

MONROE COUNTY

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

JUNE 30, 2013

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MONROE COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2013)		
Michael Beary	Board of Supervisors	Jan. 2013
John Hughes	Board of Supervisors	Jan. 2013
Dennis J. Ryan	Board of Supervisors	Jan. 2015
Jeannie Bettis	County Auditor	Jan. 2013
Peggy Vandenberg	County Treasurer	Jan. 2015
Tracy Casady	County Recorder	Jan. 2015
Daniel Johnson	County Sheriff	Jan. 2013
Steve Goodlow	County Attorney	Jan. 2015
Randall Noe	County Assessor	Jan. 2016
(After January 2013)		
Dennis J. Ryan	Board of Supervisors	Jan. 2015
Michael Beary	Board of Supervisors	Jan. 2017
John Hughes	Board of Supervisors	Jan. 2017
Jeannie Bettis	County Auditor	Jan. 2017
Peggy Vandenberg	County Treasurer	Jan. 2015
Tracy Casady	County Recorder	Jan. 2015
Daniel Johnson	County Sheriff	Jan. 2017
Steve Goodlow	County Attorney	Jan. 2015
Randall Noe	County Assessor	Jan. 2016

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INDEPENDENT AUDITOR'S REPORT

To the Officials of Monroe 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 Monroe 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 Monroe 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 6 through 11 and 52 through 55 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 Monroe 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 two years ended June 30, 2012 and the four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the two years ended June 30, 2010 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 28, 2014 on our consideration of Monroe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts 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 Monroe County's internal control over financial reporting and compliance.

Oskaloosa, Iowa
March 28, 2014

Hunt & Associates, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2012 FINANCIAL HIGHLIGHTS

- The County's Governmental Fund total revenues decreased \$174,290 from fiscal year 2012 to fiscal year 2013, mainly due to changes in state mental health funding and partially offset by increased property tax and local option sales and services tax revenues.
- The County's Governmental Fund expenditures decreased \$895,599 from fiscal year 2012 to fiscal year 2013. Mental health expenditures made up the largest decrease with \$648,673 due to changes in state mental health payments.
- The net position of the County's governmental activities increased approximately 5.5%, or \$752,023, from June 30, 2012 to June 30, 2013.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Monroe 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 Monroe 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 Monroe County acts solely as an agent or custodian for the benefit of those outside of County Government (Agency Funds).

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year and the schedule of funding progress for the retiree health plan.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The Statement of Net 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 change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's Governmental Activities are presented in the Statement of Net 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, governmental 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. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, 4) the Capital Projects Fund, and 5) Permanent Funds. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

- 2) Proprietary funds include the County's employee group health fund, which is an 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 which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for the County Assessor and the agency funds necessary to collect and distribute property taxes to schools, cities and all other taxing authorities.

Changes in Net Position of Governmental Activities

	Year Ended June 30, 2013	Year Ended June 30, 2012
Revenues:		
Program Revenues:		
Charges for services	\$ 537,009	\$ 583,329
Operating grants, contributions and restricted interest	2,342,440	2,877,190
Capital grants and contributions	512,043	270,830
General Revenues:		
Property tax	4,469,183	4,247,819
Penalty and interest on property tax	31,114	0
State tax credits	143,957	123,027
Local option sales and services tax	388,294	265,531
Unrestricted investment earnings	34,722	56,023
Miscellaneous revenues	<u>1,940</u>	<u>4,099</u>
Total revenues	<u>8,460,702</u>	<u>8,427,848</u>
Program and General Expenses:		
Public safety and legal services	1,263,318	1,218,234
Physical health and social services	795,025	736,080
Mental health	303,040	951,389
County environment and education	794,857	591,160
Roads and transportation	3,171,887	3,085,928
Governmental services to residents	343,524	339,843
Administration	973,403	965,450
Interest on long-term debt	63,625	45,849
Loss on property tax abatement	<u>0</u>	<u>95,094</u>
Total expenses	<u>7,708,679</u>	<u>8,029,027</u>
Special item – gain on disposal of capital assets	0	215,396
Increase in net position	752,023	614,217
Net position beginning of year	<u>13,739,625</u>	<u>13,125,408</u>
Net position end of year	<u>\$ 14,491,648</u>	<u>\$ 13,739,625</u>

INDIVIDUAL MAJOR FUND ANALYSIS

As Monroe County completed the year, its governmental funds reported a combined fund balance of \$3,599,802, an increase of \$211,045 compared to last year's total of \$3,388,757. The increase in fund balance is primarily attributable to an increase in the General Fund. The following are the main reasons for the changes in fund balances of the major governmental funds from the prior year:

1. The General Fund ending balance increased \$200,532 compared to June 30, 2012. Revenues increased by \$128,257 from FY 2012 to FY 2013, while expenditures only increased by \$90,079 compared to FY 2012. Property and other County tax revenue increased \$141,826 due to a higher assessed taxable valuation.
2. For FY2013, the State implemented changes to County mental health funding and payments. As a result of those changes, Mental Health Fund revenues decreased \$652,882 and expenditures decreased \$648,673. This resulted in a \$61,482 increase in ending balance from the prior year.

3. The Rural Services Fund ending balance had a small increase of \$57,635 from the June 30, 2012 balance. Compared to FY 2012, revenues increased \$248,521 and expenditures increased \$193,559, both due mainly to higher local option sales and services tax collections.
4. The Secondary Roads Fund expenditures for 2013 decreased \$536,585 compared to the prior year. Revenues and other financing sources were down \$450,664 in 2013. The cumulative effect was a decrease of \$130,420 in the ending fund balance compared to the prior year ending fund balance.

BUDGETARY HIGHLIGHTS

During the year ended June 30, 2013, Monroe County amended its budget one time on January 22, 2013, which increased budgeted disbursements by \$632,508. Actual disbursements were \$2,699,521 less than budgeted for FY 2013. The County did not exceed the amount budgeted in any County function or the amount appropriated in any department.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, Monroe County had \$9,824,450 invested in a broad range of capital assets (net of accumulated depreciation), including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of \$37,161, or 0.4% over last year.

