR 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 Marion County:

Report on Compliance for Each Major Federal Program

We have audited Marion County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. Marion County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each Marion County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, 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 non-compliance 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 Marion County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not prove a legal determination of Marion County's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

In planning and performing our audit of compliance, we considered Marion County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Marion County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program 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 material non-compliance 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 is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Marion County as of and for the year ended June 30, 2013, and have issued our report dated March 24, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Oskaloosa, Iowa
March 24, 2014

Hunt & Associates, P.C.

MARION COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 10.557 Special Supplemental Nutrition Program for Women, Infants and Children
 - CFDA Number 93.767 Children's Health Insurance Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Marion County did not qualify as a low-risk auditee.

MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

II-A-13 Segregation of Duties

Comment – During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County’s financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Recorder, Treasurer
(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks or handle or record cash.	Recorder, Sheriff, Treasurer
(3) Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants or approve vouchers for payment.	Recorder, Sheriff

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

MARION COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

Part II: Findings Related to the Basic Financial Statements (continued):

INTERNAL CONTROL DEFICIENCIES (continued):

II-A-13 Segregation of Duties (continued)

Responses –

County Recorder – We will review procedures and try to make any necessary changes to improve internal control.

County Sheriff - We will review procedures and try to make any necessary changes to improve internal control.

County Treasurer – We have improved procedures during the year and will try to make any necessary changes to improve internal control in the future.

Conclusion – Responses accepted.

II-B-13 Financial Reporting – During the audit, we identified material amounts of payables not recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all payables are identified and included in the County’s financial statements.

Response – We will review our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

II-C-13 Camping Fees – We noted in our testing of receipts for camping fees that the conservation department is not always turning those fees received over to the County Treasurer for deposit and revenue recognition on a timely basis. We noted that some fee receipts were held as long as 31 days by the conservation department before being turned in.

Recommendation – All fees for camping should be remitted to the County Treasurer on a timely basis. We recommend that these fees be turned in no less often than once a week to protect the underlying asset and insure proper revenue recognition.

Response – We switched to an on-line reservation and payment system on January 1, 2013. Most camping fees are now paid through this system and very little is collected at the campgrounds anymore. However, we will review our procedures and will make any possible changes to insure the timeliness of these remittances in the future.

Conclusion – Response accepted.

MARION COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-13 Certified Budget – Disbursements during the year ended June 30, 2013 did not exceed the amount budgeted in any County function and disbursements did not exceed departmental appropriations.
- IV-B-13 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- IV-C-13 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-13 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dawn Allspach-Kline, employee, Spouse owns Kline’s Quick Time	Auto fuel, maintenance services	\$1,490
Jessica Clark, employee, Stepfather owns Sparks Auto	Auto repair services	\$998

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions noted above do not represent conflicts of interest since the cumulative amounts do not exceed \$1,500 during the fiscal year.

- IV-E-13 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to insure that the coverage remains adequate for current operations.
- IV-F-13 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-13 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-13 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).
- IV-I-13 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.

MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

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

IV-J-13 Code of Ordinances – Chapter 331.302(10)(a) of the Code of Iowa requires the County Board of Supervisors to compile a complete code of ordinances at least once every five years. The County has not adopted a new code of ordinances since March 27, 2006.

Recommendation – The County should compile an updated code of ordinances to comply with the Code of Iowa. Alternatively, the County could compile all ordinances adopted or amended since the last code of ordinances was compiled and adopt this compilation as a supplement to the code of ordinances currently in effect as allowed by Chapter 331.302(10)(b) of the Code of Iowa.

Response – We approved the new code of ordinances on August 27, 2013.

Conclusion – Response accepted.