

BREMER COUNTY, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2014

BREMER COUNTY, IOWA

TABLE OF CONTENTS

JUNE 30, 2014

	<u>Page</u>
<u>Officials</u>	1
<u>Independent Auditor's Report</u>	2-3
<u>Management's Discussion and Analysis</u>	4-9
<u>Basic Financial Statements:</u>	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 10
Statement of Activities	B 11-12
Governmental Fund Financial Statements:	
Balance Sheet	C 13-14
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D 15
Statement of Revenues, Expenditures and Changes in Fund Balances	E 16-17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F 18
Proprietary Fund Financial Statements:	
Statement of Net Position	G 19
Statement of Revenues, Expenses and Changes in Fund Net Position	H 20
Statement of Cash Flows	I 21
Fiduciary Fund Financial Statement:	
Statement of Fiduciary Assets and Liabilities – Agency Funds	J 22
Notes to Financial Statements	23-37
<u>Required Supplementary Information:</u>	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds	38
Budget to GAAP Reconciliation	39
Notes to Required Supplementary Information – Budgetary Reporting	40
Schedule of Funding Progress for the Retiree Health Plan	41
<u>Supplementary Information:</u>	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 42-45
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 46-49
Agency Funds:	
Combining Schedule of Fiduciary Assets and Liabilities	3 50-52
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4 53-55
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5 56-57
<u>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</u>	58-59
<u>Schedule of Findings</u>	60-64

BREMER COUNTY, IOWA

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tim Neil	Board of Supervisors	January 2015
Duane Hildebrandt	Board of Supervisors	January 2017
Ken Kammeyer	Board of Supervisors	January 2017
Shelley Wolf	County Auditor	January 2017
Sue Shonka	County Treasurer	January 2015
Melissa Davis	County Recorder	November 2014
Daniel Pickett	County Sheriff	January 2017
Kasey Wadding	County Attorney	January 2015
Jean Keller	County Assessor	January 2016



ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Achieving your goals with our knowledge."

Kenneth E. Crosser, CPA
April D. Crosser, CPA
Michael J. Podliska, CPA

INDEPENDENT AUDITOR'S REPORT

To the Officials of Bremer County, Iowa:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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, the business-type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa at June 30, 2014, and the respective changes in financial position and, where applicable cash flows thereof, for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 9 and 38 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the 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 Bremer County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2011 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the year ended June 30, 2005 and the two years ended June 30, 2013 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2015 on our consideration of Bremer County, Iowa'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 Bremer County, Iowa's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO. P.C.

Anderson, Larkin & Co. P.C.

Ottumwa, Iowa
March 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bremer County, Iowa 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, 2014. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- ◆ Revenues of the County's governmental activities increased 3.4%, or \$510,813, from fiscal year 2013 to 2014.
- ◆ Program expenses of the County's governmental activities decreased 12.8% or \$1,941,525, from fiscal year 2013 to 2014. Roads and transportation expenses decreased by \$1,081,918.
- ◆ The County's governmental net position increased 7.2%, or \$2,531,649 during the year ended June 30, 2014.

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 Bremer County, Iowa 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 Bremer County, Iowa'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 Bremer County, Iowa 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.

Other Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The Statement of Net Position presents all of the County's assets, liabilities and deferred inflows of resources, with the difference 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, and Secondary Roads, and 3) 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 Enterprise, Community Based Services Fund and its Internal Service, Employee Group Health Fund. Enterprise Funds are used to report business type activities. 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 auto license and use tax, 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. The analysis that follows focuses on the changes in net position of governmental and business-type activities.

Net Position

	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 22,055,008	\$ 20,504,405	\$ 304,910	\$ 264,261	\$ 22,359,918	\$ 20,768,666
Capital assets	<u>28,250,947</u>	<u>26,847,679</u>	<u>367,461</u>	<u>401,509</u>	<u>28,618,408</u>	<u>27,249,188</u>
Total assets	<u>50,305,955</u>	<u>47,352,084</u>	<u>672,371</u>	<u>665,770</u>	<u>50,978,326</u>	<u>48,017,854</u>
Long-term liabilities	4,087,712	4,246,145	227,717	229,326	4,315,429	4,475,471
Other liabilities	711,948	622,473	179,415	107,978	891,363	730,451
Total liabilities	<u>4,799,660</u>	<u>4,868,618</u>	<u>407,132</u>	<u>337,304</u>	<u>5,206,792</u>	<u>5,205,922</u>
Deferred inflows of resources	<u>7,787,180</u>	<u>7,296,000</u>	-	-	<u>7,787,180</u>	<u>7,296,000</u>
Net position:						
Net investment in capital assets	25,640,947	23,967,526	204,659	227,414	25,845,606	24,194,940
Restricted	8,887,135	7,534,303	-	-	8,887,135	7,534,303
Unrestricted	<u>3,191,033</u>	<u>3,685,637</u>	<u>60,580</u>	<u>101,052</u>	<u>3,251,613</u>	<u>3,786,689</u>
Total net position	\$ <u>37,719,115</u>	\$ <u>35,187,466</u>	\$ <u>265,239</u>	\$ <u>328,466</u>	\$ <u>37,984,354</u>	\$ <u>35,515,932</u>

Net position of the County's governmental activities increased by 7.2% (\$37,719,115 compared to \$35,187,466). The largest portion of the County's net position is the investment 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 represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased from \$3,685,637 at June 30, 2013 to \$3,191,033 at June 30, 2014, a decrease of 13.4%.

Net position of Bremer County's business type activities decreased \$63,227, or 19.3%.

Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	Year ended June 30, 2014	2013
Revenues:						
Program revenues:						
Charges for service	\$ 2,295,661	\$ 2,916,444	\$ 2,716,173	\$ 3,160,826	\$ 5,011,834	\$ 6,077,270
Operating grants, contributions and restricted interest	3,630,284	3,171,057	-	-	3,630,284	3,171,057
Capital grants, contributions and restricted interest	1,301,274	604,847	-	-	1,301,274	604,847
General revenues:						
Property tax	6,934,250	6,923,506	-	-	6,934,250	6,923,506
Tax increment financing	194,032	168,581	-	-	194,032	168,581
Penalty and interest on property tax	51,293	34,389	-	-	51,293	34,389
State tax credits	176,406	236,374	-	-	176,406	236,374
Local option sales tax	879,895	854,440	-	-	879,895	854,440
Unrestricted investment earnings	87,130	95,067	-	-	87,130	95,067
Gain on disposition of capital assets	6,848	5,946	-	-	6,848	5,946
Miscellaneous	<u>153,750</u>	<u>189,359</u>	-	-	<u>153,750</u>	<u>189,359</u>
Total revenues	<u>15,710,823</u>	<u>15,200,010</u>	<u>2,716,173</u>	<u>3,160,826</u>	<u>18,426,996</u>	<u>18,360,836</u>
Program expenses:						
Public safety and legal services	3,424,907	3,442,199	-	-	3,424,907	3,442,199
Physical health and social services	785,164	672,250	-	-	785,164	672,250
Mental health	857,298	1,287,707	-	-	857,298	1,287,707
County environment and education	1,416,977	1,225,433	-	-	1,416,977	1,225,433
Roads and transportation	4,425,620	5,507,538	-	-	4,425,620	5,507,538
Governmental services to residents	672,311	688,890	-	-	672,311	688,890
Administration	1,483,995	2,177,171	-	-	1,483,995	2,177,171
Non-program	51,361	55,428	-	-	51,361	55,428
Interest on long-term debt	61,541	64,083	-	-	61,541	64,083
Community based services	-	-	2,779,400	3,088,187	2,779,400	3,088,187
Total expenses	<u>13,179,174</u>	<u>15,120,699</u>	<u>2,779,400</u>	<u>3,088,187</u>	<u>15,958,574</u>	<u>18,208,886</u>
Change in net position	2,531,649	79,311	(63,227)	72,639	2,468,422	151,950
Net position – Beginning of year	<u>35,187,466</u>	<u>35,108,155</u>	<u>328,466</u>	<u>255,827</u>	<u>35,515,932</u>	<u>35,363,982</u>
Net position – End of year	\$ <u>37,719,115</u>	\$ <u>35,187,466</u>	\$ <u>265,239</u>	\$ <u>328,466</u>	\$ <u>37,984,354</u>	\$ <u>35,515,932</u>