Capital Assets of Governmental Activities At Year End	
	June 30, 2013
<u>Acquisition cost:</u>	
Land	\$ 176,455
Construction in progress	310,850
Buildings and improvement	2,711,557
Improvements other than buildings	72,000
Equipment and vehicles	4,613,961
Infrastructure	<u>7,685,147</u>
Total	<u>\$ 15,569,970</u>
<u>Accumulated depreciation:</u>	
Buildings and improvements	\$(1,246,100)
Improvements other than buildings	(64,800)
Equipment and vehicles	(2,851,696)
Infrastructure	<u>(1,582,924)</u>
Total	<u>\$(5,745,520)</u>
Net governmental activities capital assets	<u>\$ 9,824,450</u>

The County had depreciation expense of \$650,066 in FY13 and total accumulated depreciation of \$5,745,520 at June 30, 2013. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2013, Monroe County had \$1,114,161 in long-term liabilities compared to \$1,558,492 at June 30, 2012, as shown below:

Outstanding Debt of Governmental Activities at Year End		
	June 30, 2013	June 30, 2012
Capital lease purchase agreements	\$ 11,853	\$ 25,272
Installment purchases	498,599	644,988
General obligation notes	393,551	711,288
Loans payable	0	7,143
Compensated absences	168,558	143,001
Net OPEB liability	<u>41,600</u>	<u>26,800</u>
Total	\$ <u>1,114,161</u>	\$ <u>1,558,492</u>

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County. Monroe County's outstanding general obligation debt is significantly below this limitation. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Monroe County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates and fees that will be charged for various County activities.

Various indicators were taken into account when adopting the budget for fiscal year 2014. Amounts available for appropriation in the operating budget are \$8,513,949, a decrease of 20.8% from the final fiscal year 2013 budget. The total County property tax levy for fiscal year 2013 increased \$164,427, or 3.6% compared to fiscal year 2012. The property tax levy rates, however, remained the same or decreased for all County governmental funds except the General Supplemental Fund.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Monroe 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 Monroe County Auditor's Office, 10 Benton Avenue East Street, Albia, Iowa 52531.

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Basic Financial Statements

MONROE COUNTY
STATEMENT OF NET POSITION
June 30, 2013

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 5,010,095
Receivables:	
Property tax:	
Delinquent	67,259
Succeeding year	4,566,000
Interest and penalty on property tax	372,246
Accounts	26,489
Due from other governments	282,175
Loans receivable (note 4)	269,403
Inventories	159,317
Prepaid expenses	115,136
Capital assets, net of accumulated depreciation (note 5)	<u>9,824,450</u>
 Total assets	 <u>20,692,570</u>
Liabilities	
Accounts payable	232,800
Salaries and benefits payable	118,566
Due to other governments (note 6)	73,225
Incurred but not reported claims (note 11)	90,909
Accrued interest payable	5,261
Deferred revenue:	
Succeeding year property tax	4,566,000
Long-term liabilities (note 7):	
Portion due or payable within one year:	
Capital lease purchase agreements	11,853
Installment purchases	167,203
General obligation notes	123,372
Compensated absences	136,699
Portion due or payable after one year:	
Installment purchases	331,396
General obligation notes	270,179
Compensated absences	31,859
Net OPEB liability	<u>41,600</u>
 Total liabilities	 <u>6,200,922</u>

MONROE COUNTY
STATEMENT OF NET POSITION
June 30, 2013

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	\$ 9,205,036
Restricted for:	
Supplemental levy purposes	467,945
Cemetery levy purposes	31,578
Mental health purposes	344,547
Rural services purposes	408,119
Secondary roads purposes	790,315
Debt service	58,553
Capital projects	157
Conservation purposes	128,709
Other purposes	16,133
Unrestricted	<u>3,040,556</u>
Total net position	<u>\$ 14,491,648</u>

See notes to financial statements.

MONROE 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	\$ 1,263,318	\$ 148,194	\$ 8,439	\$ -	\$ (1,106,685)
Physical health and social services	795,025	11,551	261,274	-	(522,200)
Mental health	303,040	-	24,853	-	(278,187)
County environment and education	794,857	117,733	61,842	-	(615,282)
Roads and transportation	3,171,887	29,459	1,985,780	507,818	(648,830)
Government services to residents	343,524	142,372	-	-	(201,152)
Administration	973,403	87,700	252	4,225	(881,226)
Interest on long-term debt	63,625	-	-	-	(63,625)
Total	\$ 7,708,679	\$ 537,009	\$ 2,342,440	\$ 512,043	(4,317,187)
General Revenues:					
Property and other county tax levied for:					
General purposes					4,170,520
Debt service					298,663
Penalty and interest on property tax					31,114
State tax credits					143,957
Local option sales and services tax					388,294
Payments in lieu of taxes					1,940
Unrestricted investment earnings					34,722
Total general revenues					5,069,210
Change in net position					752,023
Net position beginning of year					13,739,625
Net position end of year					\$ 14,491,648

See notes to financial statements.

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MONROE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 1,800,779	\$ 374,301	\$ 415,130	\$ 738,616
Receivables:				
Property tax:				
Delinquent	38,237	4,777	19,912	-
Succeeding year	2,918,000	326,000	1,226,000	-
Interest and penalty on property tax	372,246	-	-	-
Accounts	529	-	196	529
Due from other governments	38,864	2,254	65,612	175,445
Loans receivable (note 4)	269,403	-	-	-
Inventories	-	-	-	159,317
Prepaid expenses	82,014	-	-	13,091
Total assets	\$ <u>5,520,072</u>	\$ <u>707,332</u>	\$ <u>1,726,850</u>	\$ <u>1,086,998</u>

<u>Nonmajor</u>	<u>Total</u>
\$ 157,484	\$ 3,486,310
4,333	67,259
96,000	4,566,000
-	372,246
-	1,254
-	282,175
-	269,403
-	159,317
-	95,105
<u>\$ 257,817</u>	<u>\$ 9,299,069</u>

MONROE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue			
General	Mental Health	Rural Services	Secondary Roads	
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 44,753	\$ 33,461	\$ 648	\$ 152,694
Salaries and benefits payable	67,809	1,568	6,055	43,134
Due to other governments (note 6)	5,302	1,118	65,612	1,193
Deferred revenue:				
Succeeding year property tax	2,918,000	326,000	1,226,000	-
Other	679,748	4,762	19,847	-
Total liabilities	3,715,612	366,909	1,318,162	197,021
 Fund balances:				
Nonspendable:				
Inventories	-	-	-	159,317
Prepaid expenses	82,014	-	-	13,091
Restricted for:				
Supplemental levy purposes	452,896	-	-	-
Cemetery levy purposes	31,200	-	-	-
Mental health purposes	-	340,423	-	-
Rural services purposes	-	-	408,688	-
Secondary roads purposes	-	-	-	717,569
Debt service	-	-	-	-
Capital projects	-	-	-	-
Conservation purposes	45,163	-	-	-
Other purposes	-	-	-	-
Unassigned	1,193,187	-	-	-
Total fund balances	1,804,460	340,423	408,688	889,977
 Total liabilities and fund balances	\$ 5,520,072	\$ 707,332	\$ 1,726,850	\$ 1,086,998

See notes to financial statements.

