

TAMA COUNTY

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

June 30, 2013

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Tama County

Officials

(Before January 2013)

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

(After January 2013)

Larry Vest	Board of Supervisors	January 2015
Kendall Jordan	Board of Supervisors	January 2017
Dan Anderson	Board of Supervisors	January 2017
Laura Kopsa	County Auditor	January 2017
Michelle Yuska	County Treasurer	January 2015
Deborah Kupka	County Recorder	January 2015
Dennis Kucera	County Sheriff	January 2017
Brent D. Heeren	County Attorney	January 2015
Jerry Witt	County Assessor	January 2014



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Independent Auditors' Report

To the Officials of Tama 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 Tama 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 misstatements, whether due to fraud or error.

Auditors' 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 auditors' 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 Tama County as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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 4 through 10 and 42 through 46 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 Tama 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 nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purpose 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 December 16, 2013 on our consideration of Tama County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Tama County's internal control over financial reporting and compliance.

Bowman and Miller, P.C.

December 16, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2013 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 13.7%, or approximately \$2,680,000, from fiscal year 2012 to fiscal year 2013. General revenues increased approximately \$353,000, charges for services increased approximately \$90,000, operating grants, contributions and restricted interest decreased approximately \$1,368,000 and capital grants and contributions decreased approximately \$1,755,000.
- Program expenses of the County's governmental activities were 2.8%, or approximately \$476,000, more in fiscal year 2013 than in fiscal year 2012. Public safety and legal expenses increased approximately \$214,000 and roads and transportation expenses increased approximately \$139,000.
- The County's net position decreased less than 1%, or approximately \$300,000, from June 30, 2012 to June 30, 2013.

USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the 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 Tama County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Tama County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Tama County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net 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, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

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

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Tama County's combined net position decreased from approximately \$37.5 million to approximately \$37.2 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2013	2012
Current and other assets	\$ 27,276	21,016
Capital assets	27,514	25,959
Total assets	<u>54,790</u>	<u>46,975</u>
Long-term liabilities	7,823	441
Other liabilities	9,736	9,003
Total liabilities	<u>17,559</u>	<u>9,444</u>
Net position:		
Net investment in capital assets	20,064	25,959
Restricted	14,057	8,559
Unrestricted	<u>3,110</u>	<u>3,013</u>
Total net position	<u>\$ 37,231</u>	<u>37,531</u>

Net position of Tama County's governmental activities decreased 0.8% (\$37.2 million compared to \$37.5 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$3,013,000 at June 30, 2012 to approximately \$3,110,000 at the end of this year, an increase of 3.2%.

Changes in Net Position of Governmental Activities

	Year ended June 30,	
	2013	2012
Revenues:		
Program revenues:		
Charges for service	\$ 1,685,412	1,595,373
Operating grants, contributions and restricted interest	4,409,398	5,777,568
Capital grants, contributions and restricted interest	2,159,085	3,913,802
General revenues:		
Property tax	7,477,591	7,321,123
Interest and penalty on property tax	60,772	55,944
State tax credits	381,445	324,740
Local option sales tax	664,429	523,422
Unrestricted investment earnings	74,964	84,580
Other general revenues	23,894	20,028
Total revenues	<u>16,936,990</u>	<u>19,616,580</u>
Program expenses:		
Public safety and legal services	3,249,427	3,035,164
Physical health and social services	1,398,800	1,348,832
Mental health	1,477,913	1,583,572
County environment and education	676,476	802,983
Roads and transportation	8,526,742	8,387,984
Governmental services to residents	489,984	488,208
Administration	1,239,238	1,111,377
Non-program	2,092	2,894
Interest on long-term debt	176,410	-
Total expenses	<u>17,237,082</u>	<u>16,761,014</u>
Increase (decrease) in net position	(300,092)	2,855,566
Net position beginning of year	37,530,606	34,675,040
Net position end of year	<u>\$ 37,230,514</u>	<u>37,530,606</u>

Tama County's net position of governmental activities decreased approximately \$300,000 during the year. Revenues for governmental activities decreased approximately \$2.7 million from fiscal year 2012 to fiscal year 2013. The total cost of all programs and services increased by 2.8%. Capital grants, contributions and restricted interest decreased by approximately \$1,755,000 due to fewer funds being contributed from the Iowa Department of Transportation Farm to Market Fund.

The cost of all governmental activities this year was approximately \$17.2 million compared to approximately \$16.8 million last year. However, as shown in the Statement of Activities on page 13, the amount that our taxpayers ultimately financed for these activities was only \$9 million because some of the cost was paid by those who directly benefited from the programs (\$1.7 million) or by other governments and organizations that subsidized certain programs with contributions and grants (\$6.6 million). Overall, the County's governmental program revenues including intergovernmental aid and fees for services, decreased in 2013 from approximately \$11.3 million to approximately \$8.3 million. The County paid for the remaining "public benefit" portion of governmental activities (\$9 million) with taxes (some of which could only be used for certain programs) and with other revenues such as interest and general entitlements. General revenues remained virtually unchanged from the prior year.

INDIVIDUAL MAJOR FUND ANALYSIS

As Tama County completed the year, its governmental funds reported a combined fund balance of approximately \$15.4 million, an increase of approximately \$5.5 million over last year's total of approximately \$9.9 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures remained consistent when compared to the prior year. The ending fund balance showed a decrease of approximately \$21,000 from the prior year to approximately \$4,540,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. In March 2012, the County joined the County Social Services Agency. This Agency is a 17 county member agency established to help consolidate mental health services and costs. For the year, expenditures totaled approximately \$1,492,000, a decrease of 5% from the prior year. The Special Revenue, Mental Health Fund balance at year end decreased approximately \$571,000 over the prior year.
- Special Revenue, Rural Services Fund revenues remained virtually unchanged from the prior year. For the year, expenditures totaled approximately \$583,000, a decrease of 30.4% from the prior year. This result was due to a decrease in expenditures related to road clearing.
- Special Revenue, Secondary Roads Fund revenues remained virtually unchanged from the prior year. Expenditures increased approximately \$684,000 due principally to an increase in roadway maintenance and bridge projects. The amount that the County transferred from the Rural Services and General Funds increased by approximately \$351,500. These changes resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$1.3 million.
- The Debt Service Fund ending balance increased approximately \$352,000 due primarily to the issuance in fiscal year 2013 of general obligation bonds.
- During the year ended June 30, 2013, the County issued \$7,450,000 of general obligation bonds to help finance road and bridge projects. The majority of the bond proceeds were placed in the Capital Projects Fund to account for these projects. All of the bond proceeds remained in the Capital Projects Fund at the end of the year as construction had not started on the projects.

