



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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**NEWS RELEASE**

FOR RELEASE

April 1, 2014

Contact: Andy Nielsen  
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Auditor of State Mary Mosiman today released an audit report on Washington County, Iowa.

The County had local tax revenue of \$34,117,593 for the year ended June 30, 2013, which included \$1,329,530 in tax credits from the state. The County forwarded \$22,684,577 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$11,433,016 of the local tax revenue, including tax increment financing, to finance County operations, a 5.3% increase over the prior year. Other revenues included charges for service of \$2,480,166, operating grants, contributions and restricted interest of \$5,041,139, capital grants, contributions and restricted interest of \$2,027,801, local option sales and services tax of \$969,263, gaming wager tax of \$435,432, unrestricted investment earnings of \$52,945 and other general revenues of \$249,454.

Expenses for County operations for the year ended June 30, 2013 totaled \$17,787,223, a 4.3% decrease from the prior year. Expenses included \$5,960,171 for roads and transportation, \$4,162,001 for public safety and legal services and \$2,565,382 for physical health and social services.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1310-0092-B00F.pdf>.

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**WASHINGTON COUNTY**

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

**JUNE 30, 2013**

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**Washington County**

**Officials**

**(Before January 2013)**

| <u>Name</u>        | <u>Title</u>         | <u>Term Expires</u> |
|--------------------|----------------------|---------------------|
| Adams Mangold      | Board of Supervisors | Jan 2013            |
| Jim Miksch         | Board of Supervisors | Jan 2013            |
| Wesley Rich        | Board of Supervisors | Jan 2013            |
| Ron Bennett        | Board of Supervisors | Jan 2015            |
| Steve Davis        | Board of Supervisors | Jan 2015            |
| Dan Widmer         | County Auditor       | Jan 2017            |
| Jeffrey A. Garrett | County Treasurer     | Jan 2015            |
| Jo Greiner         | County Recorder      | Jan 2015            |
| Jerry A. Dunbar    | County Sheriff       | Jan 2013            |
| Larry Brock        | County Attorney      | Jan 2015            |
| Christy Tinnes     | County Assessor      | Jan 2016            |

**(After January 2013)**

|                                  |                      |                     |
|----------------------------------|----------------------|---------------------|
| Steve Davis                      | Board of Supervisors | Jan 2015            |
| Ron Bennett                      | Board of Supervisors | (Resigned Aug 2013) |
| Richard Young (Elected Oct 2013) | Board of Supervisors | Jan 2015            |
| Jack Seward, Jr.                 | Board of Supervisors | Jan 2017            |
| Stan Stoops                      | Board of Supervisors | Jan 2017            |
| Bob Yoder                        | Board of Supervisors | Jan 2017            |
| Dan Widmer                       | County Auditor       | Jan 2017            |
| Jeffrey A. Garrett               | County Treasurer     | Jan 2015            |
| Jo Greiner                       | County Recorder      | Jan 2015            |
| Jerry A. Dunbar                  | County Sheriff       | Jan 2017            |
| Larry Brock                      | County Attorney      | Jan 2015            |
| Christy Tinnes                   | County Assessor      | Jan 2016            |



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Independent Auditor's Report

To the Officials of Washington 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 Washington 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 listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

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

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 52 through 56 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 Washington 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 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 4, 2014 on our consideration of Washington County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Washington County's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 4, 2014

**Washington County**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Washington 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 increased 8.0%, or approximately \$1,690,000, from fiscal year 2012 to fiscal year 2013. Property and other County tax increased approximately \$495,000, charges for service increased approximately \$90,000, operating grants, contributions and restricted interest decreased approximately \$325,000 and capital grants, contributions and restricted interest increased approximately \$1,428,000.
- Program expenses were 4.3%, or approximately \$806,000, more in fiscal year 2013 than in fiscal year 2012.
- The County's net position increased 9.3%, or approximately \$4,902,000, 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 Washington 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 Washington County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Washington 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 Internal Service and 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 years.

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, Secondary Roads and City of Riverside Tax Increment Financing, 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 and Flexible Benefits Funds. 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 the Public Safety Commission, E911 Services, 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 governmental fund financial statements follow the governmental fund financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of financial position. Washington County's combined net position increased \$4,901,993 from a year ago, from \$52,598,890 to \$57,500,883. The analysis that follows focuses on the change in the net position of governmental activities.

| Net Position of Governmental Activities         |                      |                      |
|---|----------------------|----------------------|
|   | June 30,             |                      |
|   | 2013                 | 2012                 |
| Current and other assets                        | \$ 26,313,246        | \$ 28,131,748        |
| Capital assets                                  | 59,206,747           | 56,025,449           |
| Total assets                                    | <u>85,519,993</u>    | <u>84,157,197</u>    |
| Long-term liabilities                           | 16,221,548           | 18,883,926           |
| Other liabilities                               | 11,797,562           | 12,674,381           |
| Total liabilities                               | <u>28,019,110</u>    | <u>31,558,307</u>    |
| Net position:                                   |                      |                      |
| Invested in capital assets, net of related debt | 50,906,213           | 48,375,713           |
| Restricted                                      | 5,799,548            | 4,170,020            |
| Unrestricted                                    | 795,122              | 53,157               |
| Total net position                              | <u>\$ 57,500,883</u> | <u>\$ 52,598,890</u> |

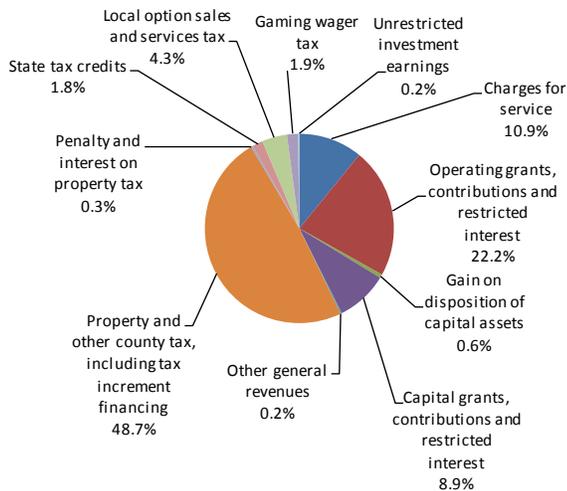
The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net position increased from approximately \$4,170,000 at June 30, 2012 to approximately \$5,800,000 at the end of this year, an increase of 39.1%. This increase is primarily the result of increases of approximately \$622,000 for supplemental levy purposes, \$460,000 for mental health purposes and \$690,000 for secondary road purposes.

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 \$53,000 at June 30, 2012 to approximately \$795,000 at the end of this year.

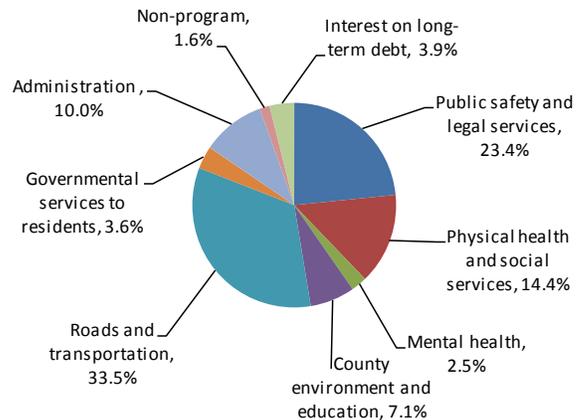
**Changes in Net Position of Governmental Activities**

|  | Year ended June 30,  |                      |
|--|----------------------|----------------------|
|  | 2013                 | 2012                 |
| <b>Revenues:</b>   |                      |                      |
| <b>Program revenues:</b>   |                      |                      |
| Charges for service  | \$ 2,480,166         | \$ 2,390,517         |
| Operating grants, contributions and restricted interest          | 5,041,139            | 5,365,806            |
| Capital grants, contributions and restricted interest            | 2,027,801            | 599,461              |
| <b>General revenues:</b>   |                      |                      |
| Property and other county tax, including tax increment financing | 11,028,439           | 10,532,983           |
| Penalty and interest on property tax                             | 72,171               | 74,276               |
| State tax credits  | 404,577              | 322,558              |
| Local option sales and services tax                              | 969,263              | 1,084,809            |
| Gaming wager tax   | 435,432              | 451,741              |
| Unrestricted investment earnings                                 | 52,945               | 50,843               |
| Gain on disposition of capital assets                            | 136,193              | 95,716               |
| Other general revenues   | 41,090               | 30,645               |
| <b>Total revenues</b>  | <b>22,689,216</b>    | <b>20,999,355</b>    |
| <b>Program expenses:</b>   |                      |                      |
| Public safety and legal services                                 | 4,162,001            | 4,004,407            |
| Physical health and social services                              | 2,565,382            | 2,482,393            |
| Mental health  | 438,406              | 2,301,559            |
| County environment and education                                 | 1,267,147            | 1,082,300            |
| Roads and transportation   | 5,960,171            | 5,504,258            |
| Governmental services to residents                               | 635,814              | 608,907              |
| Administration   | 1,778,269            | 1,619,201            |
| Non-program  | 290,850              | 292,519              |
| Interest on long-term debt                                       | 689,183              | 697,960              |
| <b>Total expenses</b>  | <b>17,787,223</b>    | <b>18,593,504</b>    |
| <b>Increase in net position</b>                                  | <b>4,901,993</b>     | <b>2,405,851</b>     |
| <b>Net position beginning of year</b>                            | <b>52,598,890</b>    | <b>50,193,039</b>    |
| <b>Net position end of year</b>                                  | <b>\$ 57,500,883</b> | <b>\$ 52,598,890</b> |

**Revenues by Source**



**Expenses by Program**



Revenues for governmental activities increased approximately \$1,690,000 from the prior year. Property and other county tax revenue increased approximately \$495,000, or 4.7%, over the prior year. Operating grants, contributions and restricted interest decreased approximately \$325,000, or 6.1%, from the prior year, primarily due to the State's method of paying for Medicaid services in fiscal year 2013. Capital grants, contributions and restricted interest increased approximately \$1,428,000, or 238.2%, from the prior year, primarily due to the County receiving farm to market funds during the current fiscal year.

The County increased property tax rates \$0.188567 per \$1,000 of taxable valuation for the rural levy and \$0.06422 per \$1,000 of taxable valuation for the countywide levy. The rural property valuation increased \$18,913,507 and the countywide property valuation increased \$43,699,135.

The cost of all governmental activities this year was \$17,787,223 compared to \$18,593,504 last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities this year was \$8,238,117 as \$2,480,166 of the cost was paid by those directly benefiting from the programs and \$7,068,940 of the cost was paid by other governments and organizations which subsidized certain programs with grants and contributions. Overall, the County's governmental activities revenues, including intergovernmental aid and fees for service, increased in fiscal year 2013 from \$8,355,784 to \$9,549,106, principally due to an increase in capital grants, contributions and restricted interest. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and other revenues, such as local option sales tax, interest and general entitlements.

#### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Washington County completed the year, its governmental funds reported a combined fund balance of \$13,316,820, a decrease of \$910,193 from last year's total fund balance of \$14,227,013. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ending fund balance decreased \$88,723, or 2.2%, from the prior year to \$3,986,114. Revenues increased approximately \$313,000, primarily due to an increase in property tax valuations and property tax levy rates. Expenditures increased approximately \$503,000 over fiscal year 2012, or approximately 5.8%, primarily due to the purchase of an ambulance, an increase in workers compensation insurance and an increase in public safety function salaries.
- The Special Revenue, Mental Health Fund balance increased \$461,095, or 437.6%, from the prior year to \$566,471. Revenues for the year decreased approximately \$715,000, primarily due to a significant decrease in property tax relief grants from the State. Expenditures decreased approximately \$1,866,000, from approximately \$2,301,000 to approximately \$435,000, primarily due to the State's method of paying for Medicaid services.
- The Special Revenue, Rural Services Fund balance decreased \$239,227, or 48.3%, from \$495,005 at the end of fiscal year 2012 to \$255,778 at the end of fiscal year 2013. Revenue increased approximately \$38,000, due primarily to the increase in the levy rate of \$.188567 per \$1,000 of taxable valuation. Expenditures increased approximately \$209,000, primarily due to the completion of the Richmond project towards the end of the prior fiscal year and payments made to the Regional Utility Service Systems under two Improvement Loan Participation agreements.