The results of governmental activities for the year resulted in Bremer County, Iowa's net position increasing by \$2,531,649. Revenues for governmental activities increased by \$510,813 from the prior year, including increases in capital grants, contributions and restricted interest. Expenditures decreased by \$1,941,525 including decreases in mental health, road and transportation and administration expenses.

The cost of all governmental activities this year was \$11,877,900 compared to \$15,120,699 last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$5,951,955 because some of the cost was paid by those directly benefited from the programs (\$2,295,661) or by other governments and organizations that subsidized certain programs with grants and contributions (\$4,931,558).

INDIVIDUAL MAJOR FUND ANALYSIS

As Bremer County completed the year, its governmental funds reported a combined fund balance of \$12,437,412, which is an increase of \$621,563 from last year's total of \$11,815,849.

- The General Fund ending fund balance decreased \$260,727 from the prior year to \$3,959,884. Total revenue increased 6.7%, or \$433,017. Total expenditures increased 4.2%, or \$279,704, compared to fiscal year 2013.
- The Special Revenue, Mental Health Fund revenues and expenditures decreased \$106,122 and \$409,911, respectively, due, in part, to the State of Iowa retaining property tax relief funds and performing the Medicaid billing. The Special Revenue, Mental Health Fund balance at year end increased \$291,290 to \$975,576.
- The Special Revenue, Rural Services Fund balance decreased \$9,749 compared to prior year to \$273,919. Revenues increased \$87,834, primarily due to an increase in property tax. Expenses and transfers out increased by \$66,490 and \$66,364, respectively.
- The Special Revenue, Solid Waste Management Fund balance decreased \$68,520 from the prior year to \$1,457,034. Expenditures continue to outpace revenues.
- The Special Revenue, Secondary Roads Fund expenditures increased \$663,550 from the prior year, due primarily to an increase in capital projects. Revenues increased \$128,962. The prior year had less capital project costs resulting in less reimbursements from the State. The Special Revenue, Secondary Roads Fund ending fund balance increased \$73,648 to \$1,906,258.
- The Special Revenue, Solid Waste Closure Fund balance decreased a modest \$22,249 to \$1,457,077.

The major business type activities fund is as follows:

- The Enterprise, Community Based Services Fund balance decreased \$63,227. The County continues to look for ways to manage the expenses and revenues related to Community Based Services.

BUDGETARY HIGHLIGHTS

Over the course of the year, Bremer County amended its budget twice. The amendments were made in February and May 2014, respectively, and resulted in an increase in budgeted disbursements of \$69,600, primarily for county environment and education and administration.

The County's actual receipts were \$355,302 more than budgeted. The most significant variance resulted from the County receiving more intergovernmental and miscellaneous receipts than anticipated.

Total actual disbursements were \$1,916,391 less than the final amended budget, a variance of 12.3%. Actual disbursements for the public safety and legal services, physical health and social services, mental health and capital projects functions were \$275,757, \$152,986, \$204,710 and \$874,621, respectively, less than budgeted.

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, Bremer County, Iowa's governmental activities had \$28,250,947 invested (net of accumulated depreciation) in a broad range of capital assets, including public safety equipment, buildings, park facilities, and roads and bridges. This amount represents a net increase (including additions, deletions and depreciation) of \$1,403,268 or 5.2% more than the prior year.

Capital Assets of Governmental Activities at Year End

	June 30,	
	<u>2014</u>	<u>2013</u>
Land	\$ 1,498,404	\$ 1,398,404
Construction in progress	706,382	281,200
Buildings	5,970,158	5,989,633
Equipment and vehicles	1,860,544	1,570,133
Infrastructure, road network	16,725,549	16,336,637
Infrastructure, other	<u>1,489,910</u>	<u>1,271,672</u>
Totals	<u>\$ 28,250,947</u>	<u>\$ 26,847,679</u>

This year's major additions included:

Land	\$ 100,000
Construction in progress	706,382
Buildings	122,730
Equipment and vehicles	522,870
Infrastructure	<u>1,317,443</u>
	<u>\$ 2,769,425</u>

Capital assets of Bremer County's business type activities decreased \$34,048 from fiscal year 2013 to \$367,461. The primary reason for the decrease was depreciation expense.

The County's governmental activities had depreciation expense of \$1,355,660 for the year ended June 30, 2014, and total accumulated depreciation as of June 30, 2014 of \$23,412,519.

More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-term Debt

At June 30, 2014, the County had \$2,610,000 in general obligation notes and other debt compared to \$2,875,000 at June 30, 2013, as shown below.

Outstanding Debt of Governmental Activities at Year-End

	June 30,	
	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ <u>2,610,000</u>	\$ <u>2,875,000</u>

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below its constitution debt limit of approximately \$96,230,000. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Bremer County, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2015 budget, tax rates, and the fees charged for the various County activities. One of those factors is the economy. Unemployment in the County (as of June 2014) remains unchanged at 4.0% compared to a year ago. This compares with the State's unemployment rate of 4.4% and the national rate of 6.1%.

Inflation in the State is lower than the national Consumer Price Index increase. The State's CPI increase was 3.615% for fiscal year 2014 compared with the national increase of 4.839%.

These indicators were taken into account when adopting the budget for fiscal year 2015. Amounts available for appropriation in the operating budget are increasing by \$2,364,173 compared to the final fiscal year 2014 budget. Intergovernmental revenues are expected to make up the majority of this increase. Budgeted disbursements are expected to increase by \$3,208,099 compared to the final fiscal year 2014 budget. Increases in physical health and social services and capital projects expenditures represent the majority of the increase. The County has added economic development, integrated roadside management and home health service initiatives to the fiscal year 2015 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease \$2,231,660 by the close of fiscal year 2015.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Bremer County, Iowa'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 Bremer County Auditor's Office, 415 E. Bremer Avenue, Waverly, Iowa 50677.