<u>Nonmajor</u>	<u>Total</u>
\$ 1,244	\$ 232,800
-	118,566
-	73,225
96,000	4,566,000
4,319	708,676
<u>101,563</u>	<u>5,699,267</u>
-	159,317
-	95,105
-	452,896
-	31,200
-	340,423
-	408,688
-	717,569
55,840	55,840
157	157
84,124	129,287
16,133	16,133
-	1,193,187
<u>156,254</u>	<u>3,599,802</u>
<u>\$ 257,817</u>	<u>\$ 9,299,069</u>

MONROE COUNTY

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

Total fund balances of governmental funds	\$ 3,599,802
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 \$15,569,970 and the accumulated depreciation is \$5,745,520.	9,824,450
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	708,676
The Internal Service Fund is used by management to charge the costs of the self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	1,478,142
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.	(5,261)
Long-term liabilities, including capital lease purchase agreements, installment purchases, 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>(1,114,161)</u>
Net position of governmental activities	<u>\$ 14,491,648</u>

See notes to financial statements.

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MONROE COUNTY

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

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	\$ 2,641,321	\$ 329,900	\$ 1,591,131	\$ -
Interest and penalty on property tax	38,186	-	-	-
Intergovernmental	566,866	36,129	52,941	2,262,516
Licenses and permits	-	-	-	1,020
Charges for service	226,563	-	40,793	229
Use of money and property	71,691	-	-	-
Miscellaneous	67,077	-	196	28,210
Total revenues	3,611,704	366,029	1,685,061	2,291,975
Expenditures:				
Operating:				
Public safety and legal services	986,748	-	269,391	-
Physical health and social services	781,372	-	17,000	-
Mental health	-	304,547	-	-
County environment and education	220,145	-	193,624	-
Roads and transportation	-	-	-	2,644,518
Government services to residents	349,443	-	-	-
Administration	941,271	-	5,539	-
Debt service	51,314	-	-	169,273
Capital projects	20,946	-	388,294	412,745
Total expenditures	3,351,239	304,547	873,848	3,226,536
Excess (deficiency) of revenues over (under) expenditures	260,465	61,482	811,213	(934,561)
Other financing sources (uses):				
Sale of capital assets	32	-	-	-
Interfund transfers in (note 3)	-	-	-	804,141
Interfund transfers out (note 3)	(59,965)	-	(753,578)	-
Total other financing sources (uses)	(59,933)	-	(753,578)	804,141
Net change in fund balances	200,532	61,482	57,635	(130,420)
Fund balances beginning of year	1,603,928	278,941	351,053	1,020,397
Fund balances end of year	<u>\$ 1,804,460</u>	<u>\$ 340,423</u>	<u>\$ 408,688</u>	<u>\$ 889,977</u>

See notes to financial statements.

	<u>Nonmajor</u>		<u>Total</u>
\$	299,153	\$	4,861,505
	-		38,186
	19,019		2,937,471
	-		1,020
	1,709		269,294
	966		72,657
	-		95,483
	<u>320,847</u>		<u>8,275,616</u>
			1,256,139
			798,372
			304,547
			413,769
			2,644,518
			349,443
			946,810
	308,433		529,020
			821,985
	<u>308,433</u>		<u>8,064,603</u>
	12,414		211,013
			32
	9,402		813,543
			(813,543)
	<u>9,402</u>		<u>32</u>
	21,816		211,045
	<u>134,438</u>		<u>3,388,757</u>
\$	<u><u>156,254</u></u>	\$	<u><u>3,599,802</u></u>

MONROE 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 \$ 211,045

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	\$ 451,918		
Capital assets contributed by the Iowa Department of Transportation		235,309		
Depreciation expense		<u>(650,066)</u>		37,161

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	(3,256)		
Loans receivable		(51,314)		
Other		<u>(7,072)</u>		(61,642)

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. 477,545

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

	Compensated absences	(25,557)		
Net OPEB liability		(14,800)		
Interest on long-term debt		<u>3,796</u>		(36,561)

The Internal Service Fund is used by management to charge the costs of
the self funding of the County's health insurance benefit plan to individual
funds. The change in net position of the Internal Service Fund is reported
with governmental activities. 124,475

Change in net position of governmental activities \$ 752,023

See notes to financial statements.

MONROE COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2013

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and investments	\$ 1,523,785
Accounts receivable	25,235
Prepaid expenses	<u>20,031</u>
Total assets	<u>1,569,051</u>
Liabilities	
Incurred but not reported claims (note 11)	<u>90,909</u>
Net Position	
Unrestricted	<u><u>\$ 1,478,142</u></u>

See notes to financial statements.

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

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Charges to operating funds	\$ 845,960
Insurance reimbursements	<u>92,829</u>
Total operating revenues	<u>938,789</u>
Operating expenses:	
Medical claims	589,643
Administrative fees	<u>236,058</u>
Total operating expenses	<u>825,701</u>
Operating income	113,088
Non-operating revenues:	
Interest on investments	<u>11,387</u>
Net income	124,475
Net position beginning of year	<u>1,353,667</u>
Net position end of year	<u>\$ 1,478,142</u>

See notes to financial statements.

MONROE COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2013

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 845,960
Cash received from insurance reimbursements	67,594
Cash payments to suppliers for services	<u>(809,489)</u>
Net cash provided by operating activities	<u>104,065</u>
Cash flows from investing activities:	
Interest on investments	11,387
Purchase of investments	<u>(185,967)</u>
Net cash used by investing activities	<u>(174,580)</u>
Net decrease in cash and cash equivalents	(70,515)
Cash and cash equivalents beginning of year	<u>599,495</u>
Cash and cash equivalents end of year	<u>\$ 528,980</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 113,088
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) in accounts receivable	(25,235)
(Increase) in prepaid expenses	(1,090)
Increase in incurred but not reported claims	<u>17,302</u>
Net cash provided by operating activities	<u>\$ 104,065</u>
Reconciliation of cash and cash equivalents at end of year to specific assets included on Statement of Net Position:	
Cash and investments	\$ 1,523,785
Less items not meeting the definition of cash equivalents:	
Certificates of deposit	<u>994,805</u>
Cash and cash equivalents end of year	<u>\$ 528,980</u>

See notes to financial statements.