- Special Revenue, Secondary Roads Fund expenditures decreased approximately \$51,000 and revenues decreased approximately \$326,000 from the prior year. The Secondary Roads Fund ending fund balance increased \$707,932, or 32.5%, from the prior year to \$2,889,363. Revenues decreased primarily due to a decrease in contributions from other governments for capital grants, including the Riverside Riverboat Foundation. Expenditures increased due to a road grader purchase and road improvement projects.
- The Special Revenue, City of Riverside Tax Increment Financing Fund revenues consist primarily of tax increment financing revenues. These funds are used to retire debt, including interest, on the Riverside infrastructure projects. This fund had a deficit balance of (\$62,923) at June 30, 2013.
- The Debt Service Fund ended the fiscal year with a \$3,238,936 fund balance compared to the prior year balance of \$3,406,860. The decrease was due to scheduled debt service payments. The Debt Service Fund reports \$3,059,798 on deposit with an escrow agent to pay bonds which will be called on June 1, 2015.
- The Capital Projects Fund ended fiscal year 2013 with a \$2,241,922 fund balance compared to the prior year balance of \$3,818,130, for a decrease of \$1,576,208. Revenues increased approximately \$451,000, primarily due to state reimbursements of approximately \$522,000 for the Orchard Hill Building remodel. Also, real estate rent increased approximately \$20,000 between years when the Orchard Hill Building was able to be rented out. Receipts increased \$50,000 due to Riverboat grants being received for the Conservation trails projects completed in the current fiscal year. Expenditures in the fund decreased approximately \$2,197,000, from \$4,786,054 to \$2,588,749, primarily due to the completion of large projects at the end of the prior fiscal year, including Conservation trail projects and numerous roadway construction projects.

### **Budgetary Highlights**

Over the course of the year, Washington County amended its budget two times. The amendment in January 2013 was done primarily to increase budgeted intergovernmental receipts for grants related to Orchard Hill remodeling, road projects and conservation projects. Physical health and social services function budgeted disbursements increased due to an increase in costs for the Veterans Honor Flight program and capital projects function budgeted disbursements increased for the completion of the Orchard Hill building remodel and conservation projects.

The second amendment occurred in May 2013. The increase was primarily to increase budgeted miscellaneous receipts due to a road improvement grant from the Riverboat Foundation and to increase intergovernmental receipts from County Attorney delinquent fine collections. The County increased its budget for roads and transportation function disbursements due to an increase in road maintenance costs.

Actual net receipts for fiscal year 2013 were \$20,641,296, which was \$1,143,808 less than budgeted, due primarily to the County not receiving mental health property tax relief, allowable growth funding and local purchase with social service funds, due primarily to the change in the State's method of paying for Medicaid services.

Actual disbursements for the year were \$21,681,152, which was \$6,923,912 less than the amount budgeted for disbursements. Public safety and legal services, mental health, roads and transportation and capital projects function disbursements were significantly less than budgeted for fiscal year 2013.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2013, Washington County had approximately \$59.2 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges, computers and audio-visual equipment, transportation equipment and administrative offices. This is a net increase of approximately \$3.2 million over June 30, 2012.

| Capital Assets of Governmental Activities at Year End |               |            |
|---|---------------|------------|
|   | June 30,      |            |
|   | 2013          | 2012       |
| Land  | \$ 821,024    | 821,024    |
| Intangibles, road network                             | 3,060,717     | 3,060,717  |
| Construction in progress                              | 273,097       | 2,163,958  |
| Buildings   | 7,733,370     | 7,283,199  |
| Improvements other than buildings                     | 70,436        | 74,838     |
| Equipment and vehicles                                | 2,796,821     | 2,637,516  |
| Infrastructure  | 44,451,282    | 39,984,197 |
| Total   | \$ 59,206,747 | 56,025,449 |

The County's fiscal year 2013 budget included \$6,746,000 for capital projects, principally for secondary road construction projects, of which approximately \$3.7 million was unspent, and Orchard Hill remodeling, of which approximately \$630,000 was unspent at year end. More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

Washington County had depreciation expense of \$1,951,797 in fiscal year 2013 and total accumulated depreciation of \$21,488,458 at June 30, 2013.

### Long-Term Debt

At June 30, 2013, Washington County had \$13,315,000 of general obligation bonds outstanding compared to \$14,295,000 outstanding at the end of fiscal year 2012. The County also has \$2,447,797 of urban renewal tax increment revenue bonds outstanding at June 30, 2013, as shown below:

| Outstanding Debt of Governmental Activities at Year-End |               |            |
|---|---------------|------------|
|   | June 30,      |            |
|   | 2013          | 2012       |
| General obligation county building improvement note     | \$ -          | 149,856    |
| General obligation bonds                                | 6,500,000     | 6,690,000  |
| General obligation county road improvement bonds        | 6,815,000     | 7,605,000  |
| Urban renewal tax increment (TIF) revenue bonds         | 2,447,797     | 4,035,611  |
| Total   | \$ 15,762,797 | 18,480,467 |

The County has not had a general obligation bond rating assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Washington County's outstanding general obligation debt is significantly below its constitutional debt limit of \$88,414,702. The County continues paying off the \$9.4 million of TIF revenue bonds committed to in fiscal year 2006 for the Riverside infrastructure projects as well as the jail and Orchard Hill renovation debts. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Washington County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Washington County's unemployment rate has decreased 0.5% this past year. Unemployment in the County now stands at 3.7% versus 4.2% a year ago, compared with the State's unemployment rate of 4.6% and the national rate of 7.8% for the same period ended June 30, 2013.

These indicators were taken into account when adopting the budget for fiscal year 2014. Amounts available for appropriation in the operating budget are approximately \$28.9 million, a decrease of 14.7% from the fiscal year 2013 final budget.

Budgeted receipts are expected to decrease approximately \$3.0 million while budgeted disbursements are expected to decrease approximately \$5.5 million from the fiscal year 2013 final budget. If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$4.4 million by the close of fiscal year 2014.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Washington 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 Washington County Auditor's Office, 222 West Main Street, PO Box 889, Washington, Iowa 52353.

## **Basic Financial Statements**

Washington County  
Statement of Net Position  
June 30, 2013

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>Assets</b>   |                            |
| Cash and pooled investments                           | \$ 11,292,776              |
| U.S. Treasury securities on deposit with escrow agent | 3,059,798                  |
| Receivables:  |                            |
| Property tax:   |                            |
| Delinquent  | 195                        |
| Succeeding year                                       | 8,712,000                  |
| Succeeding year tax increment financing               | 1,806,000                  |
| Interest and penalty on property tax                  | 196                        |
| Accounts  | 163,269                    |
| Accrued interest                                      | 2,575                      |
| Due from other governments                            | 871,811                    |
| Inventories   | 253,456                    |
| Prepaid expense                                       | 151,170                    |
| Capital assets, net of accumulated depreciation       | 59,206,747                 |
|   | <b>85,519,993</b>          |
| <b>Liabilities</b>                                    |                            |
| Accounts payable                                      | 930,348                    |
| Accrued interest payable                              | 37,761                     |
| Salaries and benefits payable                         | 301,179                    |
| Due to other governments                              | 10,274                     |
| Deferred revenue:                                     |                            |
| Succeeding year property tax                          | 8,712,000                  |
| Succeeding year tax increment financing               | 1,806,000                  |
| Long-term liabilities:                                |                            |
| Portion due or payable within one year:               |                            |
| General obligation note and bonds                     | 1,000,000                  |
| Urban renewal tax increment revenue bond              | 1,677,179                  |
| Compensated absences                                  | 246,916                    |
| Portion due or payable after one year:                |                            |
| General obligation note and bonds                     | 12,315,000                 |
| Urban renewal tax increment revenue bond              | 770,618                    |
| Compensated absences                                  | 102,787                    |
| Net OPEB liability                                    | 109,048                    |
|   | <b>28,019,110</b>          |
| <b>Net Position</b>                                   |                            |
| Net investment in capital assets                      | 50,906,213                 |
| Restricted for:                                       |                            |
| Supplemental levy purposes                            | 1,548,073                  |
| Mental health purposes                                | 563,030                    |
| Rural services purposes                               | 254,012                    |
| Secondary roads purposes                              | 2,804,288                  |
| Capital projects                                      | 372,456                    |
| Debt service  | 68,869                     |
| Other purposes  | 188,820                    |
| Unrestricted  | 795,122                    |
|   | <b>57,500,883</b>          |

See notes to financial statements.

Washington County

Statement of Activities

Year ended June 30, 2013

|   | Expenses             | Program Revenues          |  |  | Net<br>(Expense)<br>Revenue and<br>Changes in<br>Net Position |
|---|----------------------|---------------------------|--|--|---|
|   |                      | Charges<br>for<br>Service | Operating Grants,<br>Contributions<br>and Restricted<br>Interest | Capital Grants,<br>Contributions<br>and Restricted<br>Interest |   |
| <b>Functions/Programs:</b>                |                      |                           |  |  |   |
| Governmental activities:                  |                      |                           |  |  |   |
| Public safety and legal services          | \$ 4,162,001         | 824,253                   | 27,899   | -  | (3,309,849)   |
| Physical health and social services       | 2,565,382            | 347,612                   | 1,182,876  | -  | (1,034,894)   |
| Mental health                             | 438,406              | 24,868                    | 89,139   | -  | (324,399)   |
| County environment and education          | 1,267,147            | 6,384                     | 551,163  | -  | (709,600)   |
| Roads and transportation                  | 5,960,171            | 242,998                   | 2,891,848  | 2,027,801  | (797,524)   |
| Governmental services to residents        | 635,814              | 416,103                   | 81   | -  | (219,630)   |
| Administration                            | 1,778,269            | 264,101                   | 24,932   | -  | (1,489,236)   |
| Non-program                               | 290,850              | 353,847                   | 273,201  | -  | 336,198   |
| Interest on long-term debt                | 689,183              | -                         | -  | -  | (689,183)   |
| <b>Total</b>                              | <b>\$ 17,787,223</b> | <b>2,480,166</b>          | <b>5,041,139</b>   | <b>2,027,801</b>   | <b>(8,238,117)</b>  |
| <b>General Revenues:</b>                  |                      |                           |  |  |   |
| Property and other county tax levied for: |                      |                           |  |  |   |
| General purposes                          |                      |                           |  |  | 8,335,282   |
| Debt service                              |                      |                           |  |  | 886,693   |
| Tax increment financing                   |                      |                           |  |  | 1,806,464   |
| Penalty and interest on property tax      |                      |                           |  |  | 72,171  |
| State tax credits                         |                      |                           |  |  | 404,577   |
| Local option sales and services tax       |                      |                           |  |  | 969,263   |
| Gaming wager tax                          |                      |                           |  |  | 435,432   |
| Unrestricted investment earnings          |                      |                           |  |  | 52,945  |
| Gain on disposition of capital assets     |                      |                           |  |  | 136,193   |
| Miscellaneous                             |                      |                           |  |  | 41,090  |
| <b>Total general revenues</b>             |                      |                           |  |  | <b>13,140,110</b>   |
| Change in net position                    |                      |                           |  |  | 4,901,993   |
| Net position beginning of year            |                      |                           |  |  | 52,598,890  |
| Net position end of year                  |                      |                           |  |  | <b>\$57,500,883</b>   |

See notes to financial statements.