BREMER COUNTY, IOWA

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
ASSETS:			
Cash, cash equivalents and pooled investments	\$ 13,085,300	\$ 166,701	\$ 13,252,001
Receivables:			
Property tax:			
Delinquent	18,642	-	18,642
Succeeding year	7,593,180	-	7,593,180
Succeeding year tax increment financing	194,000	-	194,000
Accounts	73,993	128,316	202,309
Economic development loan	5,950	-	5,950
Note	-	56,000	56,000
Community Based Services loan	162,802	(162,802)	-
Due from other governments	424,065	108,343	532,408
Inventories	445,604	-	445,604
Prepaid expenses	51,472	8,352	59,824
Capital assets (net of accumulated depreciation)	28,250,947	367,461	28,618,408
Total assets	<u>50,305,955</u>	<u>672,371</u>	<u>50,978,326</u>
LIABILITIES:			
Accounts payable	411,665	16,316	427,981
Accrued interest payable	4,864	-	4,864
Salaries and benefits payable	255,825	159,916	415,741
Due to other governments	39,594	3,183	42,777
Long-term liabilities:			
Portion due or payable within one year:			
General obligation refunding bonds	265,000	-	265,000
Early retirement benefits	11,500	-	11,500
Compensated absences	329,497	58,334	387,831
Portion due or payable after one year:			
General obligation refunding bonds	2,345,000	-	2,345,000
Early retirement benefits	339	-	339
Estimated liability for closure and postclosure care	565,000	-	565,000
Compensated absences	158,412	31,729	190,141
Net OPEB liability	412,964	137,654	550,618
Total liabilities	<u>4,799,660</u>	<u>407,132</u>	<u>5,206,792</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable property tax revenue	7,593,180	-	7,593,180
Unavailable tax increment financing revenue	194,000	-	194,000
Total deferred inflows of resources	<u>7,787,180</u>	<u>-</u>	<u>7,787,180</u>
NET POSITION:			
Net investment in capital assets	25,640,947	204,659	25,845,606
Restricted for:			
Supplemental levy purposes	208,550	-	208,550
Mental health purposes	975,576	-	975,576
Rural services purposes	273,919	-	273,919
Solid waste management	1,457,034	-	1,457,034
Secondary roads purposes	1,906,258	-	1,906,258
Landfill closure and postclosure care	1,457,077	-	1,457,077
Conservation purposes	201,057	-	201,057
Other purposes	2,407,664	-	2,407,664
Unrestricted	3,191,033	60,580	3,251,613
Total net position	<u>\$ 37,719,115</u>	<u>\$ 265,239</u>	<u>\$ 37,984,354</u>

BREMER COUNTY, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

		Program Revenues		
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	<u>Expenses</u>	<u>Charges for Service</u>		
<u>FUNCTIONS/PROGRAMS:</u>				
Governmental activities:				
Public safety and legal services	\$ 3,424,907	\$ 130,752	\$ 576,751	\$ -
Physical health and social services	785,164	1,635	-	-
Mental health	857,298	60,234	111,221	-
County environment and education	1,416,977	347,910	47,228	-
Roads and transportation	4,425,620	468,262	2,895,084	1,301,274
Governmental services to residents	672,311	487,255	-	-
Administration	1,483,995	799,613	-	-
Nonprogram	51,361	-	-	-
Interest on long-term debt	61,541	-	-	-
Total governmental activities	13,179,174	2,295,661	3,630,284	1,301,274
Business type activities:				
Community Based Services	2,779,400	2,716,173	-	-
Total	\$ 15,958,574	\$ 5,011,834	\$ 3,630,284	\$ 1,301,274

GENERAL REVENUES:

Property and other County tax levied for general purposes
Tax increment financing
Penalty and interest on property tax
State tax credits
Local option sales tax
Unrestricted investment earnings
Gain on disposal of capital assets
Miscellaneous
 Total general revenues

Change in net position

NET POSITION - Beginning of year

NET POSITION - End of year

Net (Expense) Revenues
and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ (2,717,404)	\$ -	\$ (2,717,404)
(783,529)	-	(783,529)
(685,843)	-	(685,843)
(1,021,839)	-	(1,021,839)
239,000	-	239,000
(185,056)	-	(185,056)
(684,382)	-	(684,382)
(51,361)	-	(51,361)
<u>(61,541)</u>	<u>-</u>	<u>(61,541)</u>
(5,951,955)	-	(5,951,955)
	<u>(63,227)</u>	<u>(63,227)</u>
<u>(5,951,955)</u>	<u>(63,227)</u>	<u>(6,015,182)</u>
6,934,250	-	6,934,250
194,032	-	194,032
51,293	-	51,293
176,406	-	176,406
879,895	-	879,895
87,130	-	87,130
6,848	-	6,848
<u>153,750</u>	<u>-</u>	<u>153,750</u>
<u>8,483,604</u>	<u>-</u>	<u>8,483,604</u>
2,531,649	(63,227)	2,468,422
<u>35,187,466</u>	<u>328,466</u>	<u>35,515,932</u>
\$ <u>37,719,115</u>	\$ <u>265,239</u>	\$ <u>37,984,354</u>

BREMER COUNTY, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

		<u>Special Revenue</u>	
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>
<u>ASSETS</u>			
Cash, cash equivalents and pooled investments	\$ 3,775,623	\$ 1,045,460	\$ 284,952
Receivables:			
Property tax:			
Delinquent	10,247	2,437	5,958
Succeeding year	4,497,960	1,078,983	2,016,237
Succeeding year tax increment financing	-	-	-
Accounts	61,306	1,748	-
Economic development loan	-	-	-
Advance to other fund	162,802	-	-
Due from other governments	157,582	-	-
Inventories	-	-	-
Prepaid expenses	25,273	1,092	-
	<u>8,690,793</u>	<u>2,129,720</u>	<u>2,307,147</u>
TOTAL ASSETS			
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ 30,033	\$ 61,264	\$ -
Salaries and benefits payable	167,774	3,613	11,033
Due to other governments	24,895	7,847	-
Total liabilities	<u>222,702</u>	<u>72,724</u>	<u>11,033</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable revenues:			
Succeeding year property tax	4,497,960	1,078,983	2,016,237
Succeeding year tax increment financing	-	-	-
Other	10,247	2,437	5,958
Total deferred inflows of resources	<u>4,508,207</u>	<u>1,081,420</u>	<u>2,022,195</u>
<u>FUND BALANCES:</u>			
Nonspendable:			
Advance to other fund	162,802	-	-
Inventories	-	-	-
Prepaid expenses	25,273	1,092	-
Restricted:			
Supplemental levy purposes	208,550	-	-
Mental health purposes	-	974,484	-
Rural services purposes	-	-	273,919
Secondary roads purposes	-	-	-
Landfill closure and postclosure care	-	-	-
Solid waste/transfer station	-	-	-
Conservation land acquisition/capital improvements	201,057	-	-
Prison room and board	169,764	-	-
Other purposes	-	-	-
Unassigned	3,192,438	-	-
Total fund balances	<u>3,959,884</u>	<u>975,576</u>	<u>273,919</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	<u>\$ 8,690,793</u>	<u>\$ 2,129,720</u>	<u>\$ 2,307,147</u>