BUDGETARY HIGHLIGHTS

Over the course of the year, Tama County amended its budget once. The amendment was made on May 28, 2013 and resulted in an increase in budgeted disbursements to various functions. The County received \$7,450,000 in bond proceeds and additional grant income. Expenditures were then increased to reflect this additional revenue and to provide additional disbursements in certain County departments.

The County's receipts were approximately \$946,000 less than budgeted, a variance of 5.8%.

Total disbursements were approximately \$9.9 million less than the amended budget. This was primarily due to anticipated capital projects not being done by the County at year end.

Even with the budget amendment, the County exceeded the budgeted amount in the roads and transportation function for the year ended June 30, 2013.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, Tama County had approximately \$54.6 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This amount represents a net increase (including additions and deletions) of approximately \$3,036,000, or 5.9% over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in thousands)		
	June 30,	
	2013	2012
Land	\$ 1,386	1,386
Construction in progress	633	1,399
Buildings and improvements	5,540	5,420
Machinery and equipment	9,247	8,828
Infrastructure	37,822	34,559
Totals	\$ 54,628	51,592

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

County sheriff vehicles	\$ 61
Replacement of a motor grader and other secondary road equipment	550
Capital assets contributed by the Iowa Department of Transportation	1,864
Total	\$ 2,475

The County had depreciation expense of \$1,705,315 in fiscal year 2013 and total accumulated depreciation of \$27,114,660 at June 30, 2013.

The County's fiscal year 2013 capital budget included funds primarily for the continued upgrading of secondary roads and bridges and purchase of secondary road equipment and sheriff vehicles. These projects will be funded with resources on hand in the County's fund balances. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2013, the County had approximately \$7.5 million in general obligation bonds.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2013	2012
General obligation bonds	\$ 7,450,000	-
Total	\$ 7,450,000	-

Debt increased as a result of issuing general obligation bonds for roadway and bridge construction projects.

million. Additional information about the County's long-term debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Tama County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates and the fees charged for various County activities. Tax levy rates remained virtually unchanged from fiscal year 2013 to fiscal year 2014. The proposed budget for fiscal year 2014 includes increases above the current budget in both the revenue and expenditure categories primarily related to roads and transportation as the County continues to make improvements in the infrastructure of roads and bridges.

The County has no major capital improvement plans for fiscal year 2014, but will continue to do routine maintenance on County buildings, roads and bridges.

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Tama County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Tama County Administration Building, 104 West State Street, P.O. Box 61, Toledo, Iowa, 52342.

Tama County
Statement of Net Position
June 30, 2013

Exhibit A

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 18,048,764
Receivables:	
Property tax:	
Delinquent	11,584
Succeeding year	8,259,655
Interest and penalty on property tax	42,861
Accounts	46,922
Due from other governments	633,829
Inventories	186,867
Prepaid expenses	45,394
Capital assets, net of accumulated depreciation	27,513,590
Total assets	54,789,466
Liabilities	
Accounts payable	804,978
Accrued interest payable	56,861
Salaries and benefits payable	224,888
Due to other governments	29,544
Deferred revenue:	
Succeeding year property tax	8,259,655
Other	360,516
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	366,937
Portion due or payable after one year:	
General obligation bonds	7,450,000
Net OPEB liability	5,573
Total liabilities	17,558,952
Net Position	
Net investment in capital assets	20,063,590
Restricted for:	
Supplemental levy purposes	1,276,757
Mental health purposes	501,960
Rural services purposes	1,893,961
Secondary roads purposes	635,844
Debt service	295,875
Capital projects	7,006,151
Other purposes	2,446,665
Unrestricted	3,109,711
Total net position	\$ 37,230,514

See notes to financial statements.

Tama County
Statement of Activities
Year Ended June 30, 2013

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 3,249,427	320,866	44,776	-
Physical health and social services	1,398,800	522,183	263,166	-
Mental health	1,477,913	221,946	129,170	-
County environment and education	676,476	68,051	128,463	-
Roads and transportation	8,526,742	94,744	3,843,766	2,159,085
Governmental services to residents	489,984	322,673	57	-
Administration	1,239,238	113,331	-	-
Non-program	2,092	21,618	-	-
Interest on long-term debt	176,410	-	-	-
Total	\$ 17,237,082	1,685,412	4,409,398	2,159,085

General Revenues:

Property and other county tax levied for:

General purposes

Interest and penalty on property tax

State tax credits

Local option sales tax

Unrestricted investment earnings

Gain on sale of assets

Miscellaneous

Total general revenues

Change in net position

Net position beginning of year

Net position end of year

Net (Expense)
Revenue and Changes
in Net Position

(2,883,785)
(613,451)
(1,126,797)
(479,962)
(2,429,147)
(167,254)
(1,125,907)
19,526
(176,410)

(8,983,187)

7,477,591
60,772
381,445
664,429
74,964
2,525
21,369

8,683,095

(300,092)

37,530,606

\$ 37,230,514

Tama County
Balance Sheet
Governmental Funds
June 30, 2013

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 4,940,797	480,127	1,855,045	999,646
Receivables:				
Property tax:				
Delinquent	9,788	1,069	727	-
Succeeding year	5,503,974	568,799	2,186,882	-
Interest and penalty on property tax	42,861	-	-	-
Accounts	30,841	-	-	254
Due from other governments	82,272	49,979	92,965	408,613
Inventories	-	-	-	186,867
Prepaid expenses	45,394	-	-	-
Total assets	\$ 10,655,927	1,099,974	4,135,619	1,595,380
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 47,989	2,772	1,808	524,994
Salaries and benefits payable	129,169	14,252	8,516	72,951
Due to other governments	21,595	5,723	-	2,226
Deferred revenue:				
Succeeding year property tax	5,503,974	568,799	2,186,882	-
Other	412,010	1,032	713	-
Total liabilities	6,114,737	592,578	2,197,919	600,171
Fund balances:				
Nonspendable:				
Inventories	-	-	-	186,867
Prepaid expenses	45,394	-	-	-
Restricted for:				
Supplemental levy purposes	1,276,757	-	-	-
Mental health purposes	-	507,396	-	-
Rural services purposes	-	-	1,937,700	-
Secondary road purposes	-	-	-	808,342
Conservation land acquisition	243,991	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Capital projects	-	-	-	-
Other purposes	329,259	-	-	-
Unassigned	2,645,789	-	-	-
Total fund balances	4,541,190	507,396	1,937,700	995,209
Total liabilities and fund balances	\$ 10,655,927	1,099,974	4,135,619	1,595,380

See notes to financial statements.