Washington County

Balance Sheet  
Governmental Funds

June 30, 2013

|   | Special Revenue      |                |                  |                  |
|---|----------------------|----------------|------------------|------------------|
|   | General              | Mental Health  | Rural Services   | Secondary Roads  |
| <b>Assets</b>   |                      |                |                  |                  |
| Cash, cash equivalents and pooled investments         | \$ 3,845,528         | 566,616        | 493,555          | 2,381,235        |
| U.S. Treasury securities on deposit with escrow agent | -                    | -              | -                | -                |
| Receivables:  |                      |                |                  |                  |
| Property tax:   |                      |                |                  |                  |
| Delinquent  | 153                  | 9              | 14               | -                |
| Succeeding year                                       | 5,636,000            | 318,000        | 2,010,000        | -                |
| Succeeding year tax increment financing               | -                    | -              | -                | -                |
| Interest and penalty on property tax                  | 196                  | -              | -                | -                |
| Accounts  | 113,592              | 24,863         | -                | 21,670           |
| Accrued interest                                      | 2,217                | -              | -                | -                |
| Due from other funds                                  | -                    | -              | -                | 5,543            |
| Due from other governments                            | 190,220              | 4,734          | 167,761          | 507,237          |
| Advance to other funds                                | 63,655               | -              | -                | -                |
| Inventories   | -                    | -              | -                | 253,456          |
| Prepaid expenditures                                  | 151,170              | -              | -                | -                |
| <b>Total assets</b>                                   | <b>\$ 10,002,731</b> | <b>914,222</b> | <b>2,671,330</b> | <b>3,169,141</b> |
| <b>Liabilities and Fund Balances</b>                  |                      |                |                  |                  |
| Liabilities:  |                      |                |                  |                  |
| Accounts payable                                      | \$ 139,895           | 23,545         | 398,117          | 213,595          |
| Salaries and benefits payable                         | 224,935              | 3,373          | 6,912            | 65,959           |
| Due to other funds                                    | 5,535                | -              | 8                | -                |
| Due to other governments                              | 7,319                | 2,667          | 64               | 224              |
| Advance from other funds                              | -                    | -              | -                | -                |
| Deferred revenue:                                     |                      |                |                  |                  |
| Succeeding year property tax                          | 5,636,000            | 318,000        | 2,010,000        | -                |
| Succeeding year tax increment financing               | -                    | -              | -                | -                |
| Other   | 2,933                | 166            | 451              | -                |
| Total liabilities                                     | <b>6,016,617</b>     | <b>347,751</b> | <b>2,415,552</b> | <b>279,778</b>   |
| Fund balances:  |                      |                |                  |                  |
| Nonspendable:   |                      |                |                  |                  |
| Inventories   | -                    | -              | -                | 253,456          |
| Prepaid expenditures                                  | 151,170              | -              | -                | -                |
| Restricted for:                                       |                      |                |                  |                  |
| Supplemental levy purposes                            | 1,604,144            | -              | -                | -                |
| Mental health purposes                                | -                    | 566,471        | -                | -                |
| Rural services purposes                               | -                    | -              | 255,778          | -                |
| Secondary roads purposes                              | -                    | -              | -                | 2,635,907        |
| Debt service  | -                    | -              | -                | -                |
| Capital projects                                      | -                    | -              | -                | -                |
| Resource enhancement and protection                   | -                    | -              | -                | -                |
| Other purposes  | -                    | -              | -                | -                |
| Unassigned  | 2,230,800            | -              | -                | -                |
| Total fund balances                                   | <b>3,986,114</b>     | <b>566,471</b> | <b>255,778</b>   | <b>2,889,363</b> |
| <b>Total liabilities and fund balances</b>            | <b>\$ 10,002,731</b> | <b>914,222</b> | <b>2,671,330</b> | <b>3,169,141</b> |

See notes to financial statements.

| City of Riverside<br>Tax Increment<br>Financing | Debt<br>Service | Capital<br>Projects | Nonmajor | Total      |
|---|-----------------|---------------------|----------|------------|
| 732   | 179,116         | 2,245,526           | 199,300  | 9,911,608  |
| -   | 3,059,798       | -                   | -        | 3,059,798  |
| -   | 19              | -                   | -        | 195        |
| -   | 748,000         | -                   | -        | 8,712,000  |
| 1,806,000                                       | -               | -                   | -        | 1,806,000  |
| -   | -               | -                   | -        | 196        |
| -   | -               | 3,144               | -        | 163,269    |
| -   | 358             | -                   | -        | 2,575      |
| -   | -               | -                   | -        | 5,543      |
| -   | -               | -                   | 1,859    | 871,811    |
| -   | -               | -                   | -        | 63,655     |
| -   | -               | -                   | -        | 253,456    |
| -   | -               | -                   | -        | 151,170    |
| 1,806,732                                       | 3,987,291       | 2,248,670           | 201,159  | 25,001,276 |
| -   | -               | 6,748               | -        | 781,900    |
| -   | -               | -                   | -        | 301,179    |
| -   | -               | -                   | -        | 5,543      |
| -   | -               | -                   | -        | 10,274     |
| 63,655  | -               | -                   | -        | 63,655     |
| -   | 748,000         | -                   | -        | 8,712,000  |
| 1,806,000                                       | -               | -                   | -        | 1,806,000  |
| -   | 355             | -                   | -        | 3,905      |
| 1,869,655                                       | 748,355         | 6,748               | -        | 11,684,456 |
| -   | -               | -                   | -        | 253,456    |
| -   | -               | -                   | -        | 151,170    |
| -   | -               | -                   | -        | 1,604,144  |
| -   | -               | -                   | -        | 566,471    |
| -   | -               | -                   | -        | 255,778    |
| -   | -               | -                   | -        | 2,635,907  |
| -   | 3,238,936       | -                   | -        | 3,238,936  |
| -   | -               | 2,241,922           | -        | 2,241,922  |
| -   | -               | -                   | 97,311   | 97,311     |
| -   | -               | -                   | 103,848  | 103,848    |
| (62,923)  | -               | -                   | -        | 2,167,877  |
| (62,923)  | 3,238,936       | 2,241,922           | 201,159  | 13,316,820 |
| 1,806,732                                       | 3,987,291       | 2,248,670           | 201,159  | 25,001,276 |

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

June 30, 2013

**Total governmental fund balances (page 21)** \$ 13,316,820

***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 \$80,695,205 and the accumulated depreciation is \$21,488,458. 59,206,747

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 3,905

The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan and flexible benefits plan to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. 1,232,720

Long-term liabilities, including general obligation note and bonds payable, urban renewal tax increment revenue bond 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. (16,259,309)

**Net position of governmental activities (page 18)** \$ 57,500,883

See notes to financial statements.

**Washington County**

Washington County

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

Year ended June 30, 2013

|  | Special Revenue |               |                |                 |
|--|-----------------|---------------|----------------|-----------------|
|  | General         | Mental Health | Rural Services | Secondary Roads |
| <b>Revenues:</b>   |                 |               |                |                 |
| Property and other county tax                                | \$ 6,038,776    | 749,377       | 1,983,588      | -               |
| Tax increment financing                                      | -               | -             | -              | -               |
| Local option sales and services tax                          | -               | -             | 969,263        | -               |
| Interest and penalty on property tax                         | 72,171          | -             | -              | -               |
| Intergovernmental  | 2,322,720       | 121,918       | 90,599         | 2,979,728       |
| Licenses and permits   | 58,940          | -             | -              | 12,450          |
| Charges for service  | 713,371         | 24,521        | 5,654          | 421             |
| Use of money and property                                    | 56,697          | -             | -              | -               |
| Miscellaneous  | 162,664         | 347           | 157            | 428,308         |
| Total revenues   | 9,425,339       | 896,163       | 3,049,261      | 3,420,907       |
| <b>Expenditures:</b>   |                 |               |                |                 |
| Operating:   |                 |               |                |                 |
| Public safety and legal services                             | 3,849,644       | -             | 255,978        | -               |
| Physical health and social services                          | 2,517,371       | -             | 204            | -               |
| Mental health  | -               | 435,068       | -              | -               |
| County environment and education                             | 486,354         | -             | 760,753        | -               |
| Roads and transportation                                     | -               | -             | 182,291        | 4,469,698       |
| Governmental services to residents                           | 593,340         | -             | 2,585          | -               |
| Administration   | 1,695,303       | -             | -              | -               |
| Non-program  | 59,227          | -             | -              | -               |
| Debt service   | -               | -             | -              | -               |
| Capital projects   | -               | -             | -              | 88,517          |
| Total expenditures   | 9,201,239       | 435,068       | 1,201,811      | 4,558,215       |
| Excess (deficiency) of revenues over<br>(under) expenditures | 224,100         | 461,095       | 1,847,450      | (1,137,308)     |
| <b>Other financing sources (uses):</b>                       |                 |               |                |                 |
| Sale of capital assets                                       | 4,115           | -             | -              | 26,625          |
| Operating transfers in                                       | -               | -             | -              | 1,818,615       |
| Operating transfers out                                      | (316,938)       | -             | (2,086,677)    | -               |
| Total other financing sources (uses)                         | (312,823)       | -             | (2,086,677)    | 1,845,240       |
| Change in fund balances                                      | (88,723)        | 461,095       | (239,227)      | 707,932         |
| Fund balances beginning of year                              | 4,074,837       | 105,376       | 495,005        | 2,181,431       |
| Fund balances end of year                                    | \$ 3,986,114    | 566,471       | 255,778        | 2,889,363       |

See notes to financial statements.

| City of Riverside<br>Tax Increment<br>Financing | Debt<br>Service | Capital<br>Projects | Nonmajor | Total       |
|---|-----------------|---------------------|----------|-------------|
| -   | 886,843         | -                   | -        | 9,658,584   |
| 1,807,197                                       | -               | -                   | -        | 1,807,197   |
| -   | -               | -                   | -        | 969,263     |
| -   | -               | -                   | -        | 72,171      |
| -   | 35,993          | 529,220             | 14,238   | 6,094,416   |
| -   | -               | -                   | -        | 71,390      |
| -   | -               | 39,476              | 5,448    | 788,891     |
| -   | 30,025          | 61,365              | 360      | 148,447     |
| -   | -               | 222,480             | 42,312   | 856,268     |
| 1,807,197                                       | 952,861         | 852,541             | 62,358   | 20,466,627  |
| -   | -               | -                   | 1,122    | 4,106,744   |
| -   | -               | -                   | -        | 2,517,575   |
| -   | -               | -                   | -        | 435,068     |
| -   | -               | -                   | -        | 1,247,107   |
| -   | -               | -                   | -        | 4,651,989   |
| -   | -               | -                   | 4,329    | 600,254     |
| -   | -               | -                   | -        | 1,695,303   |
| -   | -               | -                   | -        | 59,227      |
| 1,871,242                                       | 1,545,785       | -                   | -        | 3,417,027   |
| -   | -               | 2,588,749           | -        | 2,677,266   |
| 1,871,242                                       | 1,545,785       | 2,588,749           | 5,451    | 21,407,560  |
| (64,045)  | (592,924)       | (1,736,208)         | 56,907   | (940,933)   |
| -   | -               | -                   | -        | 30,740      |
| -   | 425,000         | 160,000             | -        | 2,403,615   |
| -   | -               | -                   | -        | (2,403,615) |
| -   | 425,000         | 160,000             | -        | 30,740      |
| (64,045)  | (167,924)       | (1,576,208)         | 56,907   | (910,193)   |
| 1,122   | 3,406,860       | 3,818,130           | 144,252  | 14,227,013  |
| (62,923)  | 3,238,936       | 2,241,922           | 201,159  | 13,316,820  |

Washington County

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

Year ended June 30, 2013

**Change in fund balances - Total governmental funds (page 25)** \$ (910,193)

***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                                | \$ 3,298,026       |           |
| Capital assets contributed by the Department of Transportation | 1,728,778          |           |
| Depreciation expense   | <u>(1,951,797)</u> | 3,075,007 |

In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 106,291

Because some property tax 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. (1,178)

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. 2,717,670

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

|                               |               |          |
|-------------------------------|---------------|----------|
| Compensated absences          | (30,330)      |          |
| Other postemployment benefits | (24,962)      |          |
| Interest on long-term debt    | <u>10,174</u> | (45,118) |

The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan and flexible benefits plan to individual funds. The change in net position of the Internal Service Funds is reported with governmental (40,486)

**Change in net position of governmental activities (page 19)** \$ 4,901,993

See notes to financial statements.

Washington County  
Statement of Net Position  
Proprietary Funds  
June 30, 2013

|                           | <u>Internal<br/>Service</u> |
|---------------------------|-----------------------------|
| <b>Assets</b>             |                             |
| Cash and cash equivalents | \$ 1,381,168                |
| <b>Liabilities</b>        |                             |
| Accounts payable          | <u>148,448</u>              |
| <b>Net Position</b>       |                             |
| Unrestricted              | <u>\$ 1,232,720</u>         |

See notes to financial statements.