See Notes to Financial Statements

<u>Solid Waste Management</u>	<u>Secondary Roads</u>	<u>Solid Waste Closure</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
\$ 1,466,115	\$ 1,445,051	\$ 1,458,777	\$ 2,338,582	\$ 11,814,560
-	-	-	-	18,642
-	-	-	-	7,593,180
-	-	-	194,000	194,000
2,534	7,498	-	907	73,993
-	-	-	5,950	5,950
-	-	-	-	162,802
-	196,361	-	70,122	424,065
-	445,604	-	-	445,604
1,694	23,413	-	-	51,472
<u>\$ 1,470,343</u>	<u>\$ 2,117,927</u>	<u>\$ 1,458,777</u>	<u>\$ 2,609,561</u>	<u>\$ 20,784,268</u>
\$ 3,774	\$ 140,947	\$ 1,700	\$ 1,947	\$ 239,665
4,032	69,373	-	-	255,825
5,503	1,349	-	-	39,594
<u>13,309</u>	<u>211,669</u>	<u>1,700</u>	<u>1,947</u>	<u>535,084</u>
-	-	-	-	7,593,180
-	-	-	194,000	194,000
-	-	-	5,950	24,592
-	-	-	<u>199,950</u>	<u>7,811,772</u>
-	-	-	-	162,802
-	445,604	-	-	445,604
1,694	23,413	-	-	51,472
-	-	-	-	208,550
-	-	-	-	974,484
-	-	-	-	273,919
-	1,437,241	-	-	1,437,241
-	-	1,457,077	-	1,457,077
1,455,340	-	-	-	1,455,340
-	-	-	-	201,057
-	-	-	-	169,764
-	-	-	2,407,664	2,407,664
-	-	-	-	3,192,438
<u>1,457,034</u>	<u>1,906,258</u>	<u>1,457,077</u>	<u>2,407,664</u>	<u>12,437,412</u>
<u>\$ 1,470,343</u>	<u>\$ 2,117,927</u>	<u>\$ 1,458,777</u>	<u>\$ 2,609,561</u>	<u>\$ 20,784,268</u>

BREMER COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

TOTAL GOVERNMENTAL FUND BALANCES	\$ 12,437,412
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 \$51,663,466 and the accumulated depreciation/amortization is \$23,412,519.	28,250,947
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	24,592
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to the individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	1,098,740
Long-term liabilities, including general obligation refunding bonds payable, landfill closure and postclosure care payable, compensated absences payable, early retirement benefits payable, other post employment benefits payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(4,092,576)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>37,719,115</u>

BREMER COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

				Special Revenue
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>	<u>Solid Waste Management</u>
<u>REVENUES:</u>				
Property and other County tax	\$ 4,137,745	\$ 985,095	\$ 1,988,223	\$ -
Local option sales tax	-	-	-	-
Interest and penalty on property tax	51,293	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	1,250,565	111,221	87,179	-
Licenses and permits	282,201	-	-	-
Charges for service	695,138	-	-	96,893
Use of money and property	300,184	-	-	-
Miscellaneous	155,200	60,234	-	1,710
Total revenues	<u>6,872,326</u>	<u>1,156,550</u>	<u>2,075,402</u>	<u>98,603</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety and legal services	3,147,004	-	326,050	-
Physical health and social services	790,812	-	-	-
Mental health	-	865,260	-	-
County environment and education	955,536	-	180,000	167,123
Roads and transportation	-	-	-	-
Governmental services to residents	687,049	-	-	-
Administration	1,349,491	-	3,163	-
Nonprogram	17,109	-	-	-
Debt service	-	-	-	-
Capital projects	15,000	-	-	-
Total expenditures	<u>6,962,001</u>	<u>865,260</u>	<u>509,213</u>	<u>167,123</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(89,675)</u>	<u>291,290</u>	<u>1,566,189</u>	<u>(68,520)</u>
Other financial sources (uses):				
Sale of capital assets	16,895	-	-	-
Transfers in	3,200	-	-	-
Transfers out	(191,147)	-	(1,575,938)	-
Total other financing sources (uses)	<u>(171,052)</u>	<u>-</u>	<u>(1,575,938)</u>	<u>-</u>
Change in fund balances	(260,727)	291,290	(9,749)	(68,520)
<u>FUND BALANCES</u> - Beginning of year	<u>4,220,611</u>	<u>684,286</u>	<u>283,668</u>	<u>1,525,554</u>
<u>FUND BALANCES</u> - End of year	\$ <u>3,959,884</u>	\$ <u>975,576</u>	\$ <u>273,919</u>	\$ <u>1,457,034</u>

See Notes to Financial Statements

<u>Secondary Roads</u>	<u>Solid Waste Closure</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 7,111,063
-	-	879,895	879,895
-	-	-	51,293
-	-	194,032	194,032
2,895,084	-	23,859	4,367,908
6,560	-	-	288,761
32	-	4,768	796,831
-	-	33,664	333,848
161,964	-	1,819	380,927
<u>3,063,640</u>	<u>-</u>	<u>1,138,037</u>	<u>14,404,558</u>
-	-	22,561	3,495,615
-	-	-	790,812
-	-	-	865,260
-	22,249	37,524	1,362,432
4,747,527	-	-	4,747,527
-	-	8,490	695,539
-	-	-	1,352,654
-	-	-	17,109
-	-	341,139	341,139
-	-	117,253	132,253
<u>4,747,527</u>	<u>22,249</u>	<u>526,967</u>	<u>13,800,340</u>
<u>(1,683,887)</u>	<u>(22,249)</u>	<u>611,070</u>	<u>604,218</u>
450	-	-	17,345
1,757,085	-	10,000	1,770,285
-	-	(3,200)	(1,770,285)
<u>1,757,535</u>	<u>-</u>	<u>6,800</u>	<u>17,345</u>
73,648	(22,249)	617,870	621,563
<u>1,832,610</u>	<u>1,479,326</u>	<u>1,789,794</u>	<u>11,815,849</u>
\$ <u>1,906,258</u>	\$ <u>1,457,077</u>	\$ <u>2,407,664</u>	\$ <u>12,437,412</u>

BREMER COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 621,563

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/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation/amortization expense and loss on disposal of capital assets in the current year as follows:

Expenditures for capital assets	\$ 1,468,151	
Capital assets contributed by the Iowa Department of Transportation	1,301,274	
Loss on disposal of capital assets	(10,497)	
Depreciation/amortization expense	<u>(1,355,660)</u>	1,403,268

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.