Capital Projects	Debt Service	Nonmajor	Total
7,006,151	352,736	117,772	15,752,274
-	-	-	11,584
-	-	-	8,259,655
-	-	-	42,861
-	-	-	31,095
-	-	-	633,829
-	-	-	186,867
-	-	-	45,394
<u>7,006,151</u>	<u>352,736</u>	<u>117,772</u>	<u>24,963,559</u>
-	-	-	577,563
-	-	-	224,888
-	-	-	29,544
-	-	-	-
-	-	-	8,259,655
-	-	-	413,755
-	-	-	<u>9,505,405</u>
-	-	-	186,867
-	-	-	45,394
-	-	-	1,276,757
-	-	-	507,396
-	-	-	1,937,700
-	-	-	808,342
-	-	-	243,991
-	352,736	-	352,736
6,984,760	-	-	6,984,760
-	-	117,772	117,772
21,391	-	-	21,391
-	-	-	329,259
-	-	-	2,645,789
<u>7,006,151</u>	<u>352,736</u>	<u>117,772</u>	<u>15,458,154</u>
<u>7,006,151</u>	<u>352,736</u>	<u>117,772</u>	<u>24,963,559</u>

Tama County
 Reconciliation of the Balance Sheet -
 Governmental Funds to the Statement of Net Position
 June 30, 2013

Exhibit D

Total governmental fund balances (page 15) \$ 15,458,154

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$54,628,250 and the accumulated depreciation is \$27,114,660. 27,513,590

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 53,239

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 2,084,902

Long-term liabilities, including bonds payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (7,879,371)

Net position of governmental activities (page 11) \$ 37,230,514

Tama County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2013

	Special Revenue		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 4,957,916	541,683	1,971,219
Local option sales tax	-	-	664,429
Interest and penalty on property tax	60,454	-	-
Intergovernmental	1,234,680	367,802	99,838
Licenses and permits	13,672	-	-
Charges for service	602,754	10,966	-
Use of money and property	214,356	-	-
Miscellaneous	50,491	85	-
Total revenues	<u>7,134,323</u>	<u>920,536</u>	<u>2,735,486</u>
Expenditures:			
Operating:			
Public safety and legal services	3,217,848	-	24,316
Physical health and social services	1,383,602	-	-
Mental health	-	1,491,944	-
County environment and education	558,550	-	157,857
Roads and transportation	-	-	236,275
Governmental services to residents	473,701	-	2,784
Administration	1,186,470	-	-
Non-program	2,002	-	-
Debt service	-	-	-
Capital projects	187,337	-	161,619
Total expenditures	<u>7,009,510</u>	<u>1,491,944</u>	<u>582,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>124,813</u>	<u>(571,408)</u>	<u>2,152,635</u>
Other financing sources (uses):			
Sale of capital assets	1,000	-	-
Operating transfers in	-	-	-
Operating transfers out	(147,019)	-	(2,030,927)
General obligation bonds issued	-	-	-
Total other financing sources (uses)	<u>(146,019)</u>	<u>-</u>	<u>(2,030,927)</u>
Change in fund balances	(21,206)	(571,408)	121,708
Fund balances beginning of year	<u>4,562,396</u>	<u>1,078,804</u>	<u>1,815,992</u>
Fund balances end of year	<u>\$ 4,541,190</u>	<u>507,396</u>	<u>1,937,700</u>

See notes to financial statements.

Secondary Roads	Capital Projects	Debt Service	Nonmajor	Total
-	-	-	-	7,470,818
-	-	-	-	664,429
-	-	-	-	60,454
4,138,564	-	-	12,183	5,853,067
8,621	-	-	-	22,293
-	-	-	3,597	617,317
-	-	-	1,036	215,392
86,123	-	-	1,000	137,699
4,233,308	-	-	17,816	15,041,469
-	-	-	3,718	3,245,882
-	-	-	-	1,383,602
-	-	-	-	1,491,944
-	-	-	-	716,407
7,414,387	-	-	-	7,650,662
-	-	-	9,488	485,973
-	-	-	-	1,186,470
-	-	-	-	2,002
-	-	119,549	-	119,549
292,940	-	-	25,051	666,947
7,707,327	-	119,549	38,257	16,949,438
(3,474,019)	-	(119,549)	(20,441)	(1,907,969)
1,525	-	-	-	2,525
2,170,901	7,045	-	-	2,177,946
-	-	-	-	(2,177,946)
-	6,977,715	472,285	-	7,450,000
2,172,426	6,984,760	472,285	-	7,452,525
(1,301,593)	6,984,760	352,736	(20,441)	5,544,556
2,296,802	21,391	-	138,213	9,913,598
995,209	7,006,151	352,736	117,772	15,458,154

Tama County

Exhibit F

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 (page 18) \$ 5,544,556

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

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

Expenditures for capital assets	\$ 1,395,565	
Capital assets contributed by the Iowa Department of Transportation	1,864,287	
Depreciation expense	<u>(1,705,315)</u>	1,554,537

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

Property tax	7,091
--------------	-------

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issues exceeded repayments, as follows:

Issued	(7,450,000)
--------	-------------

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

Compensated absences	69,119	
Other postemployment benefits	(90)	
Interest on long-term debt	<u>(56,861)</u>	12,168

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

31,556

Change in net position of governmental activities (page 13) \$ (300,092)