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

Assets	
Cash and pooled investments:	
County Treasurer	\$ 545,392
Other County officials	36,080
Receivables:	
Property tax:	
Delinquent	115,788
Succeeding year	8,527,000
Accounts	6,564
Due from other governments	11,657
Prepaid expenses	<u>4,170</u>
Total assets	<u>\$ 9,246,651</u>
Liabilities	
Accounts payable	\$ 837
Due to other governments (note 6)	9,191,675
Trusts payable	<u>54,139</u>
Total liabilities	<u>\$ 9,246,651</u>

See notes to financial statements.

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies

Monroe 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, Monroe 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. Monroe County has no component units which meet the Governmental Accounting Standards Board.

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: Monroe County Assessor's Conference Board and Monroe 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.

MONROE 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 Fund - An Internal Service Fund is 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.

MONROE 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.

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.

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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. Investments not meeting the definition of cash equivalents at June 30, 2013 included \$994,805 of certificates of deposit with maturity dates 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.

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

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

Loans receivable – Loans receivable represents amounts outstanding and receivable from other entities for the payment of the Honey Creek Resort notes.

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (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.

Asset Class	Amount
Intangibles	\$ 100,000
Infrastructure	65,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	25-50
Improvements other than buildings	10-50
Infrastructure	10-65
Equipment	3-20
Vehicles	5-15

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.

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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, 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.

Unassigned – All amounts not included in preceding classifications.

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

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 amounts budgeted in any County function and disbursements did not exceed the amounts appropriated.

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. 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	General	\$ 50,563
	Special Revenue:	
	Rural Services	753,578
Resource Enhancement and Protection	General	<u>9,402</u>
		<u>\$ 813,543</u>

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

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 4. Loans Receivable

During the year ended June 30, 2008, the County entered into an agreement whereby the County issued \$400,000 of notes to help finance construction of Honey Creek Resort State Park. Rathburn Lake Resort Inc. agreed to pay the County for the principal and interest on the notes when due from the pledge account. Appanoose County and the Hotel-Motel Tax Commission of the Centerville Area Chamber of Commerce agreed to contribute and pay to the donors, of which Monroe County is one of three, 85.71% of all hotel/motel tax revenues generated from the renting of the lodging facilities at the Honey Creek Resort State Park to pay the principal and interest due on the donor obligations.

A summary of annual collections due to the County as of June 30, 2013 is as follows:

<u>Year Ending June 30,</u>	<u>Honey Creek Resort</u>
2014	\$ 51,315
2015	51,315
2016	51,315
2017	51,315
2018	51,315
2019	<u>12,828</u>
	<u>\$ 269,403</u>

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 176,455	\$ -	\$ -	\$ 176,455
Construction in progress	308,290	346,082	343,522	310,850
Total capital assets not being depreciated	<u>484,745</u>	<u>346,082</u>	<u>343,522</u>	<u>487,305</u>
Capital assets being depreciated:				
Buildings	2,711,557	-	-	2,711,557
Improvements other than buildings	72,000	-	-	72,000
Machinery and equipment	4,790,588	110,061	286,688	4,613,961
Infrastructure	7,110,541	574,606	-	7,685,147
Total capital assets being depreciated	<u>14,684,686</u>	<u>684,667</u>	<u>286,688</u>	<u>15,082,665</u>
Less accumulated depreciation for:				
Buildings	1,170,408	75,692	-	1,246,100
Improvements other than buildings	64,800	-	-	64,800
Machinery and equipment	2,845,831	292,553	286,688	2,851,696
Infrastructure	1,301,103	281,821	-	1,582,924
Total accumulated depreciation	<u>5,382,142</u>	<u>650,066</u>	<u>286,688</u>	<u>5,745,520</u>
Total capital assets being depreciated, net	<u>9,302,544</u>	<u>34,601</u>	<u>-</u>	<u>9,337,145</u>
Governmental activities capital assets, net	<u>\$ 9,787,289</u>	<u>\$ 380,683</u>	<u>\$ 343,522</u>	<u>\$ 9,824,450</u>

MONROE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 5. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services	\$	48,113
Physical health and social services		12,077
County environment and education		29,581
Roads and transportation		516,191
Administration		<u>44,104</u>
Total depreciation expense - governmental activities	\$	<u><u>650,066</u></u>

Note 6. Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 5,302
Special Revenue:		
Mental Health		1,118
Rural Services		65,612
Secondary Roads		<u>1,193</u>
Total for governmental funds		\$ <u><u>73,225</u></u>
Agency:		
County Assessor	Collections	\$ 429,176
Schools		5,425,217
Area Schools		324,408
County Hospital		796,382
Corporations		1,643,283
All Other		<u>573,209</u>
Total for agency funds		\$ <u><u>9,191,675</u></u>

MONROE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 7. Long-Term Liabilities

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Capital lease purchase agreements	\$ 25,272	\$ -	\$ 13,419	\$ 11,853	\$ 11,853
Installment purchases	644,988	-	146,389	498,599	167,203
General obligation notes	711,288	-	317,737	393,551	123,372
Loan payable	7,143	-	7,143	-	-
Compensated absences	143,001	138,131	112,574	168,558	136,699
Net OPEB liability	26,800	14,800	-	41,600	-
Total	\$ 1,558,492	\$ 152,931	\$ 597,262	\$ 1,114,161	\$ 439,127

Capital Lease Purchase Agreements

During the year ended June 30, 2009, the County entered into a capital lease purchase agreement to purchase computer equipment for the Public Health department with a total historical cost of \$55,000. The agreement is payable in six monthly payments of \$99 then fifty-four monthly payments of \$1,244.10 and includes interest at 7.75%. The following is a schedule of the future minimum lease payments, including interest and the present value of net minimum lease payments under the agreements in effect at June 30, 2013:

Year Ending June 30,	Computer Equipment
2014	\$ 12,281
Less amount representing interest	<u>428</u>
Present value of net minimum lease payments	<u>\$ 11,853</u>

Payments under capital lease purchase agreements for the year ended June 30, 2013 totaled \$14,789.