**Exhibit H**

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

Year ended June 30, 2013

|  |               | <u>Internal<br/>Service</u> |
|--|---------------|-----------------------------|
| Operating revenues:                      |               |                             |
| Reimbursements from operating funds      |               | \$ 1,134,159                |
| Reimbursements from employees and others |               | 22,079                      |
| Reimbursements from Agency Funds         |               | 128,937                     |
| Stop loss reimbursements                 |               | 198,647                     |
| Contributions for flexible benefits      |               | 38,150                      |
| Total operating revenues                 |               | <u>1,521,972</u>            |
| Operating expenses:                      |               |                             |
| Medical claims                           | \$ 1,254,042  |                             |
| Administrative fees                      | 273,077       |                             |
| Flexible benefits claims                 | <u>39,450</u> | <u>1,566,569</u>            |
| Operating loss                           |               | (44,597)                    |
| Non-operating revenues:                  |               |                             |
| Interest income                          |               | <u>4,111</u>                |
| Net loss                                 |               | (40,486)                    |
| Net position beginning of year           |               | <u>1,273,206</u>            |
| Net position end of year                 |               | <u><u>\$ 1,232,720</u></u>  |
| See notes to financial statements.       |               |                             |

Washington County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2013

|   | Internal<br>Service |
|---|---------------------|
| Cash flows from operating activities:   |                     |
| Cash received from operating funds  | \$ 1,168,124        |
| Cash received from employees and others   | 220,726             |
| Cash received from Agency Funds   | 133,122             |
| Cash paid to suppliers for services   | (1,458,123)         |
| Net cash provided by operating activities   | 63,849              |
| Cash flows from investing activities:   |                     |
| Interest on investments   | 4,111               |
| Increase in cash and cash equivalents   | 67,960              |
| Cash and cash equivalents beginning of year   | 1,313,208           |
| Cash and cash equivalents end of year   | \$ 1,381,168        |
| <b>Reconciliation of operating loss to net cash provided by operating activities:</b> |                     |
| Operating loss  | \$ (44,597)         |
| Adjustment to reconcile operating loss to net cash provided by operating activities:  |                     |
| Increase in accounts payable  | 108,446             |
| Net cash provided by operating activities   | \$ 63,849           |

See notes to financial statements.

Washington County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2013

**Assets**

Cash, cash equivalents and pooled investments:

|                        |              |
|------------------------|--------------|
| County Treasurer       | \$ 1,746,092 |
| Other County officials | 111,311      |

Receivables:

Property tax:

|                 |            |
|-----------------|------------|
| Delinquent      | 608        |
| Succeeding year | 22,026,000 |

|          |        |
|----------|--------|
| Accounts | 34,874 |
|----------|--------|

|                            |        |
|----------------------------|--------|
| Due from other governments | 60,495 |
|----------------------------|--------|

|                     |                   |
|---------------------|-------------------|
| <b>Total assets</b> | <u>23,979,380</u> |
|---------------------|-------------------|

**Liabilities**

|                  |        |
|------------------|--------|
| Accounts payable | 27,169 |
|------------------|--------|

|                               |        |
|-------------------------------|--------|
| Salaries and benefits payable | 41,522 |
|-------------------------------|--------|

|                          |            |
|--------------------------|------------|
| Due to other governments | 23,884,459 |
|--------------------------|------------|

|                |        |
|----------------|--------|
| Trusts payable | 19,680 |
|----------------|--------|

|                      |       |
|----------------------|-------|
| Compensated absences | 6,550 |
|----------------------|-------|

|                          |                   |
|--------------------------|-------------------|
| <b>Total liabilities</b> | <u>23,979,380</u> |
|--------------------------|-------------------|

|                     |             |
|---------------------|-------------|
| <b>Net position</b> | <u>\$ -</u> |
|---------------------|-------------|

See notes to financial statements.

Washington County

Notes to Financial Statements

June 30, 2013

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

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

Blended Component Unit – The following component unit is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, the same as the County.

The Washington County Conservation Foundation (Foundation) has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Washington County Conservation Board. These donations are to be used to purchase items not included in the County's budget and to pay for special projects. The financial transactions of the Foundation are reported as a Special Revenue Fund.

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: County Assessor’s Conference Board, County Emergency Management Commission, County Public Safety Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Washington County Public Safety Commission, East Central Iowa Council of Governments, Washington County Recycling Center, Heartland Group, South Iowa Case Management, Washington County Mini Bus, Southeast Multi-County Solid Waste Agency and Regional Utility Service Systems.

Related Organization – Although the County periodically provides significant financial assistance, primarily through the purchase of ambulances, the County does not appoint a voting majority of Washington County Ambulance, Inc. Board members. Therefore, the financial activity of Washington County Ambulance, Inc. is not included in the reporting entity.

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 unit. 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 are imposed by law through constitutional provisions or enabling legislation.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly

benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, intellectual disabilities 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 Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The City of Riverside Tax Increment Financing Fund is used to account for tax increment financing revenue for the payment of debt incurred for urban renewal projects.

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.

Additionally, the County reports the following funds:

Proprietary Funds – Internal Service Funds are 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 position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the County's Internal Service Funds 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, Including Tax Increment Financing – Property tax, including tax increment financing, 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. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

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

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

Advances to/from Other Funds – Non-current portions of long-term interfund loan receivables are reported as advances.

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 land, equipment and vehicles, intangibles 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     |

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             | 40 - 50                           |
| Building improvements | 20 - 50                           |
| Infrastructure        | 30 - 50                           |
| Equipment             | 2 - 20                            |
| Vehicles              | 3 - 10                            |

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough

thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

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

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

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.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

#### E. Budgets and Budgetary Accounting

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

**(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.

At June 30, 2013, the County had the following investments:

| Type                     | Fair Value          | Maturity      |
|--------------------------|---------------------|---------------|
| U.S. Treasury Securities | 27,397              | December 2013 |
| U.S. Treasury Securities | 27,426              | June 2014     |
| U.S. Treasury Securities | 27,465              | December 2014 |
| U.S. Treasury Securities | 2,977,510           | June 2015     |
| Total                    | <u>\$ 3,059,798</u> |               |

These U.S. Treasury Securities are held in escrow to be used for refunding the general obligation bonds issued on August 15, 2006.

Interest rate risk – The County's investment policy limits the investment of operating funds (funds reasonably expected to be expended during 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. However, all investments shall have maturities consistent with the needs and uses of the County.

Credit risk – The County's investments in the Iowa Public Agency Investment Trust are unrated.

Concentration of credit risk – The County places no limit on the amount which may be invested in any one issuer. When possible, it is the County's policy to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities.

**(3) Due From and Due to Other Funds**

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

| Receivable Fund  | Payable Fund     | Amount          |
|------------------|------------------|-----------------|
| Special Revenue: |                  |                 |
| Secondary Roads  | General          | \$ 5,535        |
|                  | Special Revenue: |                 |
|                  | Rural Services   | 8               |
| Total            |                  | <u>\$ 5,543</u> |

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

**(4) Advances to and From Other Funds**

The detail of advances to/from other funds at June 30, 2013 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u>   | <u>Amount</u>   |
|------------------------|-----------------------|-----------------|
| General                | Special Revenue:      |                 |
|                        | City of Riverside Tax |                 |
|                        | Increment Financing   | <u>\$63,655</u> |

The County approved an advance from the General Fund to the Special Revenue, City of Riverside Tax Increment Financing Fund.

**(5) Interfund Transfers Fund**

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

| <u>Transfer to</u> | <u>Transfer from</u> | <u>Amount</u>       |
|--------------------|----------------------|---------------------|
| Special Revenue:   |                      |                     |
| Secondary Roads    | General              | 156,938             |
|                    | Special Revenue:     |                     |
|                    | Rural Services       | 1,661,677           |
| Debt Service       | Special Revenue:     |                     |
|                    | Rural Services       | 425,000             |
| Capital Projects   | General              | <u>160,000</u>      |
| Total              |                      | <u>\$ 2,403,615</u> |

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

**(6) Capital Assets**

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

|   | <u>Balance</u>       |                  |                    | <u>Balance</u>    |
|---|----------------------|------------------|--------------------|-------------------|
|   | <u>Beginning</u>     | <u>Increases</u> | <u>Decreases</u>   | <u>End</u>        |
|   | <u>of Year</u>       |                  |                    | <u>of Year</u>    |
| <b>Governmental activities:</b>             |                      |                  |                    |                   |
| Capital assets not being depreciated:       |                      |                  |                    |                   |
| Land  | \$ 821,024           | -                | -                  | 821,024           |
| Intangibles, road network                   | 3,060,717            | -                | -                  | 3,060,717         |
| Construction in progress                    | 2,163,958            | 4,307,896        | (6,198,757)        | 273,097           |
| Total capital assets not being depreciated  | <u>6,045,699</u>     | <u>4,307,896</u> | <u>(6,198,757)</u> | <u>4,154,838</u>  |
| Capital assets being depreciated:           |                      |                  |                    |                   |
| Buildings                                   | 11,124,141           | 675,818          | -                  | 11,799,959        |
| Improvements other than buildings           | 88,044               | -                | -                  | 88,044            |
| Equipment and vehicles                      | 7,990,519            | 833,862          | (505,572)          | 8,318,809         |
| Infrastructure, road network                | 50,810,616           | 5,522,939        | -                  | 56,333,555        |
| Total capital assets being depreciated      | <u>70,013,320</u>    | <u>7,032,619</u> | <u>(505,572)</u>   | <u>76,540,367</u> |
| Less accumulated depreciation for:          |                      |                  |                    |                   |
| Buildings                                   | 3,840,942            | 225,647          | -                  | 4,066,589         |
| Improvements other than buildings           | 13,206               | 4,402            | -                  | 17,608            |
| Equipment and vehicles                      | 5,353,003            | 665,894          | (496,909)          | 5,521,988         |
| Infrastructure, road network                | 10,826,419           | 1,055,854        | -                  | 11,882,273        |
| Total accumulated depreciation              | <u>20,033,570</u>    | <u>1,951,797</u> | <u>(496,909)</u>   | <u>21,488,458</u> |
| Total capital assets being depreciated, net | <u>49,979,750</u>    | <u>5,080,822</u> | <u>(8,663)</u>     | <u>55,051,909</u> |
| Governmental activities capital assets, net | <u>\$ 56,025,449</u> | <u>9,388,718</u> | <u>(6,207,420)</u> | <u>59,206,747</u> |

Depreciation expense was charged to the following functions:

|  |                     |
|--|---------------------|
| Governmental activities:                             |                     |
| Public safety and legal services                     | \$ 315,041          |
| Physical health and social services                  | 15,193              |
| County environment and education                     | 38,327              |
| Roads and transportation                             | 1,460,844           |
| Governmental services to residents                   | 16,391              |
| Administration                                       | <u>106,001</u>      |
| Total depreciation expense - governmental activities | <u>\$ 1,951,797</u> |

**(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    | \$ 7,319             |
| Special Revenue:                 |             |                      |
| Mental Health                    | Services    | 2,667                |
| Rural Services                   | Services    | 64                   |
| Secondary Roads                  | Services    | 224                  |
|                                  |             | <u>2,955</u>         |
| Total for governmental funds     |             | <u>\$ 10,274</u>     |
| Agency:                          |             |                      |
| County Offices                   | Collections | 92,738               |
| Agricultural Extension Education |             | 208,921              |
| County Assessor                  |             | 591,821              |
| Schools                          |             | 13,750,290           |
| Community Colleges               |             | 1,005,889            |
| Corporations                     |             | 5,633,001            |
| Townships                        |             | 320,049              |
| Public Safety Commission         |             | 114,499              |
| Auto License and Use Tax         |             | 471,657              |
| All other                        |             | 1,695,594            |
| Total for agency funds           |             | <u>\$ 23,884,459</u> |

**(8) Long-Term Liabilities**

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

|                              | General<br>Obligation<br>Building<br>Improvements<br>Note | General<br>Obligation<br>Bonds | General<br>Obligation<br>County Road<br>Improvement<br>Bonds | Urban<br>Renewal Tax<br>Increment<br>Revenue Bond | Compen-<br>sated<br>Absences | Other Post-<br>employment<br>Benefits | Total             |
|------------------------------|---|--------------------------------|--|---|------------------------------|---------------------------------------|-------------------|
| Balance beginning<br>of year | \$ 149,856  | 6,690,000                      | 7,605,000  | 4,035,611   | 319,373                      | 84,086                                | 18,883,926        |
| Increases                    | -   | -                              | -  | -   | 385,504                      | 33,027                                | 418,531           |
| Decreases                    | 149,856   | 190,000                        | 790,000  | 1,587,814   | 355,174                      | 8,065                                 | 3,080,909         |
| Balance end<br>of year       | <u>\$ -</u>   | <u>6,500,000</u>               | <u>6,815,000</u>   | <u>2,447,797</u>                                  | <u>349,703</u>               | <u>109,048</u>                        | <u>16,221,548</u> |
| Due within one year          | <u>\$ -</u>   | <u>200,000</u>                 | <u>800,000</u>   | <u>1,677,179</u>                                  | <u>246,916</u>               | <u>-</u>                              | <u>2,924,095</u>  |