Tama County
Statement of Net Position
Proprietary Fund
June 30, 2013

Exhibit G

	<u>Internal Service- Employee Group Health</u>
Current Assets	
Cash, cash equivalents and pooled investments	\$ 2,296,490
Accounts receivable	<u>15,827</u>
Total current assets	<u>2,312,317</u>
Liabilities	
Accounts payable	<u>227,415</u>
Net Position	
Unrestricted	<u><u>\$ 2,084,902</u></u>

Tama County
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2013

Exhibit H

		Internal Service- Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ 1,649,504	
Reimbursements from others	11,182	
Insurance reimbursements	88,766	
Total operating revenues	1,749,452	
Operating expenses:		
Medical claims	\$ 1,533,939	
Insurance premiums	188,605	
Administrative fees	16,971	1,739,515
Operating income	9,937	
Non-operating revenues:		
Interest income		21,619
Net income		31,556
Net position beginning of year		2,053,346
Net position end of year		\$ 2,084,902

Tama County
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2013

Exhibit I

	Internal Service- Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,649,504
Cash received from others	11,182
Cash received from insurance reimbursements	72,939
Cash paid to suppliers for services	<u>(1,743,616)</u>
Net cash used by operating activities	(9,991)
 Cash flows from investing activities:	
Interest on investments	<u>21,619</u>
Net increase in cash and cash equivalents	11,628
 Cash and cash equivalents beginning of year	<u>2,284,862</u>
 Cash and cash equivalents end of year	<u><u>\$ 2,296,490</u></u>
 Reconciliation of operating income to net cash used by operating activities:	
Operating income	\$ 9,937
Adjustments to reconcile operating income to net cash used by operating activities:	
(Increase) in accounts receivable	(15,827)
(Decrease) in accounts payable	<u>(4,101)</u>
Net cash used by operating activities	<u><u>\$ (9,991)</u></u>

Tama County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

Exhibit J

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,778,353
Other County officials	15,273
Receivables:	
Property tax:	
Delinquent	47,915
Succeeding year	18,119,011
Accounts	54,478
Due from other governments	19,702
Total assets	<u>20,034,732</u>

Liabilities

Accounts payable	127,147
Salaries and benefits payable	34,343
Due to other governments	19,763,229
Trusts payable	60,923
Compensated absences	49,090
Total liabilities	<u>20,034,732</u>
Net position	<u>\$ -</u>

Tama County
Notes to Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies

Tama County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Tama County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

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

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

Drainage District #3 has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Tama County Board of Supervisors. This drainage district is reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported in an agency fund. Financial information of the individual drainage districts can be obtained from the Tama County Auditor's office.

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position (previously referred to as net assets) and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories.

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.

Restricted net position results when constraints placed on net position use are either externally imposed 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.

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

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

C. Measurement Focus and Basis of Accounting (continued)

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

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

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

D. Assets, Liabilities and Fund Equity

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year.

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

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

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

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

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the roads and transportation function and disbursements in a department exceeded the amount appropriated.

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

(2) Cash, Cash Equivalents 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.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,816,898 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

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

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Capital Projects	General	\$ 7,045
Special Revenue:		
Secondary Roads	General	139,974
	Special Revenue:	
	Rural Services	2,030,927
		<u>2,170,901</u>
		<u>\$ 2,177,946</u>

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

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,386,037	-	-	1,386,037
Construction in progress	1,398,863	633,548	1,398,863	633,548
Total capital assets not being depreciated	2,784,900	633,548	1,398,863	2,019,585
Capital assets being depreciated:				
Buildings	5,420,362	119,628	-	5,539,990
Equipment and vehicles	8,828,491	650,542	232,261	9,246,772
Infrastructure, road network	34,558,753	3,263,150	-	37,821,903
Total capital assets being depreciated	48,807,606	4,033,320	232,261	52,608,665
Less accumulated depreciation for:				
Buildings	2,446,712	111,562	-	2,558,274
Equipment and vehicles	6,228,764	488,226	224,108	6,492,882
Infrastructure, road network	16,957,977	1,105,527	-	18,063,504
Total accumulated depreciation	25,633,453	1,705,315	224,108	27,114,660
Total capital assets being depreciated, net	23,174,153	2,328,005	8,153	25,494,005
Governmental activities capital assets, net	\$ 25,959,053	2,961,553	1,407,016	27,513,590

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 86,093
Physical health and social services	27,128
Mental health	11,814
County environment and education	36,204
Roads and transportation	1,483,696
Administration	60,380
Total depreciation expense - governmental activities	\$ 1,705,315

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

(5) Long-Term Liabilities

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

	General Obligation Bonds	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ -	436,056	5,483	441,539
Increases	7,450,000	591	90	7,450,681
Decreases	-	69,710	-	69,710
Balance end of year	<u>\$ 7,450,000</u>	<u>366,937</u>	<u>5,573</u>	<u>7,822,510</u>
Due within one year	<u>\$ -</u>	<u>366,937</u>	<u>-</u>	<u>366,937</u>

Bonds Payable

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2014	-	\$ -	153,735	153,735
2015	-	-	153,735	153,735
2016	1.50	95,000	153,735	248,735
2017	1.50	195,000	152,310	347,310
2018	1.50	420,000	149,385	569,385
2019-2023	1.50-2.00	2,200,000	648,250	2,848,250
2024-2028	2.00-2.30	2,405,000	431,985	2,836,985
2029-2032	2.40-2.70	2,135,000	140,670	2,275,670
		<u>\$ 7,450,000</u>	<u>1,983,805</u>	<u>9,433,805</u>

(6) Operating Leases

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

Year Ending June 30,	Rent Due
2014	\$ 29,352
2015	23,667
2016	21,179
2017	9,840
Total	<u>\$ 84,038</u>

The total annual lease costs for the year ended June 30, 2013 were \$30,510.

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

(7) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2013 is as follows:

Fund	Description	Amount
General	Services	\$ 21,595
Special Revenue:		
Secondary Roads	Services	2,226
Mental Health	Services	5,723
		<u>7,949</u>
Total for governmental funds		<u>\$ 29,544</u>
Agency:		
County Assessor	Collections	\$ 493,852
Schools		12,062,470
Community Colleges		1,323,747
Corporations		4,264,849
Townships		313,936
Auto License and Use Tax		385,838
E-911		302,838
Emergency Management Services		220,158
All other		395,541
Total for agency funds		<u>\$ 19,763,229</u>

(8) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.78% 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 contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$491,929, \$456,699 and \$390,613, respectively, equal to the required contributions for each year.