Principal payments		265,000
--------------------	--	---------

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

Property tax	\$ (407)	
Other	<u>(1,450)</u>	(1,857)

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

Other postemployment benefits	\$ (79,630)	
Adjustments to estimated costs for landfill closure and postclosure care	11,058	
Early retirement	(4,104)	
Compensated absences	(33,891)	
Interest on long-term debt	<u>289</u>	(106,278)

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

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>349,953</u>
	\$	<u>2,531,649</u>

BREMER COUNTY, IOWA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	<u>Internal Service Employee Group Health</u>	<u>Enterprise Community Based Services</u>	<u>Total</u>
<u>ASSETS:</u>			
Current assets:			
Cash and cash equivalents	\$ 1,270,740	\$ 166,701	\$ 1,437,441
Receivables:			
Accounts	-	128,316	128,316
Due from other governments	-	108,343	108,343
Prepaid expenses	-	8,352	8,352
Total current assets	<u>1,270,740</u>	<u>411,712</u>	<u>1,682,452</u>
Noncurrent assets:			
Receivables:			
Note	-	56,000	56,000
Capital assets, net of accumulated depreciation	-	367,461	367,461
Total noncurrent assets	<u>-</u>	<u>423,461</u>	<u>423,461</u>
TOTAL ASSETS	<u>1,270,740</u>	<u>835,173</u>	<u>2,105,913</u>
<u>LIABILITIES:</u>			
Current liabilities:			
Accounts payable	172,000	16,316	188,316
Due to other governments	-	3,183	3,183
Salaries and benefits payable	-	159,916	159,916
Compensated absenses	-	58,334	58,334
Advance from General Fund	-	12,480	12,480
Total current liabilities	<u>172,000</u>	<u>250,229</u>	<u>422,229</u>
Long-term liabilities:			
Compensated absenses	-	31,729	31,729
Advance from General Fund	-	150,322	150,322
Net OPEB liability	-	137,654	137,654
Total long-term liabilities	<u>-</u>	<u>319,705</u>	<u>319,705</u>
TOTAL LIABILITIES	<u>172,000</u>	<u>569,934</u>	<u>741,934</u>
<u>NET POSITION:</u>			
Net investment in capital assets	-	204,659	204,659
Unrestricted	<u>1,098,740</u>	<u>60,580</u>	<u>1,159,320</u>
TOTAL NET POSITION	<u>\$ 1,098,740</u>	<u>\$ 265,239</u>	<u>\$ 1,363,979</u>

See Notes to Financial Statements

BREMER COUNTY, IOWA

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Internal Service Employee Group Health</u>	<u>Enterprise Community Based Services</u>	<u>Total</u>
<u>OPERATING REVENUES:</u>			
Reimbursements from operating funds	\$ 1,613,139	\$ 82,034	\$ 1,695,173
Reimbursements from employees	104,499	-	104,499
State grants	-	59,523	59,523
Charges for service	-	2,532,955	2,532,955
Building rent	-	41,661	41,661
Miscellaneous	37,350	-	37,350
Total operating revenues	<u>1,754,988</u>	<u>2,716,173</u>	<u>4,471,161</u>
<u>OPERATING EXPENSES:</u>			
Medical claims	963,914	-	963,914
Insurance premiums	389,776	-	389,776
Administrative fees	57,218	-	57,218
Salaries and benefits	-	2,155,821	2,155,821
Operations and supplies	-	587,425	587,425
Depreciation	-	34,048	34,048
Total operating expenses	<u>1,410,908</u>	<u>2,777,294</u>	<u>4,188,202</u>
Operating income (loss)	344,080	(61,121)	282,959
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest expense	-	(2,106)	(2,106)
Interest income	5,873	-	5,873
Net non-operating revenues (expenses)	<u>5,873</u>	<u>(2,106)</u>	<u>3,767</u>
Change in net position	349,953	(63,227)	286,726
Net position beginning of year	<u>748,787</u>	<u>328,466</u>	<u>1,077,253</u>
Net position end of year	\$ <u>1,098,740</u>	\$ <u>265,239</u>	\$ <u>1,363,979</u>

BREMER COUNTY, IOWA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Internal Service Employee Group Health</u>	<u>Enterprise Community Based Services</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from operating fund reimbursements, employees and others	\$ 1,754,988	\$ 2,867,395	\$ 4,622,383
Cash payments to suppliers and employees for services	<u>(1,442,908)</u>	<u>(2,672,572)</u>	<u>(4,115,480)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>312,080</u>	<u>194,823</u>	<u>506,903</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Negative cash balance implicitly repaid	<u>-</u>	<u>(14,723)</u>	<u>(14,723)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Repayment of building loan	-	(11,293)	(11,293)
Interest paid	<u>-</u>	<u>(2,106)</u>	<u>(2,106)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(13,399)</u>	<u>(13,399)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	<u>8,259</u>	<u>-</u>	<u>8,259</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	320,339	166,701	487,040
<u>CASH AND CASH EQUIVALENTS - Beginning of year</u>	<u>950,401</u>	<u>-</u>	<u>950,401</u>
<u>CASH AND CASH EQUIVALENTS - End of year</u>	<u>\$ 1,270,740</u>	<u>\$ 166,701</u>	<u>\$ 1,437,441</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 344,080	\$ (61,121)	\$ 282,959
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	34,048	34,048
increase in accounts receivable	-	(104,314)	(104,314)
Decrease in due from other governments	-	252,361	252,361
Decrease in prepaid expenses	-	846	846
Decrease in lease receivable	-	3,175	3,175
Decrease in accounts payable	(32,000)	(14,978)	(46,978)
Increase in salaries and benefits payable	-	91,747	91,747
Decrease in due to other governments	-	(5,332)	(5,332)
Decrease in accrued compensated absences	-	(28,152)	(28,152)
Increase in net OPEB obligation	<u>-</u>	<u>26,543</u>	<u>26,543</u>
Net cash provided by operating activities	<u>\$ 312,080</u>	<u>\$ 194,823</u>	<u>\$ 506,903</u>

BREMER COUNTY, IOWA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES-
AGENCY FUNDS
JUNE 30, 2014

ASSETS

Cash and pooled investments:		
County Treasurer	\$	1,457,292
Other County officials		58,111
Receivables:		
Accounts		36,291
Property tax receivable:		
Delinquent		53,420
Succeeding year		25,836,463
Prepaid insurance		945
Due from other governments		23,960
	TOTAL ASSETS	<u>27,466,482</u>

LIABILITIES

Accounts payable		4,556
Due to other governments		27,379,178
Trusts payable		33,028
Salaries and benefits payable		19,182
Compensated absences		30,538
	TOTAL LIABILITIES	<u>27,466,482</u>
	NET POSITION	\$ <u> -</u>

BREMER COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: County Assessor's Conference Board, County Emergency Management 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.

BREMER COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

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

The Statement of Net Position presents the County's nonfiduciary assets, liabilities and deferred inflows of resources, 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/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints 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 that are not paid from other funds.