General Obligation Bonds

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

| Year<br>Ending<br>June 30, | Series 2006B           |              |          | Series 2012A             |             |          |
|----------------------------|------------------------|--------------|----------|--------------------------|-------------|----------|
|                            | Issued August 15, 2006 |              |          | Issued February 15, 2012 |             |          |
|                            | Interest<br>Rates      | Principal    | Interest | Interest<br>Rates        | Principal   | Interest |
| 2014                       | 4.05%                  | \$ 200,000   | 146,925  |                          | \$ -        | 67,527   |
| 2015                       | 4.10-4.65              | 3,155,000    | 138,825  |                          | -           | 67,527   |
| 2016                       |                        | -            | -        |                          | 260,000     | 67,527   |
| 2017                       |                        | -            | -        | 2.00%                    | 265,000     | 62,328   |
| 2018                       |                        | -            | -        | 2.00                     | 270,000     | 57,028   |
| 2019-2023                  |                        | -            | -        | 2.00                     | 1,425,000   | 202,138  |
| 2024-2026                  |                        | -            | -        | 2.15 - 2.60              | 925,000     | 46,660   |
| Total                      |                        | \$ 3,355,000 | 285,750  |                          | \$3,145,000 | 570,735  |

| Year<br>Ending<br>June 30, | Total        |          |           |
|----------------------------|--------------|----------|-----------|
|                            | Principal    | Interest | Total     |
| 2014                       | \$ 200,000   | 214,452  | 414,452   |
| 2015                       | 3,155,000    | 206,352  | 3,361,352 |
| 2016                       | 260,000      | 67,527   | 327,527   |
| 2017                       | 265,000      | 62,328   | 327,328   |
| 2018                       | 270,000      | 57,028   | 327,028   |
| 2019- 2023                 | 1,425,000    | 202,138  | 1,627,138 |
| 2024-2026                  | 925,000      | 46,660   | 971,660   |
| Total                      | \$ 6,500,000 | 856,485  | 7,356,485 |

On February 15, 2012, the County issued crossover advance refunding general obligation bonds of \$3,145,000. The bonds bear interest at rates ranging from 2.00% to 2.60% per annum and mature June 1, 2026.

For the crossover advance refunding, the County entered into an escrow agreement whereby the proceeds from the general obligation refunding bonds were converted into U.S. government securities. These securities, along with additional cash, were placed with an escrow agent to pay the principal and interest on the refunding general obligation bonds (new debt) until the crossover refunding date. On the crossover date of June 1, 2015, the refunded general obligation bonds (old debt) will be paid using the amounts held by the escrow agent. From that point forward, a debt service levy will be used to pay the refunding general obligation bonds (new debt). The transactions and balances of the escrow account are recorded by the County since the refunded debt is not considered extinguished.

During the year ended June 30, 2013, the County retired \$190,000 of the Series 2006B general obligation bonds. The bonds were issued to construct a county jail.

### General Obligation County Road Improvement Bonds

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

| Year<br>Ending<br>June 30, | Interest<br>Rates | Principal    | Interest | Total     |
|----------------------------|-------------------|--------------|----------|-----------|
| 2014                       | 2.00%             | \$ 800,000   | 154,138  | 954,138   |
| 2015                       | 2.00              | 810,000      | 138,088  | 948,088   |
| 2016                       | 2.00              | 820,000      | 121,838  | 941,838   |
| 2017                       | 2.00              | 835,000      | 105,388  | 940,388   |
| 2018                       | 2.00              | 855,000      | 87,531   | 942,531   |
| 2019-2021                  | 2.25 - 3.00       | 2,695,000    | 132,463  | 2,827,463 |
| Total                      |                   | \$ 6,815,000 | 739,446  | 7,554,446 |

During the year ended June 30, 2013, the County retired \$790,000 of general obligation county road improvement bonds. The bonds were issued to finance the remediation, restoration, repair, replacement and improvement of the County's road system.

### Urban Renewal Tax Increment Revenue Bond

On April 3, 2006, the County issued a \$9,400,000 urban renewal tax increment revenue bond on behalf of the City of Riverside. The bond bears interest at 5.95% per annum with final maturity on June 1, 2017. The first payment on the bond was due December 1, 2008. The bond was purchased by Dubuque Bank and Trust, which also retained the bond proceeds. The County drew down proceeds from Dubuque Bank and Trust and forwarded the proceeds to the City of Riverside to pay for expenditures incurred in conjunction with the City's Water and Sewer Infrastructure Project. During the year ended June 30, 2013, the County retired \$1,587,814 of the urban renewal tax increment revenue bond.

Since repayment of the bond is dependent upon the amount of tax increment financing (TIF) revenues collected each year, a formal repayment schedule has not been established for the revenue bond. Interest is due and payable from tax increment financing revenues on June 1, 2006 and semi-annually thereafter until final maturity on June 1, 2017. On January 20, 2006, the County entered into a Tax Revenue Shortfall Agreement with Dubuque Bank and Trust, the City of Riverside, Washington County Casino Resort, L.L.C. (WCCR) and Riverside Casino and Golf Resort, L.L.C. (RCGR). Pursuant to the agreement, if for any reason the TIF revenues are insufficient to pay the principal and/or interest on the bond, WCCR and RCGR shall, jointly and severally, make up the shortfall.

The bond is not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County.

## **(9) Pension and Retirement Benefits**

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

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 annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially

determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$558,893, \$524,720 and \$465,155, respectively, equal to the required contributions for each year.

**(10) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer health plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 128 active and 3 retired members in the plan. Retired participants must be age 55 or age 50 with twenty-two years of service at retirement.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, 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 that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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

|   |                         |
|---|-------------------------|
| Annual required contribution                | \$ 33,006               |
| Interest on net OPEB obligation             | 3,363                   |
| Adjustment to annual required contributions | (3,342)                 |
| Annual OPEB cost                            | <u>33,027</u>           |
| Contribution made                           | (8,065)                 |
| Increase in net OPEB obligation             | <u>24,962</u>           |
| Net OPEB obligation beginning of year       | <u>84,086</u>           |
| Net OPEB obligation end of year             | <u><u>\$109,048</u></u> |

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

For the year ended June 30, 2013, the County contributed \$8,065 to the medical plan. Plan members eligible for benefits contributed \$21,973, or 73% of the premium costs.

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

| Year Ended June 30, | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---------------------|------------------|--|---------------------|
| 2011                | \$ 28,106        | 22.2%                                      | \$ 65,503           |
| 2012                | 28,145           | 34.0                                       | 84,086              |
| 2013                | 33,027           | 24.4                                       | 109,048             |

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 \$246,838, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$246,838. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,295,000 and the ratio of UAAL to covered payroll was 3.9%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, 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% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Combined Mortality Table projected to 2010 using Scale AA, applied on a gender-specific basis.

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.

**(11) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The

Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2013 were \$161,047.

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

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

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

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

**(12) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County’s health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$20,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County’s contribution for the year ended June 30, 2013 was \$1,134,159.

Amounts payable from the Employee Group Health Fund at June 30, 2013 total \$148,448, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$1,232,720 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   | \$ 40,002          |
| Incurred claims (including claims incurred but not reported at June 30, 2013) | 1,254,042          |
| Payments  | <u>(1,145,596)</u> |
| Unpaid claims end of year   | <u>\$ 148,448</u>  |

**(13) County Hospital Revenue Bonds**

On July 1, 1997 and April 11, 2006, the County entered into loan agreements pursuant to Chapter 331.402(3) of the Code of Iowa and issued \$5,200,000 and \$18,500,000, respectively, of Hospital Revenue Bonds for constructing, remodeling and expanding the Washington County Hospital. The bonds and related interest are payable solely out of the net earnings of the Washington County Hospital and do not constitute liabilities of the County. The outstanding balance on the bonds at June 30, 2013 was \$18,350,000.

**(14) Jointly Governed Organization**

Washington County participates in the Washington County Public Safety Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an Agency Fund because of the County's fiduciary relationship with the organization.

The following financial data is for the year ended June 30, 2013:

Additions:

Contributions from governmental units:

|  |            |            |
|--|------------|------------|
| Washington County                            | \$ 251,286 |            |
| City of Washington                           | 226,987    |            |
| Other cities                                 | 169,706    |            |
| Reimbursement from Joint E-911 Service Board | 20,000     |            |
| Miscellaneous                                | 1,547      | \$ 669,526 |

Deductions:

|                                |         |         |
|--------------------------------|---------|---------|
| Salaries                       | 489,415 |         |
| Benefits                       | 79,455  |         |
| Office supplies and postage    | 2,792   |         |
| Uniforms                       | 1,830   |         |
| Travel                         | 9,867   |         |
| Telephone and fax services     | 13,251  |         |
| Training                       | 2,000   |         |
| Professional services          | 30,204  |         |
| Equipment maintenance          | 8,737   |         |
| Radio equipment maintenance    | 6,938   |         |
| Office equipment and furniture | 125     |         |
| Utilities                      | 9,039   |         |
| Miscellaneous                  | 6,858   | 660,511 |

|                           |  |                   |
|---------------------------|--|-------------------|
| Net                       |  | 9,015             |
| Balance beginning of year |  | 129,167           |
| Balance end of year       |  | <u>\$ 138,182</u> |

**(15) Deficit Fund Balance**

The Special Revenue, City of Riverside Tax Increment Financing Fund had a deficit balance of \$62,923 at June 30, 2013. The deficit balance was the result of advances from other funds. The deficit balance will be eliminated upon receipt of tax increment financing revenues in future years.

**(16) Early Childhood Iowa Area Board**

The County is the fiscal agent for the Early Childhood Iowa 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<br>Childhood | School<br>Ready | Total          |
|---|--------------------|-----------------|----------------|
| Additions:                                |                    |                 |                |
| State of Iowa grants:                     |                    |                 |                |
| Early childhood                           | \$ 75,380          | -               | 75,380         |
| Family support and parent education       | -                  | 205,035         | 205,035        |
| Preschool support for low-income families | -                  | 90,025          | 90,025         |
| Quality improvement                       | -                  | 44,582          | 44,582         |
| Allocation for administration             | -                  | 11,173          | 11,173         |
| Other grant programs                      | -                  | 21,857          | 21,857         |
| Interest Income:                          | 83                 | 359             | 442            |
| <b>Total additions</b>                    | <b>75,463</b>      | <b>373,031</b>  | <b>448,494</b> |
| Deductions:                               |                    |                 |                |
| Program services:                         |                    |                 |                |
| Early childhood                           | 84,258             | -               | 84,258         |
| Family support and parent education       | -                  | 205,035         | 205,035        |
| Preschool support for low income families | -                  | 103,208         | 103,208        |
| Quality improvement                       | -                  | 46,265          | 46,265         |
| Other program services                    | -                  | 11,663          | 11,663         |
| <b>Total program services</b>             | <b>84,258</b>      | <b>366,171</b>  | <b>450,429</b> |
| Administration                            | 4,026              | 11,429          | 15,455         |
| <b>Total deductions</b>                   | <b>88,284</b>      | <b>377,600</b>  | <b>465,884</b> |
| Change in fund balance                    | (12,821)           | (4,569)         | (17,390)       |
| Fund balance beginning of year            | 12,821             | 36,493          | 49,314         |
| Fund balance end of year                  | \$ -               | 31,924          | 31,924         |

**(17) Construction Commitments**

The County has entered into contracts totaling \$11,425,278 for road, trail construction and building improvement projects. As of June 30, 2013, costs of \$8,958,129 on the projects have been incurred. The balance remaining on the contracts at June 30, 2013 of \$2,467,149 will be paid as work on the projects progress.