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 7. Long-Term Liabilities (continued)

Installment Purchases

During the year ended June 30, 2008, the County entered into an installment purchase agreement to purchase two motor graders at a total historical cost of \$392,250. The agreement calls for two semi-annual payments, including interest, of \$15,047 for the first year of the agreement and \$33,055 for the remaining lease period through the year ending June 30, 2015. The purchase agreement has an effective annual interest rate of 4.96%.

During the year ended June 30, 2009, the County entered into an interest-free installment purchase agreement to purchase an imaging system for the County at a total historical cost of \$87,535. The agreement calls for six annual payments through the year ending June 30, 2015.

During the year ended June 30, 2012, the County entered into an installment purchase agreement to purchase four motor graders at a total historical cost of \$778,456. The agreement will be paid in ten semi-annual payments of \$54,542 including interest at 3.35%.

Details of the County's June 30 2013 installment purchases are as follows:

Year Ending June 30,	Motor Graders			Imaging System
	Principal	Interest	Total	Principal
2014	\$ 55,303	\$ 4,885	\$ 60,188	\$ 13,973
2015	58,047	2,142	60,189	13,973
	<u>\$ 113,350</u>	<u>\$ 7,027</u>	<u>\$ 120,377</u>	<u>\$ 27,946</u>

Year Ending June 30,	Motor Graders			Total		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 97,927	\$ 11,157	\$ 109,084	\$ 167,203	\$ 16,042	\$ 183,245
2015	101,236	7,848	109,084	173,256	9,990	183,246
2016	104,655	4,429	109,084	104,655	4,429	109,084
2017	53,485	896	54,381	53,485	896	54,381
	<u>\$ 357,303</u>	<u>\$ 24,330</u>	<u>\$ 381,633</u>	<u>\$ 498,599</u>	<u>\$ 31,357</u>	<u>\$ 529,956</u>

Payments under installment purchase agreements for the year ended June 30, 2013 totaled \$183,445.

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 7. Long-Term Liabilities (continued)

General Obligation Notes

During the year ended June 30, 2008, the County issued \$400,000 in general obligation corporate purpose notes for the County's share of constructing the Honey Creek Resort State Park. The notes have an interest rate of 3.5% per annum.

During the year ended June 30, 2008, the County issued a \$400,000 general obligation office building note for the purpose of purchasing and renovating additional Courthouse office and storage space. The note bears an interest rate of 5.5% per annum.

During the year ended June 30, 2009, the County issued a \$70,000 general obligation education center note for the purpose of purchasing real estate. The note bears an interest rate of 4.44% per annum.

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

Year Ending June 30,	Honey Creek Resort			Office Building		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 43,197	\$ 8,118	\$ 51,315	\$ 64,915	\$ 6,555	\$ 71,470
2015	44,750	6,565	51,315	68,586	2,884	71,470
2016	46,348	4,967	51,315	-	-	-
2017	48,026	3,289	51,315	-	-	-
2018	49,753	1,562	51,315	-	-	-
2019	12,716	112	12,828	-	-	-
	<u>\$ 244,790</u>	<u>\$ 24,613</u>	<u>\$ 269,403</u>	<u>\$ 133,501</u>	<u>\$ 9,439</u>	<u>\$ 142,940</u>

Year Ending June 30,	Education Center			Total		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 15,260	\$ 687	\$ 15,947	\$ 123,372	\$ 15,360	\$ 138,732
2015	-	-	-	113,336	9,449	122,785
2016	-	-	-	46,348	4,967	51,315
2017	-	-	-	48,026	3,289	51,315
2018	-	-	-	49,753	1,562	51,315
2019	-	-	-	12,716	112	12,828
	<u>\$ 15,260</u>	<u>\$ 687</u>	<u>\$ 15,947</u>	<u>\$ 393,551</u>	<u>\$ 34,739</u>	<u>\$ 428,290</u>

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 8. 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 65 active members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a self-funded medical plan, is administered by First Administrators, Inc. 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.

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	\$ 16,500
Interest on net OPEB obligation	600
Adjustment to annual required contribution	<u>(600)</u>
Annual OPEB cost	16,500
Contributions made	<u>(1,700)</u>
Increase in net OPEB obligation	14,800
Net OPEB obligation beginning of year	<u>26,800</u>
Net OPEB obligation end of year	<u>\$ 41,600</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the County contributed \$1,700 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	\$ 16,306	47.3%	\$ 16,100
2012	16,300	34.4%	26,800
2013	16,500	10.3%	41,600

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 8. Other Postemployment Benefits (OPEB) (continued)

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$142,388, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$142,388. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,402,000 and the ratio of the UAAL to covered payroll was 5.9%. 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.

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, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Mortality Table fully generational using scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Valuation as of June 30, 2010.

Projected claim costs of the medical plan are \$742 per month for retirees age 55 to 59 and \$917 per month for retirees age 60 to 64. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 9. 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.

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 9. Pension and Retirement Benefits (continued)

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 \$243,551, \$226,240 and \$199,656, respectively, equal to the required contributions for each year.

Note 10. Risk Management

Monroe 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.

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 \$113,190.

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.

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 10. Risk Management (continued)

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

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all 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.

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 \$500,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11. Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with First Administrators, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$30,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and weekly payments of claims processed are paid to First Administrators, Inc. from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2013 was \$845,960.

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 11. Employee Health Insurance Plan (continued)

Amounts payable from the Employee Group Health Fund at June 30, 2013 total \$90,909, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$1,478,142 at June 30, 2013 and is reported as net position of the Employee Group Health Fund. 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. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2012	\$ 73,607
Incurred claims (including claims incurred but not reported at June 30, 2013)	589,643
Payments	<u>(572,341)</u>
Unpaid claims at June 30, 2013	<u>\$ 90,909</u>

Note 12. Construction Commitment

The County has entered into a contract totaling \$320,464 for a bridge replacement. As of June 30, 2013, costs of \$310,850 have been incurred against the contract. The balance remaining at June 30, 2013 of \$9,614 will be paid as work on the project progresses.

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.

MONROE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 14. Subsequent Events

In October 2013, the County issued \$600,000 of general obligation County road improvement notes. The note proceeds will be used to pay a portion of the costs of constructing improvements to County roads. The notes will be repaid over three years with an interest rate of 1.95%.

In November 2013, the County entered into a lease purchase agreement for \$158,150 for a new excavator. The agreement will be repaid over six years with an interest rate of 3.6%.