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

(9) **Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer retiree benefit plan which provides medical/prescription drug and dental benefits for retirees and their spouses. There are 125 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug and dental benefits are provided through a partially self-funded medical plan administered by Bernie Lowe and Associates. Retirees under age 65 pay 102% of the full active employee premium for the medical/prescription drug and dental benefit, which results in an implicit rate subsidy and an OPEB liability.

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

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

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

Annual required contributions	\$ 4,130
Interest on net OPEB obligation	247
Adjustment to annual required contribution	(337)
Annual OPEB cost	<u>4,040</u>
Contributions made	<u>(3,950)</u>
Increase in net OPEB obligation	90
Net OPEB obligation beginning of year	<u>5,483</u>
Net OPEB obligation end of year	<u><u>\$ 5,573</u></u>

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

For the year ended June 30, 2013 plan members eligible for benefits contributed \$3,950, or 100% of the premium costs.

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

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

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 3,769	51%	\$ 1,853
June 30, 2011	3,743	51%	3,680
June 30, 2012	3,719	52%	5,483
June 30, 2013	4,040	98%	5,573

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 \$49,989, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$49,989. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,063,672 and the ratio of the UAAL to covered payroll was 1%. 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, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment return based on the County's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

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

Projected claim costs of the medical plan for retirees less than age 65 are \$1,657 per month for a family plan and \$789 per month for a single plan and projected claim costs for retirees who have attained the age of 65 are \$1,474 per month for a family plan and \$702 per month for a single plan. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Tama County Employee Group Health Fund

The Internal Service, Tama County Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Bernie Lowe Associates, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000 and aggregating stop loss limitation of \$42,500. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Tama County Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrators and Bernie Lowe and Associates from the Tama County Employee Group Health Fund. The County's contribution for the year ended June 30, 2013 was \$1,649,504.

Amounts payable from the Employee Group Health Fund at June 30, 2013 total \$227,415, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$2,084,902 at June 30, 2013 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 231,516
Incurred claims (including claims incurred but not reported at June 30, 2013)	1,533,939
Payments on claims during the fiscal year	<u>1,538,040</u>
Unpaid claims end of year	<u>\$ 227,415</u>

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

(11) Risk Management

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

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

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2013, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers compensation, and in excess of \$400,000 per occurrence, up to a maximum of \$8,000,000 per occurrence, including the retention of the pool, for general liability, police professional, errors and omissions and automobile liability. The risk pool records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustment expenses. At June 30, 2013, 2012 and 2011 the risk pool reported a surplus of assets over liabilities.

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool by means of an assessment that would be charged to the member County in addition to the premium contributions. At June 30, 2013, settled claims have not exceeded the risk pool reinsurance coverage since commencement of the risk pool.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2013 were \$283,248.

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

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

(12) Early Childhood Area Board

Tama County is the fiscal agent for the Early Childhood Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the Organization. The Area Board's financial data for the year ended June 30, 2013 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early Childhood	\$ 42,251	-	42,251
Family support and parent education	-	179,613	179,613
Preschool support for low-income families	-	78,863	78,863
Quality improvement	-	42,774	42,774
Allocation for administration	2,224	9,899	12,123
Other grant programs	-	18,376	18,376
Total state grants	44,475	329,525	374,000
Interest on investments	97	659	756
Total revenues	44,572	330,184	374,756
Expenditures:			
Program services:			
Early childhood	60,384	-	60,384
Family support and parent education	-	180,997	180,997
Preschool support for low-income families	-	71,860	71,860
Quality improvement	-	62,267	62,267
Other program services	-	15,290	15,290
Total program services	60,384	330,414	390,798
Administration	2,495	8,466	10,961
Total expenditures	62,879	338,880	401,759
Change in fund balance	(18,307)	(8,696)	(27,003)
Fund balance beginning of year	18,307	28,550	46,857
Fund balance end of year	\$ -	19,854	19,854

Tama County
Notes to Financial Statements (Continued)
June 30, 2013

(13) Contingent Liability

During the year ended June 30, 1994, an underground storage tank investigation classified three former underground storage tank sites in Tama County as high risk, requiring the County to submit plans for remedial action to the Iowa Department of Natural Resources. The County is currently contesting the high risk classification for two of the three sites. The County estimates the costs to remediate the sites under the proposed plans to be approximately \$75,000 per site. As a result, a liability for \$150,000 has been recorded in accounts payable in the Secondary Roads Fund at June 30, 2013.

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

(14) Date of Management Evaluation

Management has evaluated subsequent events through December 16, 2013, the date on which the financial statements were available to be issued.

Required Supplementary Information

Tama County
 Budgetary Comparison Schedule of
 Receipts, Disbursements and Changes in Balances -
 Budget and Actual (Cash Basis) - All Governmental Funds
 Required Supplementary Information
 Year Ended June 30, 2013

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 8,127,851	-
Interest and penalty on property tax	59,738	-
Intergovernmental	5,762,462	-
Licenses and permits	23,352	-
Charges for services	612,962	-
Use of money and property	222,511	-
Miscellaneous	471,781	-
Total receipts	<u>15,280,657</u>	-
Disbursements:		
Public safety and legal services	3,370,375	-
Physical health and social services	1,378,006	-
Mental health	1,483,739	-
County environment and education	747,357	-
Roads and transportation	7,764,851	-
Governmental services to residents	471,667	-
Administration	1,196,470	-
Non-program	2,002	-
Capital projects	630,914	-
Total disbursements	<u>17,045,381</u>	-
Deficiency of receipts under disbursements	(1,764,724)	-
Other financing sources, net	<u>7,452,525</u>	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	5,687,801	-
Balance beginning of year	<u>10,064,473</u>	859
Balance end of year	<u>\$ 15,752,274</u>	<u>859</u>