**Washington County**

**Required Supplementary Information**

Washington 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<br>Funds not<br>Required to<br>be Budgeted | Net               |
|---|----------------------|---|-------------------|
| <b>Receipts:</b>  |                      |   |                   |
| Property and other county tax   | \$ 12,524,452        | -   | 12,524,452        |
| Interest and penalty on property tax  | 72,163               | -   | 72,163            |
| Intergovernmental   | 6,241,740            | -   | 6,241,740         |
| Licenses and permits  | 71,101               | -   | 71,101            |
| Charges for service   | 761,352              | -   | 761,352           |
| Use of money and property   | 150,326              | -   | 150,326           |
| Miscellaneous   | 820,166              | 4   | 820,162           |
| Total receipts  | <u>20,641,300</u>    | <u>4</u>  | <u>20,641,296</u> |
| <b>Disbursements:</b>   |                      |   |                   |
| Public safety and legal services  | 4,082,648            | -   | 4,082,648         |
| Physical health and social services   | 2,540,974            | -   | 2,540,974         |
| Mental health   | 803,782              | -   | 803,782           |
| County environment and education  | 859,122              | -   | 859,122           |
| Roads and transportation  | 4,611,669            | -   | 4,611,669         |
| Governmental services to residents  | 600,279              | -   | 600,279           |
| Administration  | 1,734,551            | -   | 1,734,551         |
| Non-program   | 31,375               | -   | 31,375            |
| Debt service  | 3,353,372            | -   | 3,353,372         |
| Capital projects  | 3,063,380            | -   | 3,063,380         |
| Total disbursements   | <u>21,681,152</u>    | <u>-</u>  | <u>21,681,152</u> |
| Excess (deficiency) of receipts<br>over (under) disbursements   | (1,039,852)          | 4   | (1,039,856)       |
| Other financing sources, net  | 30,740               | -   | 30,740            |
| Excess (deficiency) of receipts and other<br>financing sources over (under)<br>disbursements and other financing uses | (1,009,112)          | 4   | (1,009,116)       |
| Balance beginning of year   | <u>13,980,518</u>    | <u>8,055</u>                                    | <u>13,972,463</u> |
| Balance end of year   | <u>\$ 12,971,406</u> | <u>8,059</u>                                    | <u>12,963,347</u> |

See accompanying independent auditor's report.

| Budgeted Amounts |             | Final to<br>Net<br>Variance |
|------------------|-------------|-----------------------------|
| Original         | Final       |                             |
| 12,404,471       | 12,404,471  | 119,981                     |
| 65,050           | 65,050      | 7,113                       |
| 7,275,447        | 7,651,569   | (1,409,829)                 |
| 52,550           | 52,550      | 18,551                      |
| 677,527          | 677,527     | 83,825                      |
| 132,685          | 132,685     | 17,641                      |
| 392,470          | 801,252     | 18,910                      |
| 21,000,200       | 21,785,104  | (1,143,808)                 |
| 4,625,557        | 4,641,857   | 559,209                     |
| 2,555,098        | 2,734,967   | 193,993                     |
| 2,393,790        | 2,393,790   | 1,590,008                   |
| 902,005          | 902,005     | 42,883                      |
| 5,009,058        | 5,215,058   | 603,389                     |
| 668,024          | 668,024     | 67,745                      |
| 1,961,593        | 1,961,593   | 227,042                     |
| 57,500           | 57,500      | 26,125                      |
| 3,284,270        | 3,284,270   | (69,102)                    |
| 6,410,766        | 6,746,000   | 3,682,620                   |
| 27,867,661       | 28,605,064  | 6,923,912                   |
| (6,867,461)      | (6,819,960) | 5,780,104                   |
| -                | -           | 30,740                      |
| (6,867,461)      | (6,819,960) | 5,810,844                   |
| 3,135,423        | 10,840,827  | 3,131,636                   |
| (3,732,038)      | 4,020,867   | 8,942,480                   |

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Washington County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2013

|                                     | Governmental Funds |                             |                              |
|-------------------------------------|--------------------|-----------------------------|------------------------------|
|                                     | Cash<br>Basis      | Accrual<br>Adjust-<br>ments | Modified<br>Accrual<br>Basis |
| Revenues                            | \$ 20,641,300      | (174,673)                   | 20,466,627                   |
| Expenditures                        | 21,681,152         | (273,592)                   | 21,407,560                   |
| Net                                 | (1,039,852)        | 98,919                      | (940,933)                    |
| Other financing sources (uses), net | 30,740             | -                           | 30,740                       |
| Beginning fund balances             | 13,980,518         | 246,495                     | 14,227,013                   |
| Ending fund balances                | \$ 12,971,406      | 345,414                     | 13,316,820                   |

See accompanying independent auditor's report.

Washington County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2013

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, 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, two budget amendments increased budgeted disbursements by \$737,403. The budget amendments are 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 amount budgeted in the debt service function.

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Washington County

Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

| Year Ended June 30, | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial 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                | Jul 1, 2009              | -                             | \$ 205                        | 205                         | 0.0%               | \$ 6,172            | 3.3%  |
| 2011                | Jul 1, 2009              | -                             | 205                           | 205                         | 0.0                | 6,261               | 3.3   |
| 2012                | Jul 1, 2009              | -                             | 205                           | 205                         | 0.0                | 6,263               | 3.3   |
| 2013                | Jul 1, 2012              | -                             | 247                           | 247                         | 0.0                | 6,295               | 3.9   |

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

**Supplementary Information**

Washington County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2013

|   | County<br>Recorder's<br>Records<br>Management | Resource<br>Enhance-<br>ment and<br>Protection | Law<br>Enforcement<br>County<br>Attorney |
|---|---|--|--|
| <b>Assets</b>                                 |   |  |  |
| Cash, cash equivalents and pooled investments | \$ 27,317                                     | 97,311   | 13,412                                   |
| Due from other governments                    | 445   | -  | -  |
| <b>Total assets</b>                           | <b>\$ 27,762</b>                              | <b>97,311</b>                                  | <b>13,412</b>                            |
| <b>Liabilities and Fund Balances</b>          |   |  |  |
| Liabilities:                                  |   |  |  |
| None  | \$ -  | -  | -  |
| Fund balances:                                |   |  |  |
| Restricted for:                               |   |  |  |
| Resource enhancement and protection           | -   | 97,311   | -  |
| Other purposes                                | 27,762  | -  | 13,412                                   |
| Total fund balances                           | 27,762  | 97,311   | 13,412                                   |
| <b>Total liabilities and fund balances</b>    | <b>\$ 27,762</b>                              | <b>97,311</b>                                  | <b>13,412</b>                            |

See accompanying independent auditor's report.

| Special Revenue                |                                     |   |                  |  |         |
|--------------------------------|-------------------------------------|---|------------------|--|---------|
| Law Enforcement County Sheriff | Supplemental Environmental Projects | Washington County Conservation Foundation | Delinquent Fines |  | Total   |
| 18,478                         | 1,551                               | 8,059                                     | 33,172           |  | 199,300 |
| -                              | -                                   | -   | 1,414            |  | 1,859   |
| 18,478                         | 1,551                               | 8,059                                     | 34,586           |  | 201,159 |
| -                              | -                                   | -   | -                |  | -       |
| -                              | -                                   | -   | -                |  | 97,311  |
| 18,478                         | 1,551                               | 8,059                                     | 34,586           |  | 103,848 |
| 18,478                         | 1,551                               | 8,059                                     | 34,586           |  | 201,159 |
| 18,478                         | 1,551                               | 8,059                                     | 34,586           |  | 201,159 |

Washington County

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

Year ended June 30, 2013

|   | County<br>Recorder's<br>Records<br>Management | Resource<br>Enhance-<br>ment and<br>Protection | Law<br>Enforcement<br>County<br>Attorney |
|---|---|--|--|
| <b>Revenues:</b>  |   |  |  |
| Intergovernmental   | \$ -  | 11,792   | -  |
| Charges for service   | 5,448   | -  | -  |
| Use of money and property   | 81  | 274  | -  |
| Miscellaneous   | -   | -  | -  |
| Total revenues  | 5,529   | 12,066   | -  |
| <b>Expenditures:</b>  |   |  |  |
| Operating:  |   |  |  |
| County environment and education  | -   | -  | -  |
| Governmental services to residents  | 4,329   | -  | -  |
| Total expenditures  | 4,329   | -  | -  |
| Excess of revenues over expenditures  | 1,200   | 12,066   | -  |
| <b>Other financing uses:</b>  |   |  |  |
| Transfers out   | -   | -  | -  |
| Excess (deficiency) of revenues over (under)<br>expenditures and other financing uses | 1,200   | 12,066   | -  |
| Fund balances beginning of year   | 26,562  | 85,245   | 13,412                                   |
| Fund balances end of year   | \$ 27,762                                     | 97,311   | 13,412                                   |

See accompanying independent auditor's report.

| Special Revenue                |                                     |   |                  |  |         |
|--------------------------------|-------------------------------------|---|------------------|--|---------|
| Law Enforcement County Sheriff | Supplemental Environmental Projects | Washington County Conservation Foundation | Delinquent Fines |  | Total   |
| 2,446                          | -                                   | -   | -                |  | 14,238  |
| -                              | -                                   | -   | -                |  | 5,448   |
| -                              | 5                                   | -   | -                |  | 360     |
| 6,600                          | -                                   | 4   | 35,708           |  | 42,312  |
| 9,046                          | 5                                   | 4   | 35,708           |  | 62,358  |
| -                              | -                                   | -   | 1,122            |  | 1,122   |
| -                              | -                                   | -   | -                |  | 4,329   |
| -                              | -                                   | -   | 1,122            |  | 5,451   |
| 9,046                          | 5                                   | 4   | 34,586           |  | 56,907  |
| -                              | -                                   | -   | -                |  | -       |
| 9,046                          | 5                                   | 4   | 34,586           |  | 56,907  |
| 9,432                          | 1,546                               | 8,055                                     | -                |  | 144,252 |
| 18,478                         | 1,551                               | 8,059                                     | 34,586           |  | 201,159 |

**Schedule 3**

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Washington County  
Combining Schedule of Net Position  
Internal Service Funds

June 30, 2013

|                           | Employee     |          |           |
|---------------------------|--------------|----------|-----------|
|                           | Group        | Flexible |           |
|                           | Health       | Benefits | Total     |
| <b>Assets</b>             |              |          |           |
| Cash and cash equivalents | \$ 1,369,426 | 11,742   | 1,381,168 |
| <b>Liabilities</b>        |              |          |           |
| Accounts payable          | 148,448      | -        | 148,448   |
| <b>Net Position</b>       |              |          |           |
| Unrestricted              | \$ 1,220,978 | 11,742   | 1,232,720 |

See accompanying independent auditor's report.

## Washington County

Combining Schedule of Revenues, Expenses  
and Changes in Fund Net Position  
Internal Service Funds

Year ended June 30, 2013

|  | Employee<br>Group<br>Health | Flexible<br>Benefits | Total     |
|--|-----------------------------|----------------------|-----------|
| Operating revenues:                      |                             |                      |           |
| Reimbursements from operating funds      | \$ 1,134,159                | -                    | 1,134,159 |
| Reimbursements from employees and others | 21,949                      | 130                  | 22,079    |
| Reimbursements from Agency Funds         | 128,937                     | -                    | 128,937   |
| Stop loss reimbursements                 | 198,647                     | -                    | 198,647   |
| Contributions for flexible benefits      | -                           | 38,150               | 38,150    |
| Total operating revenues                 | 1,483,692                   | 38,280               | 1,521,972 |
| Operating expenses:                      |                             |                      |           |
| Medical claims                           | 1,254,042                   | -                    | 1,254,042 |
| Administrative fees                      | 273,077                     | -                    | 273,077   |
| Flexible benefits claims                 | -                           | 39,450               | 39,450    |
| Total operating expenses                 | 1,527,119                   | 39,450               | 1,566,569 |
| Operating loss                           | (43,427)                    | (1,170)              | (44,597)  |
| Non-operating revenues:                  |                             |                      |           |
| Interest income                          | 4,111                       | -                    | 4,111     |
| Net loss                                 | (39,316)                    | (1,170)              | (40,486)  |
| Net position beginning of year           | 1,260,294                   | 12,912               | 1,273,206 |
| Net position end of year                 | \$ 1,220,978                | 11,742               | 1,232,720 |

See accompanying independent auditor's report.

**Washington County**

Washington County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2013

|   | Employee<br>Group<br>Health | Flexible<br>Benefits | Total       |
|---|-----------------------------|----------------------|-------------|
| Cash flows from operating activities:   |                             |                      |             |
| Cash received from operating funds  | \$ 1,134,159                | 33,965               | 1,168,124   |
| Cash received from employees and others   | 220,596                     | 130                  | 220,726     |
| Cash received from Agency Funds   | 128,937                     | 4,185                | 133,122     |
| Cash paid to suppliers for services   | (1,418,673)                 | (39,450)             | (1,458,123) |
| Net cash provided by operating activities   | 65,019                      | (1,170)              | 63,849      |
| Cash flows from investing activities:   |                             |                      |             |
| Interest on investments   | 4,111                       | -                    | 4,111       |
| Net increase (decrease) in cash and cash equivalents                                  | 69,130                      | (1,170)              | 67,960      |
| Cash and cash equivalents beginning of year   | 1,300,296                   | 12,912               | 1,313,208   |
| Cash and cash equivalents end of year   | \$ 1,369,426                | 11,742               | 1,381,168   |
| <b>Reconciliation of operating loss to net cash provided by operating activities:</b> |                             |                      |             |
| Operating loss  | \$ (43,427)                 | (1,170)              | (44,597)    |
| Adjustment to reconcile operating loss to net cash provided by operating activities:  |                             |                      |             |
| Increase in accounts payable  | 108,446                     | -                    | 108,446     |
| Net cash provided by operating activities   | \$ 65,019                   | (1,170)              | 63,849      |

See accompanying independent auditor's report.