In March 2014, the County issued \$600,000 in general obligation local option sales tax bond anticipatory notes with an interest rate of 1.75%. An amortization schedule is not yet available for these notes. The proceeds of the notes will be used to help cover the costs of a new public safety center.

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Required Supplementary Information

MONROE 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	\$ 4,795,755	\$ 5,016,928	\$ 5,016,928	\$ (221,173)
Interest and penalty on property tax	38,395	3,000	3,000	35,395
Intergovernmental	3,030,449	3,692,390	3,772,640	(742,191)
Licenses and permits	980	2,500	2,500	(1,520)
Charges for service	276,028	144,285	154,285	121,743
Use of money and property	74,158	58,408	58,408	15,750
Miscellaneous	98,042	16,425	68,643	29,399
Total receipts	<u>8,313,807</u>	<u>8,933,936</u>	<u>9,076,404</u>	<u>(762,597)</u>
DISBURSEMENTS:				
Public safety and legal services	1,257,372	1,439,623	1,449,623	192,251
Physical health and social services	813,732	863,160	907,060	93,328
Mental health	405,257	1,173,046	1,173,046	767,789
County environment and education	419,961	1,063,676	1,142,394	722,433
Roads and transportation	2,553,120	2,464,862	2,947,752	394,632
Government services to residents	348,276	414,423	414,423	66,147
Administration	956,121	1,149,739	1,166,739	210,618
Debt service	529,020	547,873	547,873	18,853
Capital projects	772,530	1,006,000	1,006,000	233,470
Total disbursements	<u>8,055,389</u>	<u>10,122,402</u>	<u>10,754,910</u>	<u>2,699,521</u>
Excess (deficiency) of receipts over (under) disbursements	258,418	(1,188,466)	(1,678,506)	1,936,924
Other financing sources, net	<u>32</u>	<u>10,000</u>	<u>10,000</u>	<u>(9,968)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	258,450	(1,178,466)	(1,668,506)	1,926,956
Balance beginning of year	<u>3,227,860</u>	<u>3,005,536</u>	<u>3,217,703</u>	<u>10,157</u>
Balance end of year	<u>\$ 3,486,310</u>	<u>\$ 1,827,070</u>	<u>\$ 1,549,197</u>	<u>\$ 1,937,113</u>

See accompanying independent auditor's report.

MONROE 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	\$ 8,313,807	\$ (38,191)	\$ 8,275,616
Expenditures	8,055,389	9,214	8,064,603
Net	258,418	(47,405)	211,013
Other financing sources, net	32	-	32
Beginning fund balances	3,227,860	160,897	3,388,757
Ending fund balances	<u>\$ 3,486,310</u>	<u>\$ 113,492</u>	<u>\$ 3,599,802</u>

See accompanying independent auditor's report.

MONROE 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 \$632,508. 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, and for the E-911 System by the Joint E-911 Service Board.

During the year ended June 30, 2013, disbursements did not exceed the amounts budgeted in any County function and disbursements did not exceed the amounts appropriated.

MONROE 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)
2010	July 1, 2009	\$ -	\$ 138	\$ 138	0.0%	\$ 2,484	5.5%
2011	July 1, 2009	-	138	138	0.0%	2,424	5.7%
2012	July 1, 2009	-	138	138	0.0%	2,394	5.7%
2013	July 1, 2012	-	142	142	0.0%	2,402	5.9%

See note 8 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

MONROE COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013

	<u>Special Revenue</u>			
	<u>Resource</u>	<u>County</u>		
	<u>Enhancement</u>	<u>Recorder's</u>	<u>Debt</u>	<u>Capital</u>
	<u>and</u>	<u>Records</u>	<u>Service</u>	<u>Projects</u>
	<u>Protection</u>	<u>Management</u>	<u>Service</u>	<u>Projects</u>
Assets				
Cash and pooled investments	\$ 74,028	\$ 16,133	\$ 57,070	\$ 157
Receivables:				
Property tax:				
Delinquent	-	-	4,333	-
Succeeding year	-	-	96,000	-
Total assets	<u>\$ 74,028</u>	<u>\$ 16,133</u>	<u>\$ 157,403</u>	<u>\$ 157</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	1,244	\$ -
Deferred revenue:				
Succeeding year property tax	-	-	96,000	-
Other	-	-	4,319	-
Total liabilities	<u>-</u>	<u>-</u>	<u>101,563</u>	<u>-</u>
Fund balances:				
Restricted for:				
Debt service	-	-	55,840	-
Capital projects	-	-	-	157
Conservation purposes	74,028	-	-	-
Other purposes	-	16,133	-	-
Total fund balances	<u>74,028</u>	<u>16,133</u>	<u>55,840</u>	<u>157</u>
Total liabilities and fund balances	<u>\$ 74,028</u>	<u>\$ 16,133</u>	<u>\$ 157,403</u>	<u>\$ 157</u>

See accompanying independent auditor's report.

<u>Permanent</u>	
<u>Ajinomoto Conservation Endowment</u>	<u>Total</u>
\$ 10,096	\$ 157,484
-	4,333
-	96,000
<u>\$ 10,096</u>	<u>\$ 257,817</u>
\$ -	\$ 1,244
-	96,000
-	4,319
<u>-</u>	<u>101,563</u>
-	55,840
-	157
10,096	84,124
-	16,133
<u>10,096</u>	<u>156,254</u>
<u>\$ 10,096</u>	<u>\$ 257,817</u>

MONROE COUNTY

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

	Special Revenue			
	Resource Enhancement and Protection	County Recorder's Records Management	Debt Service	Capital Projects
Revenues:				
Property and other County tax	\$ -	\$ -	\$ 299,153	\$ -
Intergovernmental	8,793	-	10,226	-
Charges for service	-	1,709	-	-
Use of money and property	309	74	567	-
Total revenues	<u>9,102</u>	<u>1,783</u>	<u>309,946</u>	<u>-</u>
Expenditures:				
Debt service	-	-	308,433	-
Excess of revenues over expenditures	9,102	1,783	1,513	-
Other financing sources:				
Interfund transfers in	9,402	-	-	-
Net change in fund balances	18,504	1,783	1,513	-
Fund balances beginning of year	<u>55,524</u>	<u>14,350</u>	<u>54,327</u>	<u>157</u>
Fund balances end of year	<u>\$ 74,028</u>	<u>\$ 16,133</u>	<u>\$ 55,840</u>	<u>\$ 157</u>

See accompanying independent auditor's report.