Special Revenue

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, 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 Solid Waste Management Fund is used to account for retained tonnage fees.

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.

BREMER COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Special Revenue (Continued)

The Solid Waste Closure Costs Fund is used to accumulate monies for closure and postclosure care for the closing of the County's landfill.

The County reports the following major proprietary fund:

The Enterprise, Community Based Services Fund is used to finance and account for the operation of mental health facilities for County residents through the rental and use of County owned buildings and the support of various user charges.

Additionally, the County reports the following funds:

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.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund 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, Deferred Inflows of Resources and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. 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 1.5% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2013.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, 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 and business type activities columns 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 three years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Machinery and Equipment	5,000

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

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Infrastructure	15-50
Buildings	25-50
Machinery and Equipment	5-20

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.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is 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, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, MH-DD, Rural Services and Secondary Roads Funds.

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)

Long-term Liabilities (Continued)

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.

Deferred Inflows of Resources – 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 inflows of resources in the governmental fund financial statements represent 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 inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable and tax increment financing revenue that will not be recognized until the year for which it is levied.

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, Bremer County Employee 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.

F. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 2: CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

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

NOTE 3: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Solid Waste Fee	\$ <u>3,200</u>
Special Revenue: Secondary Roads	General Special Revenue: Rural Services	181,147 <u>1,575,938</u> <u>1,757,085</u>
Special Revenue: Economic Revolving Fund	General	10,000 \$ <u>1,770,285</u>

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

BREMER COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014 was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 1,398,404	\$ 100,000	\$ -	\$ 1,498,404
Construction in progress	<u>281,200</u>	<u>1,731,599</u>	<u>(1,306,417)</u>	<u>706,382</u>
Total capital assets not being depreciated/amortized	<u>1,679,604</u>	<u>1,831,599</u>	<u>(1,306,417)</u>	<u>2,204,786</u>
Capital assets being depreciated/ amortized:				
Buildings	8,162,987	122,730	-	8,285,717
Equipment and vehicles	6,359,003	522,870	(79,186)	6,802,687
Infrastructure, road network	31,282,949	1,306,417	-	32,589,366
Infrastructure, other	<u>1,488,684</u>	<u>292,226</u>	<u>-</u>	<u>1,780,910</u>
Total capital assets being depreciated/amortized	<u>47,293,623</u>	<u>2,244,243</u>	<u>(79,186)</u>	<u>49,458,680</u>
Less accumulated depreciation/ amortization for:				
Buildings	2,173,354	142,205	-	2,315,559
Machinery and equipment	4,788,870	221,962	(68,689)	4,942,143
Infrastructure, road network	14,946,312	917,505	-	15,863,817
Infrastructure, other	<u>217,012</u>	<u>73,988</u>	<u>-</u>	<u>291,000</u>
Total accumulated depreciation/ amortization	<u>22,125,548</u>	<u>1,355,660</u>	<u>(68,689)</u>	<u>23,412,519</u>
Total capital assets being depreciated/amortized, net	<u>25,168,075</u>	<u>888,583</u>	<u>(10,497)</u>	<u>26,046,161</u>
Governmental activities capital assets, net	\$ <u>26,847,679</u>	\$ <u>2,720,182</u>	\$ <u>(1,316,914)</u>	\$ <u>28,250,947</u>
Business type activities:				
Capital assets not being depreciated:				
Land	\$ <u>35,238</u>	\$ -	\$ -	\$ <u>35,238</u>
Capital assets being depreciated:				
Buildings	652,442	-	-	652,442
Equipment and vehicles	<u>161,352</u>	<u>-</u>	<u>-</u>	<u>161,352</u>
Total capital assets being depreciated	<u>813,794</u>	<u>-</u>	<u>-</u>	<u>813,794</u>
Less accumulated depreciation for:				
Buildings	325,636	26,565	-	352,201
Equipment and vehicles	<u>121,887</u>	<u>7,483</u>	<u>-</u>	<u>129,370</u>
Total accumulated depreciation	<u>447,523</u>	<u>34,048</u>	<u>-</u>	<u>481,571</u>
Business type activities capital assets, net	\$ <u>401,509</u>	\$ <u>(34,048)</u>	\$ -	\$ <u>367,461</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 107,324
Physical health and social services	1,573
Mental health	7,006
County environment and education	90,049
Roads and transportation	1,072,702
Governmental services to residents	60,710
Administration	<u>16,296</u>
Total depreciation/amortization expense -- governmental activities	\$ <u>1,355,660</u>
Business type activities:	
Community Based Services	\$ <u>34,048</u>

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 5: 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, 2014 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 24,895
Special Revenue:		
Mental Health	Services	7,847
Solid Waste Management	Services	5,503
Secondary Roads	Services	1,349
		<u>14,699</u>
Total for governmental funds		\$ <u>39,594</u>
Agency:		
Agriculture Extension Education	Collections	\$ 205,174
County Assessor		744,195
Schools		16,134,480
Community Colleges		1,081,361
Corporations		7,817,553
Townships		296,674
Auto License and Use Tax		655,879
All other		<u>443,862</u>
Total for agency funds		\$ <u>27,379,178</u>

NOTE 6: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	<u>Governmental Activities</u>					<u>Net OPEB Liability</u>	<u>Total</u>
	<u>General Obligation Refunding Bonds</u>	<u>Early Retirement</u>	<u>Compensated Absences</u>	<u>Estimated Liability for Landfill Closure and Postclosure Care</u>			
Balance beginning of year	\$ 2,875,000	\$ 7,735	\$ 454,018	\$ 576,058	\$ 333,334	\$ 4,246,145	
Increases		7,876	371,373	-	79,630	458,879	
Decreases	<u>(265,000)</u>	<u>(3,772)</u>	<u>(337,482)</u>	<u>(11,058)</u>	-	<u>(617,312)</u>	
Balance end of year	\$ <u>2,610,000</u>	\$ <u>11,839</u>	\$ <u>487,909</u>	\$ <u>565,000</u>	\$ <u>412,964</u>	\$ <u>4,087,712</u>	
Due within one year	\$ <u>265,000</u>	\$ <u>11,500</u>	\$ <u>329,497</u>	\$ -	\$ -	\$ <u>605,997</u>	
	<u>Business Type Activities</u>						
	<u>Compensated Absences</u>	<u>Net OPEB Liability</u>				<u>Total</u>	
Balance beginning of year	\$ 118,215	\$ 111,111			\$ 229,326		
Increases	51,275	26,543			77,818		
Decreases	<u>(79,427)</u>	-			<u>(79,427)</u>		
Balance end of year	\$ <u>90,063</u>	\$ <u>137,654</u>			\$ <u>227,717</u>		
Due within one year	\$ <u>58,334</u>	\$ -			\$ <u>58,334</u>		

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6: LONG-TERM LIABILITIES (Continued)

General Obligation Refunding Bonds

In June 2011, the County issued \$3,130,000 of general obligation refunding bonds with interest at rates ranging from .75% to 3.10% per annum. Proceeds from the bonds, along with \$1,050,000 the County had set aside, were used to refund the outstanding LOST and Wartburg general obligation bonds in June 2012.