Washington County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2013

|  | County<br>Offices | Agricultural<br>Extension<br>Education | County<br>Assessor | Schools           | Community<br>Colleges |
|--|-------------------|--|--------------------|-------------------|-----------------------|
| <b>Assets</b>                                  |                   |  |                    |                   |                       |
| Cash, cash equivalents and pooled investments: |                   |  |                    |                   |                       |
| County Treasurer                               | \$ -              | 2,915                                  | 157,721            | 198,966           | 13,862                |
| Other County officials                         | 111,311           | -                                      | -                  | -                 | -                     |
| Receivables:                                   |                   |  |                    |                   |                       |
| Property tax:                                  |                   |  |                    |                   |                       |
| Delinquent                                     | -                 | 6                                      | 12                 | 324               | 27                    |
| Succeeding year                                | -                 | 206,000                                | 453,000            | 13,551,000        | 992,000               |
| Accounts                                       | 1,107             | -                                      | 43                 | -                 | -                     |
| Due from other governments                     | -                 | -                                      | -                  | -                 | -                     |
| <b>Total assets</b>                            | <b>\$ 112,418</b> | <b>208,921</b>                         | <b>610,776</b>     | <b>13,750,290</b> | <b>1,005,889</b>      |
| <b>Liabilities</b>                             |                   |  |                    |                   |                       |
| Accounts payable                               | \$ -              | -                                      | 96                 | -                 | -                     |
| Salaries and benefits payable                  | -                 | -                                      | 12,309             | -                 | -                     |
| Due to other governments                       | 92,738            | 208,921                                | 591,821            | 13,750,290        | 1,005,889             |
| Trusts payable                                 | 19,680            | -                                      | -                  | -                 | -                     |
| Compensated absences                           | -                 | -                                      | 6,550              | -                 | -                     |
| <b>Total liabilities</b>                       | <b>\$ 112,418</b> | <b>208,921</b>                         | <b>610,776</b>     | <b>13,750,290</b> | <b>1,005,889</b>      |

See accompanying independent auditor's report.

| Corporations     | Townships      | Public Safety Commission | Auto License and Use Tax | Other            | Total             |
|------------------|----------------|--------------------------|--------------------------|------------------|-------------------|
| 79,790           | 4,046          | 138,182                  | 471,657                  | 678,953          | 1,746,092         |
| -                | -              | -                        | -                        | -                | 111,311           |
| 211              | 3              | -                        | -                        | 25               | 608               |
| 5,553,000        | 316,000        | -                        | -                        | 955,000          | 22,026,000        |
| -                | -              | -                        | -                        | 33,724           | 34,874            |
| -                | -              | -                        | -                        | 60,495           | 60,495            |
| <b>5,633,001</b> | <b>320,049</b> | <b>138,182</b>           | <b>471,657</b>           | <b>1,728,197</b> | <b>23,979,380</b> |
| -                | -              | 1,806                    | -                        | 25,267           | 27,169            |
| -                | -              | 21,878                   | -                        | 7,335            | 41,522            |
| 5,633,001        | 320,049        | 114,498                  | 471,657                  | 1,695,595        | 23,884,459        |
| -                | -              | -                        | -                        | -                | 19,680            |
| -                | -              | -                        | -                        | -                | 6,550             |
| <b>5,633,001</b> | <b>320,049</b> | <b>138,182</b>           | <b>471,657</b>           | <b>1,728,197</b> | <b>23,979,380</b> |

Washington County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2013

|   | County<br>Offices | Agricultural<br>Extension<br>Education | County<br>Assessor | Schools    | Community<br>Colleges |
|---|-------------------|--|--------------------|------------|-----------------------|
| <b>Assets and Liabilities</b>                               |                   |  |                    |            |                       |
| Balances beginning of year                                  | \$ 109,737        | 203,859                                | 538,746            | 13,904,177 | 983,571               |
| Additions:  |                   |  |                    |            |                       |
| Property and other county tax                               | -                 | 204,352                                | 448,777            | 13,422,207 | 982,667               |
| E911 surcharge  | -                 | -                                      | -                  | -          | -                     |
| State tax credits   | -                 | 8,720                                  | 17,442             | 594,374    | 41,430                |
| Office fees and collections                                 | 580,522           | -                                      | -                  | -          | -                     |
| Auto licenses, use tax, postage<br>and drivers license fees | -                 | -                                      | -                  | -          | -                     |
| Assessments   | -                 | -                                      | -                  | -          | -                     |
| Trusts  | 147,406           | -                                      | -                  | -          | -                     |
| Miscellaneous   | 38,698            | -                                      | 184                | -          | -                     |
| Total additions   | 766,626           | 213,072                                | 466,403            | 14,016,581 | 1,024,097             |
| Deductions:   |                   |  |                    |            |                       |
| Agency remittances:   |                   |  |                    |            |                       |
| To other funds  | 74,304            | -                                      | 394,373            | -          | -                     |
| To other governments  | 540,558           | 208,010                                | -                  | 14,170,468 | 1,001,779             |
| Trusts paid out   | 149,083           | -                                      | -                  | -          | -                     |
| Total deductions  | 763,945           | 208,010                                | 394,373            | 14,170,468 | 1,001,779             |
| Balances end of year  | \$ 112,418        | 208,921                                | 610,776            | 13,750,290 | 1,005,889             |

See accompanying independent auditor's report.

| Corpora-<br>tions | Townships | Public<br>Safety<br>Commission | Auto<br>License<br>and<br>Use Tax | Other     | Total      |
|-------------------|-----------|--------------------------------|-----------------------------------|-----------|------------|
| 5,484,127         | 308,988   | 129,167                        | 471,842                           | 1,512,165 | 23,646,379 |
| 5,439,808         | 315,880   | -                              | -                                 | 945,933   | 21,759,624 |
| -                 | -         | -                              | -                                 | 212,729   | 212,729    |
| 208,837           | 13,761    | -                              | -                                 | 40,389    | 924,953    |
| -                 | -         | -                              | -                                 | 268,714   | 849,236    |
| -                 | -         | -                              | 6,381,921                         | -         | 6,381,921  |
| -                 | -         | -                              | -                                 | 33,926    | 33,926     |
| -                 | -         | -                              | -                                 | 81,412    | 228,818    |
| -                 | -         | 669,526                        | -                                 | 687,073   | 1,395,481  |
| 5,648,645         | 329,641   | 669,526                        | 6,381,921                         | 2,270,176 | 31,786,688 |
| -                 | -         | -                              | 255,284                           | -         | 723,961    |
| 5,499,771         | 318,580   | 660,511                        | 6,126,822                         | 2,054,144 | 30,580,643 |
| -                 | -         | -                              | -                                 | -         | 149,083    |
| 5,499,771         | 318,580   | 660,511                        | 6,382,106                         | 2,054,144 | 31,453,687 |
| 5,633,001         | 320,049   | 138,182                        | 471,657                           | 1,728,197 | 23,979,380 |

Washington County

Schedule of Revenues by Source and Expenditures by Function -  
All Governmental Funds

For the Last Ten Years

|                                      | 2013                 | 2012              | 2011              | 2010              |
|--------------------------------------|----------------------|-------------------|-------------------|-------------------|
| <b>Revenues:</b>                     |                      |                   |                   |                   |
| Property and other county tax        | \$ 9,658,584         | 9,197,085         | 8,129,183         | 7,795,295         |
| Tax increment financing              | 1,807,197            | 1,785,917         | 1,790,775         | 1,795,275         |
| Local option sales tax               | 969,263              | 1,084,809         | 968,286           | 872,690           |
| Interest and penalty on property tax | 72,171               | 74,276            | 76,322            | 79,213            |
| Intergovernmental                    | 6,094,416            | 6,833,101         | 6,690,934         | 7,101,605         |
| Licenses and permits                 | 71,390               | 70,128            | 61,438            | 54,308            |
| Charges for service                  | 788,891              | 758,402           | 714,553           | 704,331           |
| Use of money and property            | 148,447              | 135,668           | 151,486           | 175,085           |
| Fines, forfeitures and defaults      | -                    | -                 | -                 | -                 |
| Miscellaneous                        | 856,268              | 704,465           | 623,606           | 358,210           |
| <b>Total</b>                         | <b>\$ 20,466,627</b> | <b>20,643,851</b> | <b>19,206,583</b> | <b>18,936,012</b> |
| <b>Expenditures:</b>                 |                      |                   |                   |                   |
| <b>Operating:</b>                    |                      |                   |                   |                   |
| Public safety and legal services     | \$ 4,106,744         | 3,776,403         | 3,752,408         | 3,777,719         |
| Physical health and social services  | 2,517,575            | 2,461,339         | 2,412,125         | 2,382,538         |
| Mental health                        | 435,068              | 2,301,318         | 1,733,162         | 1,633,941         |
| County environment and education     | 1,247,107            | 1,043,520         | 886,227           | 796,374           |
| Roads and transportation             | 4,651,989            | 4,242,814         | 4,729,678         | 4,660,891         |
| Governmental services to residents   | 600,254              | 595,946           | 599,233           | 594,919           |
| Administration                       | 1,695,303            | 1,581,466         | 1,576,049         | 1,572,228         |
| Non-program                          | 59,227               | 54,498            | 57,065            | 46,241            |
| Debt service                         | 3,417,027            | 2,971,717         | 2,288,019         | 2,297,777         |
| Capital projects                     | 2,677,266            | 5,340,817         | 1,801,336         | 254,840           |
| <b>Total</b>                         | <b>\$ 21,407,560</b> | <b>24,369,838</b> | <b>19,835,302</b> | <b>18,017,468</b> |

See accompanying independent auditor's report.

| Modified Accrual Basis |            |            |            |            |            |
|------------------------|------------|------------|------------|------------|------------|
| 2009                   | 2008       | 2007       | 2006       | 2005       | 2004       |
| 7,474,768              | 7,227,078  | 6,906,888  | 5,967,872  | 5,591,648  | 5,559,921  |
| 1,712,008              | 311,699    | -          | -          | -          | -          |
| 907,821                | 945,907    | 1,061,073  | 668,312    | 748,083    | 681,633    |
| 72,916                 | 68,492     | 64,707     | 63,726     | 59,045     | 53,893     |
| 6,721,217              | 6,694,683  | 5,286,299  | 8,240,176  | 6,161,660  | 5,083,478  |
| 51,350                 | 48,946     | 46,203     | 50,678     | 50,816     | 49,619     |
| 718,783                | 688,056    | 714,464    | 919,552    | 649,381    | 686,167    |
| 206,634                | 424,237    | 605,055    | 315,561    | 206,180    | 171,402    |
| -                      | -          | -          | -          | -          | 3,116      |
| 444,509                | 382,126    | 499,479    | 179,197    | 419,137    | 384,648    |
| 18,310,006             | 16,791,224 | 15,184,168 | 16,405,074 | 13,885,950 | 12,673,877 |
| 3,671,315              | 3,447,365  | 2,680,060  | 2,660,864  | 2,781,551  | 2,575,845  |
| 2,316,409              | 2,183,902  | 2,239,164  | 2,004,389  | 1,900,854  | 1,906,677  |
| 1,642,744              | 1,793,564  | 1,830,624  | 1,338,335  | 1,368,581  | 1,379,236  |
| 733,200                | 637,552    | 624,445    | 525,778    | 540,426    | 478,857    |
| 4,141,415              | 4,521,177  | 3,927,041  | 3,998,812  | 4,109,636  | 3,766,210  |
| 587,746                | 559,917    | 513,407    | 640,779    | 474,804    | 465,193    |
| 1,523,319              | 1,354,082  | 1,221,558  | 1,247,345  | 1,224,129  | 1,293,299  |
| 62,187                 | 56,424     | 4,082,771  | 4,656,959  | 63,080     | 86,951     |
| 2,061,861              | 905,179    | 853,834    | 143,920    | 136,507    | 68,254     |
| 2,392,295              | 2,323,948  | 3,998,616  | 2,979,542  | 1,045,744  | 1,305,961  |
| 19,132,491             | 17,783,110 | 21,971,520 | 20,196,723 | 13,645,312 | 13,326,483 |