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
8,127,851	7,983,516	7,983,516	144,335
59,738	11,000	11,000	48,738
5,762,462	6,595,396	7,024,500	(1,262,038)
23,352	11,700	11,700	11,652
612,962	646,019	676,489	(63,527)
222,511	217,850	217,850	4,661
471,781	295,895	301,895	169,886
<u>15,280,657</u>	<u>15,761,376</u>	<u>16,226,950</u>	<u>(946,293)</u>
3,370,375	3,419,500	3,620,039	249,664
1,378,006	1,494,423	1,620,847	242,841
1,483,739	1,514,095	1,514,095	30,356
747,357	810,642	836,892	89,535
7,764,851	7,238,543	7,388,543	(376,308)
471,667	505,470	505,470	33,803
1,196,470	1,285,454	1,339,473	143,003
2,002	7,750	39,395	37,393
630,914	2,664,774	10,055,306	9,424,392
<u>17,045,381</u>	<u>18,940,651</u>	<u>26,920,060</u>	<u>9,874,679</u>
(1,764,724)	(3,179,275)	(10,693,110)	8,928,386
<u>7,452,525</u>	<u>-</u>	<u>7,390,532</u>	<u>61,993</u>
5,687,801	(3,179,275)	(3,302,578)	8,990,379
<u>10,063,614</u>	<u>6,720,521</u>	<u>6,720,521</u>	<u>3,343,093</u>
<u>15,751,415</u>	<u>3,541,246</u>	<u>3,417,943</u>	<u>12,333,472</u>

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

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 15,280,657	133,322	15,041,469
Expenditures	17,045,381	121,043	16,949,438
Net	(1,764,724)	12,279	(1,907,969)
Other financing sources, net	7,452,525	-	7,452,525
Beginning fund balances	10,064,473	293,940	9,913,598
Ending fund balances	\$ 15,752,274	306,219	15,458,154

Tama County
Notes to Required Supplementary Information-
Budgetary Reporting
June 30, 2013

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$7,979,409. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the roads and transportation function and disbursements in a department exceeded the amount appropriated.

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

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	-	\$ 40,111	40,111	0.0%	\$ 4,578,884	.9%
2011	July 1, 2009	-	40,111	40,111	0.0%	4,479,535	.9%
2012	July 1, 2009	-	40,111	40,111	0.0%	4,506,797	.9%
2013	July 1, 2012	-	49,989	49,989	0.0%	5,063,672	1%

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

Supplementary Information

Tama County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue			
	Resource Enhancement and Protection	County Recorder's Records Management	County Sheriff's Forfeiture Fund	County Attorney's Forfeiture Fund
Assets				
Cash, cash equivalents and pooled investments	\$ 80,835	30,466	1,031	325
Total assets	\$ 80,835	30,466	1,031	325
Fund Balances				
Fund balances:				
Restricted for:				
Other purposes	\$ 80,835	30,466	1,031	325
Total fund balances	\$ 80,835	30,466	1,031	325

<u>Tobacco</u>	<u>Drainage</u>	<u>Total</u>
<u>Compliance</u>	<u>District</u>	
4,256	859	117,772
<u>4,256</u>	<u>859</u>	<u>117,772</u>

<u>4,256</u>	<u>859</u>	<u>117,772</u>
<u>4,256</u>	<u>859</u>	<u>117,772</u>

Tama 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	County Sheriff's Forfeiture Fund	County Attorney's Forfeiture Fund
Revenues:				
Intergovernmental	\$ 11,183	-	-	-
Charges for service	-	3,597	-	-
Use of money and property	979	57	-	-
Miscellaneous	-	-	1,000	-
Total revenues	12,162	3,654	1,000	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Governmental services to residents	-	9,488	-	-
Capital projects	25,051	-	-	-
Total expenditures	25,051	9,488	-	-
Excess (deficiency) of revenues over (under) expenditures	(12,889)	(5,834)	1,000	-
Fund balances beginning of year	93,724	36,300	31	325
Fund balances end of year	\$ 80,835	30,466	1,031	325

Tobacco Compliance	Drainage District	Total
1,000	-	12,183
-	-	3,597
-	-	1,036
-	-	1,000
1,000	-	17,816
3,718	-	3,718
-	-	9,488
-	-	25,051
3,718	-	38,257
(2,718)	-	(20,441)
6,974	859	138,213
4,256	859	117,772

Tama County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

	County Offices		Agricultural	County
	County Recorder	County Sheriff	Extension Education	
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	-	2,621	231,945
Other County officials	8,765	6,508	-	-
Receivables:				
Property tax:				
Delinquent	-	-	317	540
Succeeding year	-	-	168,558	283,472
Accounts	1,702	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 10,467	6,508	171,496	515,957
Liabilities				
Accounts payable	\$ -	-	-	565
Salaries and benefits payable	-	-	-	6,338
Due to other governments	10,467	105	171,496	493,852
Trusts payable	-	6,403	-	-
Compensated absences	-	-	-	15,202
Total liabilities	\$ 10,467	6,508	171,496	515,957

Schools	Community Colleges	Corporations	Townships	Special Assessments	Auto License and Use Tax	Empowerment	Emergency Management Services	E-911
179,824	19,769	60,606	4,689	1,764	385,838	47,565	300,775	298,624
-	-	-	-	-	-	-	-	-
23,528	2,651	20,751	123	-	-	-	-	-
11,859,118	1,301,327	4,183,492	309,124	-	-	-	-	-
-	-	-	-	-	-	-	769	15,594
-	-	-	-	-	-	-	-	19,702
12,062,470	1,323,747	4,264,849	313,936	1,764	385,838	47,565	301,544	333,920
-	-	-	-	-	-	44,747	35,379	31,082
-	-	-	-	-	-	-	18,832	-
12,062,470	1,323,747	4,264,849	313,936	1,764	385,838	2,818	220,158	302,838
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	27,175	-
12,062,470	1,323,747	4,264,849	313,936	1,764	385,838	47,565	301,544	333,920

Tama County
Combining Schedule of Fiduciary Assets and Liabilities (Continued)
Agency Funds
June 30, 2013