<u>Permanent</u>	
<u>Ajinomoto Conservation Endowment</u>	<u>Total</u>
\$ -	\$ 299,153
-	19,019
-	1,709
16	966
<u>16</u>	<u>320,847</u>
-	308,433
16	12,414
-	9,402
16	21,816
<u>10,080</u>	<u>134,438</u>
<u>\$ 10,096</u>	<u>\$ 156,254</u>

MONROE COUNTY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

June 30, 2013

	County Offices			Agricultural Extension Education
	County Auditor	County Recorder	County Sheriff	
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ -	\$ -	\$ -	1,548
Other County officials	10,000	819	25,261	-
Receivables:				
Property tax:				
Delinquent	-	-	-	1,713
Succeeding year	-	-	-	121,000
Accounts	-	21	-	-
Due from other governments	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 10,000	\$ 840	\$ 25,261	\$ 124,261
LIABILITIES				
Accounts payable	\$ -	\$ 186	\$ -	-
Due to other governments	-	654	-	124,261
Trusts payable	10,000	-	25,261	-
Total liabilities	\$ 10,000	\$ 840	\$ 25,261	\$ 124,261

<u>County Assessor</u>	<u>Schools</u>	<u>Area Schools</u>	<u>County Hospital</u>	<u>Corporations</u>	<u>Townships</u>	<u>Brucellosis and Tuberculosis Eradication</u>
\$ 138,012	\$ 71,687	\$ 3,991	\$ 11,007	\$ 35,466	\$ 1,723	\$ 17
-	-	-	-	-	-	-
3,994	81,530	4,417	10,375	10,817	2,924	18
283,000	5,272,000	316,000	775,000	1,597,000	162,000	1,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,170	-	-	-	-	-	-
<u>\$ 429,176</u>	<u>\$ 5,425,217</u>	<u>\$ 324,408</u>	<u>\$ 796,382</u>	<u>\$ 1,643,283</u>	<u>\$ 166,647</u>	<u>\$ 1,035</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
429,176	5,425,217	324,408	796,382	1,643,283	166,647	1,035
-	-	-	-	-	-	-
<u>\$ 429,176</u>	<u>\$ 5,425,217</u>	<u>\$ 324,408</u>	<u>\$ 796,382</u>	<u>\$ 1,643,283</u>	<u>\$ 166,647</u>	<u>\$ 1,035</u>

MONROE COUNTY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

June 30, 2013

	Auto License and Use Tax	E-911	City Special Assessments	Advance Tax
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ 153,697	\$ 108,642	\$ 427	\$ 18,878
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	6,543	-	-
Due from other governments	-	11,657	-	-
Prepaid expenses	-	-	-	-
	<hr/>			
Total assets	<u>\$ 153,697</u>	<u>\$ 126,842</u>	<u>\$ 427</u>	<u>\$ 18,878</u>
LIABILITIES				
Accounts payable	\$ -	\$ 651	\$ -	\$ -
Due to other governments	153,697	126,191	427	-
Trusts payable	-	-	-	18,878
	<hr/>			
Total liabilities	<u>\$ 153,697</u>	<u>\$ 126,842</u>	<u>\$ 427</u>	<u>\$ 18,878</u>

See accompanying independent auditor's report.

County Recorder's Electronic <u>Transaction Fee</u>	<u>Total</u>
\$ 297	\$ 545,392
-	36,080
-	115,788
-	8,527,000
-	6,564
-	11,657
-	4,170
<u>\$ 297</u>	<u>\$ 9,246,651</u>
\$ -	\$ 837
297	9,191,675
-	54,139
<u>\$ 297</u>	<u>\$ 9,246,651</u>

MONROE COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

Year Ended June 30, 2013

	County Offices			Agricultural Extension Education
	County Auditor	County Recorder	County Sheriff	
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 10,000	\$ 296	\$ 21,903	\$ 121,223
Additions:				
Property and other County tax	-	-	-	121,224
State tax credits	-	-	-	3,982
Payments in lieu of taxes	-	-	-	62
E-911 surcharge	-	-	-	-
Office fees and collections	276	161,984	37,539	-
Auto licenses, use tax, driver licenses, and postage	-	-	-	-
Assessments	-	-	-	-
Interest income	-	-	-	-
Trusts	114	-	103,627	-
Miscellaneous	-	-	-	-
Total additions	<u>390</u>	<u>161,984</u>	<u>141,166</u>	<u>125,268</u>
Deductions:				
Agency remittances:				
To other funds	276	53,772	37,539	-
To other governments	-	107,668	2,233	122,230
Trusts paid out	114	-	98,036	-
Total deductions	<u>390</u>	<u>161,440</u>	<u>137,808</u>	<u>122,230</u>
Balances end of year	\$ <u>10,000</u>	\$ <u>840</u>	\$ <u>25,261</u>	\$ <u>124,261</u>

<u>County Assessor</u>	<u>Schools</u>	<u>Area Schools</u>	<u>County Hospital</u>	<u>Corporations</u>	<u>Townships</u>	<u>Brucellosis and Tuberculosis Eradication</u>
\$ 428,742	\$ 5,214,356	\$ 312,885	\$ 733,905	\$ 1,623,629	\$ 165,692	\$ 1,034
284,611	5,274,365	316,835	778,046	1,567,094	163,806	1,268
9,282	187,054	10,267	24,117	80,770	4,812	43
145	2,967	160	376	3,991	-	1
-	-	-	-	-	-	-
153	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
294,191	5,464,386	327,262	802,539	1,651,855	168,618	1,312
-	-	-	-	-	-	-
293,757	5,253,525	315,739	740,062	1,632,201	167,663	1,311
-	-	-	-	-	-	-
293,757	5,253,525	315,739	740,062	1,632,201	167,663	1,311
\$ 429,176	\$ 5,425,217	\$ 324,408	\$ 796,382	\$ 1,643,283	\$ 166,647	\$ 1,035

MONROE COUNTY

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

	Auto License and Use Tax	E-911	City Special Assessments	Advance Tax
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 163,931	\$ 104,797	\$ 1,436	\$ 26,468
Additions:				
Property and other County tax	-	-	-	-
State tax credits	-	-	-	-
Payments in lieu of taxes	-	-	-	-
E-911 surcharge	-	79,180	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax, driver licenses, and postage	2,191,913	-	-	-
Assessments	-	-	5,058	-
Interest income	-	487	-	-
Trusts	-	-	-	18,013
Miscellaneous	-	767	-	-
Total additions	<u>2,191,913</u>	<u>80,434</u>	<u>5,058</u>	<u>18,013</u>
Deductions:				
Agency remittances:				
To other funds	84,999	-	-	-
To other governments	2,117,148	58,389	6,067	-
Trusts paid out	-	-	-	25,603
Total deductions	<u>2,202,147</u>	<u>58,389</u>	<u>6,067</u>	<u>25,603</u>
Balances end of year	<u>\$ 153,697</u>	<u>\$ 126,842</u>	<u>\$ 427</u>	<u>\$ 18,878</u>

See accompanying independent auditor's report.