A summary of the County's June 30, 2014 outstanding general obligation refunding bonds is as follows:

<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	1.30	\$ 265,000	\$ 59,180	\$ 324,180
2016	1.50	265,000	55,735	320,735
2017	1.80	275,000	51,760	326,760
2018	2.10	275,000	46,810	321,810
2019	2.30	280,000	41,035	321,035
2020-2023	2.55-3.10	<u>1,250,000</u>	<u>76,355</u>	<u>1,326,355</u>
		\$ <u>2,610,000</u>	\$ <u>330,875</u>	\$ <u>2,940,875</u>

NOTE 7: ECONOMIC DEVELOPMENT LOAN

In September 1992, the County loaned \$40,000 to a local business. The interest free loan allowed the business to purchase property and requires monthly payments of \$100. The County was repaid \$1,450 during the year ended June 30, 2014, resulting in an unpaid balance of \$5,950 at June 30, 2014.

NOTE 8: PENSION AND RETIREMENT BENEFITS

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

Most regular plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$623,276, \$621,735 and \$584,015, respectively, equal to the required contributions for each year.

NOTE 9: RISK MANAGEMENT

Bremer County, Iowa is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 9: RISK MANAGEMENT (Continued)

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty 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 estimated for the fiscal 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 percent of basis rate 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, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2014 were \$124,894.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

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, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, 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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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

NOTE 10: EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for 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 \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

BREMER COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10: EMPLOYEE HEALTH INSURANCE PLAN (Continued)

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 records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2014 was \$1,613,139.

Amounts payable from the Employee Group Health Fund at June 30, 2014 total \$172,000 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 \$1,098,740 at June 30, 2014 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 Number 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	\$ 204,000
Incurred claims (including claims incurred but not reported at June 30, 2014)	1,378,908
Payments on claims during the year	<u>(1,410,908)</u>
Unpaid claims end of year	\$ <u>172,000</u>

NOTE 11: LANDFILL CLOSURE AND POSTCLOSURE CARE

To comply with federal and state regulations, the County's Landfill is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

The total costs for the County's Landfill have been estimated at \$565,000 as of June 30, 2014 and the portion of the liability that has been recognized is \$565,000. This liability represents the cumulative amount reported to date based on the use of approximately 100% of the capacity of the landfill. By October 1, 2007, Iowa solid waste landfills must have met the national Municipal Solid Waste Landfill Criteria for artificial liners under the Resource Conservation and Recovery Act (RCRA) Subtitle D, MSW landfill permitting program. The County implemented closure requirements by October 1, 2007 for all cells not meeting RCRA Subtitle D liner requirements and opened a transfer station instead of constructing new cells. The Landfill plans to maintain its recycling program and will use existing resources to finance these activities. A provision for the above liability has been made in the County's Statement of Net Position as of June 30, 2014. The County has accumulated resources to fund these costs and, at June 30, 2014, deposits of \$1,457,077 are held for these purposes. These resources are reported in the Special Revenue, Solid Waste Closure Fund.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drugs benefits for employees, retirees and their spouses. There are 149 active and 3 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drugs benefits are provided through a fully funded medical plan administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drugs benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$	120,869
Interest on net OPEB obligation		11,111
Adjustment to annual required contribution		<u>(25,807)</u>
Annual OPEB cost		106,173
Contributions made		<u>-</u>
Increase in net OPEB obligation		106,173
Net OPEB obligation beginning of year		<u>444,445</u>
Net OPEB obligation end of year	\$	<u>550,618</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, 2014.

For the year ended June 30, 2014, the County did not contribute to the medical plan.

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

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2012	\$ <u>100,780</u>	5.9%	\$ <u>347,875</u>
2013	\$ <u>96,624</u>	.1%	\$ <u>444,445</u>
2014	\$ <u>106,173</u>	-	\$ <u>550,618</u>

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$799,188 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$799,188. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,990,000 and the ratio of the UAAL to covered payroll was 11.44%. As of June 30, 2014, 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, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2011 actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis.

Projected claim costs of the medical plan are \$528 per month. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 13: RETIREMENT FACILITY REVENUE BONDS

The County has issued a total of \$17,715,000 of retirement facility revenue bonds under the provisions of Chapter 419 of the Code of Iowa. At June 30, 2014, the outstanding balance of the retirement facility revenue bonds is \$14,175,000. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

NOTE 14: LITIGATION

The County is subject to pending litigation. The County is aggressively defending a case which, if not successful, could result in a loss of approximately \$500,000, including plaintiff legal fees. The County carries insurance to cover such losses in excess of \$10,000. Subsequent to June 30, 2014, this case went to trial which ruled judgment in favor of the plaintiff in the amount of \$500,000. This loss was covered by insurance, less the deductible.

BREMER COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 15: CONSTRUCTION CONTRACT COMMITMENTS

Prior to June 30, 2014 the County had signed a construction contract with Iowa Bridge and Culvert, LC that is summarized below:

Total commitments	\$	2,299,864
Less amounts paid or accrued		<u>(706,382)</u>
Remaining commitments	\$	<u>1,593,482</u>

The remaining balance at June 30, 2014 will be paid as work on the project progresses.

NOTE 16: PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

NOTE 17: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2013 have been classified to conform to June 30, 2014 presentation.

NOTE 18: SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 27, 2015, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

BREMER COUNTY, IOWA

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, 2014

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
		<u>Original</u>	<u>Final</u>	
<u>RECEIPTS:</u>				
Property and other County tax	\$ 8,258,745	\$ 8,229,084	\$ 8,229,084	\$ 29,661
Interest and penalty on property tax	47,908	14,000	14,000	33,908
Intergovernmental	4,340,058	4,211,334	4,211,334	128,724
Licenses and permits	286,692	277,100	277,100	9,592
Charges for service	852,644	830,430	834,430	18,214
Use of money and property	254,615	272,309	272,309	(17,694)
Miscellaneous	495,026	337,129	342,129	152,897
Total receipts	<u>14,535,688</u>	<u>14,171,386</u>	<u>14,180,386</u>	<u>355,302</u>
<u>DISBURSEMENTS:</u>				
Public safety and legal services	3,481,638	3,757,365	3,757,365	275,727
Physical health and social services	400,098	548,084	553,084	152,986
Mental health	1,247,545	1,452,255	1,452,255	204,710
County environment and education	1,256,235	1,297,301	1,337,301	81,066
Roads and transportation	4,314,335	4,430,600	4,430,600	116,265
Governmental services to residents	696,415	746,972	746,972	50,557
Administration	1,370,074	1,453,313	1,473,913	103,839
Nonprogram	33,430	86,050	90,050	56,620
Debt service	327,330	327,330	327,330	-
Capital projects	525,379	1,400,000	1,400,000	874,621
Total disbursements	<u>13,652,479</u>	<u>15,499,270</u>	<u>15,568,870</u>	<u>1,916,391</u>
Excess (deficiency) of receipts over (under) disbursements	883,209	(1,327,884)	(1,388,484)	2,271,693
Other financing sources, net	<u>5,369</u>	<u>750</u>	<u>750</u>	<u>4,619</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	888,578	(1,327,134)	(1,387,734)	2,276,312
<u>BALANCE</u> - Beginning of year	<u>10,925,982</u>	<u>9,301,934</u>	<u>9,301,934</u>	<u>1,624,048</u>
<u>BALANCE</u> - End of year	\$ <u>11,814,560</u>	\$ <u>7,974,800</u>	\$ <u>7,914,200</u>	\$ <u>3,900,360</u>