Washington County  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2013

| Grantor/Program                                     | CFDA<br>Number | Agency or<br>Pass-through<br>Number | Program<br>Expenditures |
|---|----------------|-------------------------------------|-------------------------|
| Direct:   |                |                                     |                         |
| U.S. Department of Health and Human Services:       |                |                                     |                         |
| Drug-Free Communities Support Program Grants        | 93.276         | 5-H79-SP012224-10                   | 34,034                  |
| Drug-Free Communities Support Program Grants        | 93.276         | 1-H79-SP017267-02                   | 20,796                  |
| Total direct  |                |                                     | <u>54,830</u>           |
| Indirect:   |                |                                     |                         |
| U.S. Department of Agriculture:                     |                |                                     |                         |
| Iowa Department of Human Services:                  |                |                                     |                         |
| Human Services Administrative Reimbursement:        |                |                                     |                         |
| State Administrative Matching Grants                |                |                                     |                         |
| for the Supplemental Nutrition                      |                |                                     |                         |
| Assistance Program                                  |                |                                     |                         |
|   | 10.561         |                                     | <u>13,657</u>           |
| Iowa Economic Development Authority                 |                |                                     |                         |
| Community Development Block Grants/State's          |                |                                     |                         |
| Program and Non-Entitlement grants in Hawaii        |                |                                     |                         |
|   | 14.228         | 11-WS-013                           | <u>498,605</u>          |
| U.S. Department of Justice:                         |                |                                     |                         |
| Iowa Department of Justice - Crime Victim           |                |                                     |                         |
| Assistance Division:                                |                |                                     |                         |
| Crime Victim Assistance                             |                |                                     |                         |
|   | 16.575         | VA-13-75                            | <u>3,525</u>            |
| Iowa Governor's Office of Drug Control Policy:      |                |                                     |                         |
| ARRA - Recovery Act - Edward Byrne Memorial Justice |                |                                     |                         |
| Assistance Grant (JAG) Program/Grants to            |                |                                     |                         |
| States and Territories                              |                |                                     |                         |
|   | 16.803         | 10JAG - 43351                       | <u>32,240</u>           |
| Iowa Department of Public Safety:                   |                |                                     |                         |
| Alcohol Impaired Driving Countermeasures            |                |                                     |                         |
| Incentive Grants I                                  |                |                                     |                         |
|   | 20.601         | PAP 13-410, Task 56                 | <u>22,857</u>           |
| U.S. Department of Health and Human Services:       |                |                                     |                         |
| Iowa Department of Public Health:                   |                |                                     |                         |
| Public Health Emergency Preparedness                |                |                                     |                         |
|   | 93.069         | 5882BT92                            | <u>29,857</u>           |
| Immunization Cooperative Agreements                 |                |                                     |                         |
|   | 93.268         | 5881I478                            | <u>6,353</u>            |
| Immunization Cooperative Agreements                 |                |                                     |                         |
|   | 93.268         | 5882I478                            | <u>2,566</u>            |
|   |                |                                     | <u>8,919</u>            |
| Centers for Disease Control and Prevention          |                |                                     |                         |
| Investigations and Technical Assistance             |                |                                     |                         |
|   | 93.283         | 5883NB23                            | <u>40,080</u>           |
| PPHF 2012: Community Transformation Grants          |                |                                     |                         |
| and National Dissemination and Support for          |                |                                     |                         |
| Community Transformation Grants - financed          |                |                                     |                         |
| solely by 2012 Prevention and Public                |                |                                     |                         |
| Health Funds  |                |                                     |                         |
|   | 93.531         | 5882HP23                            | 26,250                  |
| PPHF 2013: Community Transformation Grants          |                |                                     |                         |
| and National Dissemination and Support for          |                |                                     |                         |
| Community Transformation Grants - financed          |                |                                     |                         |
| solely by 2013 Prevention and Public                |                |                                     |                         |
| Health Funds  |                |                                     |                         |
|   | 93.531         | 5883HP23                            | 46,031                  |
|   |                |                                     | <u>72,281</u>           |

| Grantor/Program                                | CFDA<br>Number | Agency or<br>Pass-through<br>Number | Program<br>Expenditures |
|--|----------------|-------------------------------------|-------------------------|
| Indirect (continued):                          |                |                                     |                         |
| U.S. Department of Health and Public Services: |                |                                     |                         |
| Iowa Department of Human Services:             |                |                                     |                         |
| Human Services Administrative Reimbursement:   |                |                                     |                         |
| Refugee and Entrant Assistance State           |                |                                     |                         |
| Administered Programs                          | 93.566         |                                     | 62                      |
| Child Care Mandatory and Matching Funds        |                |                                     |                         |
| of the Child Care and Development Fund         | 93.596         |                                     | 3,134                   |
| Foster Care Title IV-E                         | 93.658         |                                     | 4,732                   |
| Adoption Assistance                            | 93.659         |                                     | 1,317                   |
| Children's Health Insurance Program            | 93.767         |                                     | 52                      |
| Medical Assistance Program                     | 93.778         |                                     | 13,593                  |
| Social Services Block Grant                    | 93.667         |                                     | 4,089                   |
| Iowa Department of Public Health:              |                |                                     |                         |
| Maternal and Child Health Services Block       |                |                                     |                         |
| Grant to the States                            | 93.994         | 5882MH30                            | 1,191                   |
| Maternal and Child Health Services Block       |                |                                     |                         |
| Grant to the States                            | 93.994         | 5883MH30                            | 21,170                  |
| Maternal and Child Health Services Block       |                |                                     |                         |
| Grant to the States                            | 93.994         | 5882HP23                            | 545                     |
|  |                |                                     | 22,906                  |
| U.S. Department of Homeland Security:          |                |                                     |                         |
| Iowa Department of Public Defense:             |                |                                     |                         |
| Iowa Homeland Security and Emergency           |                |                                     |                         |
| Management Division:                           |                |                                     |                         |
| Emergency Management Performance               |                |                                     |                         |
| Grants   | 97.042         | EMPG-12-PT-92                       | 17,826                  |
| Total indirect                                 |                |                                     | 789,732                 |
| Total  |                |                                     | \$ 844,562              |

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Washington County and is presented on the modified accrual basis of accounting. The information in 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.

See accompanying independent auditor's report.

**Washington County**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

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

To the Officials of Washington County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Washington County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 4, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington 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 Washington County's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington 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 certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

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

A significant deficiency is a deficiency, or a 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 consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-D-13 and II-E-13 to be significant deficiencies.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington 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 IV of the accompanying Schedule of Findings and Questioned Costs.

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

## Washington County's Responses to the Findings

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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 Washington 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.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 4, 2014

**Washington County**

**Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

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Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133

To the Officials of Washington County:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Washington County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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 Washington 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 program. However, our audit does not provide a legal determination of Washington County's compliance.

Opinion on Each Major Federal Program

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

## Report on Internal Control Over Compliance

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

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 4, 2014

Washington County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2013

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 14.228 – Community Development Block Grant.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Washington County did not qualify as a low-risk auditee.

Washington County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-13 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine 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. Generally, one or more individuals in the offices identified may have control over the following areas for which no compensating controls exist:

|   | <u>Applicable<br/>Offices</u>                |
|---|--|
| (1) Collection and deposit preparation functions were not performed by an individual who does not record and account for cash receipts.                           | Auditor, Recorder and Agricultural Extension |
| (2) Bank accounts are not reconciled by an individual who does not sign checks, handle or record cash. There is no independent review of the bank reconciliation. | Recorder                                     |
| (3) The listing of cash and checks received by mail was not compared to the cash receipt records by an independent person.  | Conservation                                 |

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Officials should review the operating procedures of their offices to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Responses:

County Auditor – Operating procedures will be reviewed and discussion with appropriate staff will take place in order to determine the maximum internal control possible using existing staff.

County Recorder – I will review transactions and procedures to obtain more segregation of duties. We will continue with checks and balances in place now and look for possibly more instances to utilize internal controls.

County Agricultural Extension – We will review current operating procedures and determine how we can cross check to verify deposits. Possibility would be to have the Treasurer review receipts and deposits monthly.

County Conservation – We will delegate a second person to independently verify the receipts.

Washington County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Conclusions – County Conservation response accepted. The County Auditor, County Recorder and County Agricultural Extension Office should utilize current personnel, including personnel from other offices, to provide additional control through review of financial transactions, reconciliations and reports.

- II-B-13 Capital Assets – Capital assets are not periodically tested by an independent person to determine the assets exist and all assets are included in the capital asset listing. In addition, there is no individual who reconciles the capital assets to capital expenditures to ensure the asset list is complete.

Recommendation – A person who does not have responsibility for capital assets should periodically test capital assets to ensure the accuracy of the capital asset listing. In addition, a reconciliation of capital asset additions should be reconcile to capital expenditure functions to ensure the asset listing is accurate and complete.

Response – Staff without responsibility for capital assets will periodically test capital assets in order to assure accuracy of the capital asset listing. Also, a reconciliation of capital asset additions will be reconciled to capital expenditures to help ensure the asset listing is accurate and complete.

Conclusion – Response accepted.

- II-C-13 Financial Reporting – During the audit, we identified a material payable not recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include this amount in the financial statements.

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

Response – Procedures will be implemented to properly identify and include all payables in the County’s financial statements.

Conclusion – Response accepted.

- II-D-13 Tax Increment Financing – The County Auditor does not prepare a reconciliation of tax increment financing revenue (TIF) remitted with the amount of debt certified.

Recommendation – The County should prepare a reconciliation for each TIF district to reconcile the cumulative TIF tax remitted with the amount of debt certified.

Response – The County will prepare TIF reconciliations which reconcile cumulative TIF remitted with the amount of debt certified.

Conclusion – Response accepted.

Washington County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

II-E-13 Computer Systems – During our review of internal control, the existing control activities in the County’s computer systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weaknesses in the County’s computer systems were noted:

- a) The County does not have a written disaster recovery plan.
- b) The County does not have a formal information system security policy or password policy.

Recommendation – A written disaster recovery plan should be developed. Formal information system security and password policies should be developed.

Response – A written disaster recovery plan, written information system security plan and a written password policy will be developed.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Washington County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2013

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over the major program were noted.

Washington County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-13 Certified Budget – Disbursements during the year ended June 30, 2013 exceeded the amount budgeted in the debt service function.

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

Response – The budget will be amended prior to the occurrence of disbursements which would otherwise exceed the budget.

Conclusion – Response accepted.

IV-B-13 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

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

IV-D-13 Business Transactions – No business transactions between the County and County officials or employees were noted.

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

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

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

IV-H-13 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-13 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2013 for the County Extension Office did not exceed the amount budgeted.

Washington County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

- IV-J-13 Early Childhood Iowa Area Board – The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. 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.

No instances of non-compliance were noted as a result of the audit procedures performed.

- IV-K-13 Urban Renewal Annual Report – The urban renewal annual report was approved but was not certified to the Iowa Department of Management (DOM) on or before December 1, 2013. The report was filed on December 3, 2013. In addition, the amount reported by the County as tax increment financing debt outstanding at the beginning of the year was underreported by \$11,764.

Recommendation – The County should file the urban renewal annual report timely and ensure the debt amounts reported on the Levy Summary agree with County Records.

Response – The urban renewal annual report will be certified to the DOM in a timely manner prior to December 1 and the County will ensure the debt amounts reported on the Levy Summary agree with County Records.

Conclusion – Response accepted.

- IV-L-13 Financial Condition – Although the Special Revenue, City of Riverside Tax Increment Financing Fund had a positive cash balance at June 30, 2013, the unassigned fund balance was a deficit of \$62,923.

Recommendation – The County should continue to investigate alternatives to eliminate the deficit balance to return the City of Riverside Tax Increment Financing Fund to a sound financial condition.

Response – The County will continue to investigate alternatives to eliminate the deficit balance to return the City of Riverside Tax Increment Financing Fund to a sound financial condition.

Conclusion – Response accepted.

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Washington County

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager  
Timothy D. Houlette, CPA, Manager  
Brandon J. Vogel, Senior Auditor  
Tyler J. Guffy, Staff Auditor  
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