Tax Sale Redemption	County Recorder's Electronic Transaction Fee	Total
\$ -	\$ 318	\$ 8,930,615
-	-	8,507,249
-	-	320,327
-	-	7,702
-	-	79,180
-	1,709	201,661
-	-	2,191,913
-	-	5,058
-	1	488
140,908	-	262,662
-	-	767
<u>140,908</u>	<u>1,710</u>	<u>11,577,007</u>
-	-	176,586
-	1,731	10,819,724
140,908	-	264,661
<u>140,908</u>	<u>1,731</u>	<u>11,260,971</u>
<u>\$ -</u>	<u>\$ 297</u>	<u>\$ 9,246,651</u>

MONROE COUNTY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST NINE YEARS

	Modified Accrual Basis			
	Years Ended June 30,			
	2013	2012	2011	2010
Revenues:				
Property and other County tax	\$ 4,861,505	\$ 4,536,887	\$ 4,586,232	\$ 3,881,781
Interest and penalty on property tax	38,186	41,113	45,079	38,146
Intergovernmental	2,937,471	3,456,046	3,383,998	3,039,879
Licenses and permits	1,020	2,335	2,700	1,880
Charges for service	269,294	224,967	235,812	236,927
Use of money and property	72,657	87,444	97,623	95,820
Miscellaneous	95,483	101,114	26,071	87,541
Total	\$ 8,275,616	\$ 8,449,906	\$ 8,377,515	\$ 7,381,974
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,256,139	\$ 1,246,014	\$ 1,166,839	\$ 1,105,998
Physical health and social services	798,372	771,211	813,476	832,829
Mental health	304,547	953,220	737,016	760,724
County environment and education	413,769	294,879	298,548	291,736
Roads and transportation	2,644,518	3,322,030	2,799,411	2,836,146
Government services to residents	349,443	347,326	338,963	331,811
Administration	946,810	951,023	890,568	851,811
Debt service	529,020	459,482	448,052	465,290
Capital projects	821,985	615,017	479,926	343,167
Total	\$ 8,064,603	\$ 8,960,202	\$ 7,972,799	\$ 7,819,512

See accompanying independent auditor's report.

	2009	2008	2007	2006	2005
\$	3,834,653	\$ 3,745,260	\$ 3,719,710	\$ 3,299,545	\$ 3,080,565
	39,229	38,012	124,528	36,861	41,246
	3,276,523	2,895,924	2,897,772	3,419,355	3,308,942
	1,890	1,390	715	490	505
	223,518	238,158	240,365	252,875	248,374
	127,306	191,026	195,205	171,331	133,310
	61,883	64,585	42,154	32,010	24,023
	<u>\$ 7,565,002</u>	<u>\$ 7,174,355</u>	<u>\$ 7,220,449</u>	<u>\$ 7,212,467</u>	<u>\$ 6,836,965</u>
\$	1,080,991	\$ 1,078,661	\$ 1,008,343	\$ 1,042,222	\$ 933,073
	861,323	750,894	705,034	668,924	671,063
	748,216	784,399	857,955	795,100	1,077,603
	243,782	609,350	264,183	260,494	595,876
	2,999,673	3,164,319	2,350,659	2,822,780	2,384,357
	448,299	275,201	264,770	332,531	275,864
	906,215	878,986	863,002	853,821	912,850
	642,935	226,063	409,729	270,955	273,830
	761,535	977,638	447,538	1,117,862	566,999
	<u>\$ 8,692,969</u>	<u>\$ 8,745,511</u>	<u>\$ 7,171,213</u>	<u>\$ 8,164,689</u>	<u>\$ 7,691,515</u>

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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 Monroe 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 Monroe 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 28, 2014.

Internal Control Over Financial Reporting

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

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. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over financial reporting, described in Part I of the accompanying Schedule of Findings as items I-A-13 and I-B-13, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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.

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.

Monroe County's Responses to Findings

Monroe County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Monroe 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 Monroe 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 28, 2014

Hunt + Associates, P.C.

MONROE COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2013

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

I-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.	Ag Extension, Recorder, Sheriff
(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.	Ag Extension, Recorder, Sheriff
(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

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.

MONROE COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2013

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

INTERNAL CONTROL DEFICIENCIES (continued):

I-A-13 Segregation of Duties (continued)

Responses –

Ag Extension – We have some compensating controls in place including a general review by the Ag Extension Director and the Ag Extension Council. With a limited number of employees, further segregation is not feasible at this time.

County Recorder – We have some compensating controls in place. We have set up various checks and reviews and employees alternate duties from month to month. With our limited number of employees further segregation of duties is not feasible at this time.

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

Conclusion – Responses accepted.

I-B-13 Electronic Data Processing Systems – During our review of internal controls, the existing control activities in the County’s computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weakness in the County’s computer based systems was noted.

The County does not have a written disaster recovery plan in case of computer failure or destruction.

Recommendation – The County should develop a written disaster recovery plan in order to improve the County’s control over computer based systems.

Response – The County will review the above, and take appropriate action as necessary.

Conclusion – Response accepted.

MONROE COUNTY
 SCHEDULE OF FINDINGS
 Year Ended June 30, 2013

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-13 Certified Budget – Disbursements during the year ended June 30, 2013 did not exceed the amounts budgeted in any County function and disbursements did not exceed the amounts appropriated.
- II-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.
- II-C-13 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- II-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>
Aaron Kelly, employee, Owner of Kelly Komputers	Computer services and equipment	\$3,033
Ray Vitko, employee, Co-owner of Vitkos	Fuel/vehicle parts	\$15,103

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions noted above do not appear to represent conflicts of interest since the employees were not directly involved in the procurement or preparation of any part of the contracts.

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

MONROE COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2013

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

- II-J-13 Urban Renewal Annual Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.