Schedule 3

Assets	Economic Development	Sanitary Landfill	Third Party Payees	Other	Total
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ 47,874	75,314	54,520	66,625	1,778,353
Other County officials	-	-	-	-	15,273
Receivables:					
Property tax:					
Delinquent	-	-	-	5	47,915
Succeeding year	-	-	-	13,920	18,119,011
Accounts	-	36,413	-	-	54,478
Due from other governments	-	-	-	-	19,702
Total assets	\$ 47,874	111,727	54,520	80,550	20,034,732
Liabilities					
Accounts payable	\$ 336	15,038	-	-	127,147
Salaries and benefits payable	3,537	5,636	-	-	34,343
Due to other governments	41,728	86,613	-	80,550	19,763,229
Trusts payable	-	-	54,520	-	60,923
Compensated absences	2,273	4,440	-	-	49,090
Total liabilities	\$ 47,874	111,727	54,520	80,550	20,034,732

Tama 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	\$ -	14,274	3,132	171,076
Additions:				
Property and other county tax	-	-	-	160,557
E-911 surcharge	-	-	-	-
State tax credits	-	-	-	8,220
Interest	-	-	-	-
Office fees and collections	2,012	302,233	307,257	-
Auto licenses, drivers license, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	206,144	-
Reimbursements from other governments	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	2,012	302,233	513,401	168,777
Deductions:				
Agency remittances:				
To other funds	2,012	118,929	313,163	-
To other governments	-	187,111	6,107	168,357
Trusts paid out	-	-	190,755	-
Total deductions	2,012	306,040	510,025	168,357
Balances end of year	\$ -	10,467	6,508	171,496

County Assessor	Schools	Community Colleges	Corporations	Townships	Special Assessments	Auto License and Use Tax	Empowerment
559,517	11,614,374	1,305,678	4,091,826	303,641	14,451	425,960	46,823
269,766	11,311,017	1,211,037	3,947,440	294,861	-	-	-
-	-	-	-	-	-	-	-
13,993	555,650	60,478	193,701	14,504	-	-	-
-	-	-	-	-	-	-	743
-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,163,567	-
-	-	-	-	-	20,744	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	374,659
711	-	-	-	-	-	-	-
284,470	11,866,667	1,271,515	4,141,141	309,365	20,744	5,163,567	375,402
-	-	-	-	-	-	216,237	-
328,030	11,418,571	1,253,446	3,968,118	299,070	33,431	4,987,452	374,660
-	-	-	-	-	-	-	-
328,030	11,418,571	1,253,446	3,968,118	299,070	33,431	5,203,689	374,660
515,957	12,062,470	1,323,747	4,264,849	313,936	1,764	385,838	47,565

Tama County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds (Continued)
Year Ended June 30, 2013

	Emergency Management Services	E-911	Economic Development	Sanitary Landfill
Assets and Liabilities				
Balances beginning of year	\$ 246,341	265,857	45,007	108,330
Additions:				
Property and other county tax	-	-	-	-
E-911 surcharge	-	149,053	-	-
State tax credits	-	-	-	-
Interest	-	820	-	-
Office fees and collections	-	-	-	-
Auto licenses, drivers license, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Reimbursements from other governments	798,553	14,394	122,583	-
Miscellaneous	38,454	2,071	25,893	548,176
Total additions	837,007	166,338	148,476	548,176
Deductions:				
Agency Remittances:				
To other funds	-	-	-	-
To other governments	781,804	98,275	145,609	544,779
Trusts paid out	-	-	-	-
Total deductions	781,804	98,275	145,609	544,779
Balances end of year	\$ 301,544	333,920	47,874	111,727

Third Party Payees	Other	Total
43,154	86,917	19,346,358
-	32,124	17,226,802
-	-	149,053
-	627	847,173
-	-	1,563
-	3,641	615,143
-	-	5,163,567
-	-	20,744
593,547	214,833	1,014,524
-	-	1,310,189
-	1,348	616,653
593,547	252,573	26,965,411
-	-	650,341
-	29,344	24,624,164
582,181	229,596	1,002,532
582,181	258,940	26,277,037
54,520	80,550	20,034,732

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

	2013	2012	2011
Revenues:			
Property and other county tax	\$ 7,470,818	7,323,476	7,069,902
Local option sales tax	664,429	523,422	518,225
Interest and penalty on property tax	60,454	60,797	59,812
Intergovernmental	5,853,067	6,584,301	8,821,665
Licenses and permits	22,293	18,376	12,272
Charges for service	617,317	640,020	635,113
Use of money and property	215,392	212,935	146,484
Miscellaneous	137,699	377,097	89,475
Total	\$ 15,041,469	15,740,424	17,352,948
Expenditures:			
Operating:			
Public safety and legal services	\$ 3,245,882	3,010,353	2,913,234
Physical health and social services	1,383,602	1,346,402	1,444,262
Mental health	1,491,944	1,571,825	1,852,265
County environment and education	716,407	716,950	794,334
Roads and transportation	7,650,662	7,479,524	6,070,593
Governmental services to residents	485,973	478,762	431,876
Administration	1,186,470	1,027,543	985,324
Non-program	2,002	1,307	112
Debt service	119,549	-	-
Capital projects	666,947	287,390	272,379
Total	\$ 16,949,438	15,920,056	14,764,379

Modified Accrual Basis						
2010	2009	2008	2007	2006	2005	2004
7,033,685	6,959,487	6,592,282	6,243,083	6,173,881	5,789,728	5,575,434
546,292	548,739	547,461	536,617	465,352	512,969	356,360
64,768	57,758	73,650	66,062	63,803	110,698	53,806
6,939,984	6,418,435	6,877,451	6,754,711	6,442,517	6,258,963	6,194,220
17,026	14,469	14,946	13,515	14,408	10,841	13,645
534,167	521,606	505,387	498,324	522,452	576,931	542,154
175,458	169,285	251,133	300,347	213,015	118,865	94,480
122,811	127,711	81,984	48,739	58,830	109,005	55,017
15,434,191	14,817,490	14,944,294	14,461,398	13,954,258	13,488,000	12,885,116
2,900,899	2,709,086	2,672,476	2,531,566	2,480,455	2,449,550	2,202,911
1,403,084	1,379,806	1,335,015	1,202,218	1,121,910	1,119,516	1,102,767
1,778,066	1,860,702	1,783,875	1,694,136	2,387,504	1,737,404	1,697,265
617,963	580,591	616,085	825,251	579,237	779,924	471,499
5,734,075	5,118,437	5,414,893	5,889,960	5,197,434	5,629,714	5,690,051
478,621	478,877	459,901	429,841	533,397	441,282	394,182
1,033,398	1,132,708	1,199,758	1,171,989	1,107,117	1,043,037	1,060,873
134	2,200	3,427	181	827	198	973
-	-	-	-	-	-	-
604,053	340,127	783,271	641,249	321,022	317,057	88,333
14,550,293	13,602,534	14,268,701	14,386,391	13,728,903	13,517,682	12,708,854

Tama County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Grantor/Program	CFDA Number	Agency or Pass- through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>10,313</u>
Iowa Department of Public Health:			
Mid-Iowa Community Action:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		<u>3,546</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Governor's Office of Drug Control Policy:			
Mid-Iowa Drug Task Force:			
Recovery Act-Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	09JAG-17880	<u>39,336</u>
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Safety Belt Performance Grants	20.609	12-03, Task 270	<u>3,282</u>
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO86(83)	56,232
Highway Planning and Construction	20.205	BROS-CO86(80)	<u>166,350</u>
			<u>222,582</u>
U. S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Grinnell Regional Medical Center:			
Public Health Emergency Preparedness	93.069	5883BT86	28,408
Public Health Emergency Preparedness	93.069	5882BT86	<u>2,864</u>
			<u>31,272</u>
Immunization Cooperative Agreements	93.268	5883I472	6,148
Immunization Cooperative Agreements	93.268	5882I472	<u>4,750</u>
			<u>10,898</u>

Tama County
 Schedule of Expenditures of Federal Awards (Continued)
 Year Ended June 30, 2013

Schedule 6

Grantor/Program	CFDA Number	Agency or Pass- through Number	Program Expenditures
Mid-Iowa Community Action:			
Head Start	93.600		963
Maternal and Child Health Services Block Grant to the States	93.994		<u>8,904</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance-State Administered Programs	93.566		<u>47</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>2,382</u>
Foster Care-Title IV-E	93.658		<u>3,593</u>
Adoption Assistance	93.659		<u>1,002</u>
Medical Assistance Program	93.778		<u>10,265</u>
Children's Health Insurance Program	93.767		<u>39</u>
Social Services Block Grant	93.667		<u>3,125</u>
Social Services Block Grant	93.667		<u>68,423</u>
			<u>71,548</u>
Iowa Department of Education:			
Temporary Assistance for Needy Families	93.558		<u>44,475</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4016	<u>63,720</u>
Emergency Management Performance Grants	97.042		<u>25,880</u>
Total			<u>\$ 554,047</u>

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



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

To the Officials of Tama County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tama 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 December 16, 2013.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted no items that we considered to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Tama County's Responses to Findings

Tama County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Tama 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.

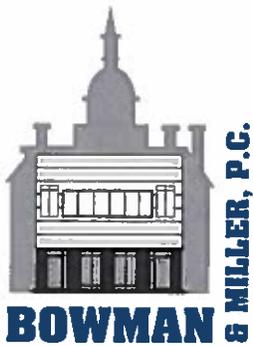
Purpose of the Report

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 Tama County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Bowman and Miller, P.C.

December 16, 2013



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

To the Officials of Tama County:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of Tama County as of and for the year ended June 30, 2013, and have issued our report thereon dated December 16, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records use to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Bowman and Miller, P.C.

December 16, 2013

Tama County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Part I: Summary of the Independent Auditors' Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- (e) The major programs were:
 - CFDA Number 20.205 – Highway Planning and Construction
 - CFDA Number 93.667 – Social Services Block Grant
- (f) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (g) Tama County did not qualify as a low-risk auditee.

Tama County
 Schedule of Findings and Questioned Costs (Continued)
 Year Ended June 30, 2013

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCY:

II-A-13 Segregation of Duties – During our review of internal control, the existing control procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<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.	Treasurer, Recorder
(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.	Recorder, Sheriff
(3) Checks should be signed by an individual who does not otherwise participate in the preparation of the checks. Prior to signing, the checks and the supporting documentation should be reviewed for propriety. After signing, the checks should be mailed without allowing them to return to individuals who prepare the checks or approve vouchers for payment.	Treasurer, Recorder, Sheriff

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

Tama County
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2013

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY (continued):

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

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-13 Certified Budget – Disbursements during the year ended June 30, 2013 exceeded the amounts budgeted in the roads and transportation function. Disbursements in a department exceeded the amount appropriated.

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

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

Response – The Secondary Road department prepares a budget for operational expenses as well as road construction expenses. Disbursements of the combined operational and construction expenses did not exceed budgeted amounts for fiscal year 2013 however, disbursements of the operational expenses did exceed the amount budgeted for operational expenses. When we evaluated our budget to decide if an amendment was necessary, we did not realize we had exceeded the budget. We should have sought a budget amendment per Chapter 331.434(6) of the Code of Iowa for the operational expenses. We will try to learn from our mistake.

The auditor's office will monitor appropriations to departments more closely in the future.

Conclusion – Response accepted.

III-B-13 Questionable Expenditures – We noted no expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

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

Tama County
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2013

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

III-D-13 **Business Transactions** – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Kendall Jordan, Board of Supervisor Part Owner of S&S Car Wash	Truck and car washes	\$ 1,682
Deb Kupka, County Recorder Owner	Baked goods for elections	46

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with the Recorder do not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year. The transactions with Kendall Jordan may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa.

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

Response – The County had an excess of the amount allowed to be paid to a county official due to the fact that there is only one car wash in the Tama/Toledo area and it is partially owned by a County employee. It would cause unnecessary costs to drive to another city in Tama County to wash cars and equipment.

Conclusion – Response accepted

III-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 periodically reviewed to ensure the coverage is adequate for current operations.

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

III-G-13 **Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

III-H-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).

Tama County
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2013

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

III-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.

**Tama County
Audit Staff**

This audit was performed by:

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

Personnel:

**Elizabeth A. Miller, CPA, Principal
Nathan Minkel, CPA, Principal
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