BREMER COUNTY, IOWA
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2014

	Governmental Funds		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 14,535,688	\$ (131,130)	\$ 14,404,558
Expenditures	<u>13,652,479</u>	<u>147,861</u>	<u>13,800,340</u>
Net	883,209	(278,991)	604,218
Other financing sources, net	5,369	11,976	17,345
Beginning fund balance	<u>10,925,982</u>	<u>889,867</u>	<u>11,815,849</u>
Ending fund balance	\$ <u>11,814,560</u>	\$ <u>622,852</u>	\$ <u>12,437,412</u>

BREMER COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2014

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund, Enterprise 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 Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$69,600. 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, 2014, disbursements did not exceed the amounts budgeted.

BREMER COUNTY, IOWA

SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2009	July 1, 2008	\$ <u>-</u>	\$ <u>665,992</u>	\$ <u>665,992</u>	0.00%	\$ <u>5,383,631</u>	12.37%
2010	July 1, 2008	\$ <u>-</u>	\$ <u>665,992</u>	\$ <u>665,992</u>	0.00%	\$ <u>5,670,368</u>	11.75%
2011	July 1, 2008	\$ <u>-</u>	\$ <u>648,857</u>	\$ <u>648,857</u>	0.00%	\$ <u>6,087,027</u>	10.66%
2012	July 1, 2011	\$ <u>-</u>	\$ <u>799,188</u>	\$ <u>799,188</u>	0.00%	\$ <u>7,051,000</u>	11.33%
2013	July 1, 2011	\$ <u>-</u>	\$ <u>799,188</u>	\$ <u>799,188</u>	0.00%	\$ <u>7,059,000</u>	11.33%
2014	July 1, 2011	\$ <u>-</u>	\$ <u>799,188</u>	\$ <u>799,188</u>	0.00%	\$ <u>6,990,000</u>	11.44%

See Note 12 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

BREMER COUNTY, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue			
	Local Option Sales Tax	Urban Renewal	Federal Drug Money	Tri County Drug Money
<u>ASSETS</u>				
Cash and pooled investments	\$ 1,897,022	\$ 16,130	\$ 3,105	\$ 43,187
Receivables:				
Succeeding year tax increment financing	-	194,000	-	-
Accounts	-	-	-	-
Economic development loan	-	-	-	-
Due from other governments	70,122	-	-	-
TOTAL ASSETS	\$ 1,967,144	\$ 210,130	\$ 3,105	\$ 43,187
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Unavailable tax increment financing revenue	-	194,000	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	194,000	-	-
<u>FUND BALANCES:</u>				
Restricted	1,967,144	16,130	3,105	43,187
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,967,144	\$ 210,130	\$ 3,105	\$ 43,187

<u>Economic Revolving Fund</u>	<u>Resource Enhancement and Protection</u>	<u>Recorder's Records Management</u>	<u>Rural Enterprise</u>	<u>Convenience Center Closure Fund</u>	<u>Solid Waste Fee</u>
\$ 131,276	\$ 21,570	\$ 7,983	\$ 28,052	\$ 4,000	\$ 1,007
-	-	-	-	-	-
-	-	427	125	-	-
-	-	-	5,950	-	-
-	-	-	-	-	-
<u>\$ 131,276</u>	<u>\$ 21,570</u>	<u>\$ 8,410</u>	<u>\$ 34,127</u>	<u>\$ 4,000</u>	<u>\$ 1,007</u>
<u>\$ -</u>	<u>\$ 1,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	-
-	-	-	5,950	-	-
-	-	-	5,950	-	-
<u>131,276</u>	<u>19,963</u>	<u>8,410</u>	<u>28,177</u>	<u>4,000</u>	<u>1,007</u>
<u>\$ 131,276</u>	<u>\$ 21,570</u>	<u>\$ 8,410</u>	<u>\$ 34,127</u>	<u>\$ 4,000</u>	<u>\$ 1,007</u>

BREMER COUNTY, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

<u>ASSETS</u>	Special Revenue			
	<u>Drainage Districts</u>	<u>HHM Financial Assurance</u>	<u>Sheriff's Commissary</u>	<u>County Attorney Forfeiture</u>
Cash and pooled investments	\$ 2,719	\$ 3,000	\$ 133,560	\$ 969
Receivables:				
Succeeding year tax increment financing	-	-	-	-
Accounts	-	-	355	-
Economic development loan	-	-	-	-
Due from other governments	-	-	-	-
TOTAL ASSETS	\$ 2,719	\$ 3,000	\$ 133,915	\$ 969
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ -	\$ -	\$ 340	\$ -
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Unavailable tax increment financing revenue	-	-	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<u>FUND BALANCES:</u>				
Restricted	2,719	3,000	133,575	969
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,719	\$ 3,000	\$ 133,915	\$ 969

<u>Capital Projects</u>		
Rolling		
Prairie Trail		
<u>Fund</u>		<u>Total</u>
\$ 45,002	\$	2,338,582
-		194,000
-		907
-		5,950
-		70,122
<u>\$ 45,002</u>	<u>\$</u>	<u>2,609,561</u>
\$ -	\$	1,947
-		194,000
-		5,950
-		199,950
<u>45,002</u>	<u></u>	<u>2,407,664</u>
<u>\$ 45,002</u>	<u>\$</u>	<u>2,609,561</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special Revenue			
	Local Option Sales Tax	Urban Renewal	Federal Drug Money	Tri County Drug Money
<u>REVENUES:</u>				
Local option sales tax	\$ 879,895	\$ -	\$ -	\$ -
Tax increment financing	-	194,032	-	-
Intergovernmental	-	-	-	5,400
Charges for service	-	-	-	-
Use of money and property	6,502	171	5	62
Miscellaneous	-	-	-	-
Total revenues	<u>886,397</u>	<u>194,203</u>	<u>5</u>	<u>5,462</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	-	-
Governmental services to residents	-	-	-	-
Debt service	154,840	183,961	-	-
Capital projects	117,150	-	-	-
Total expenditures	<u>271,990</u>	<u>183,961</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>614,407</u>	<u>10,242</u>	<u>5</u>	<u>5,462</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	614,407	10,242	5	5,462
<u>FUND BALANCES</u> - Beginning of year	<u>1,352,737</u>	<u>5,888</u>	<u>3,100</u>	<u>37,725</u>
<u>FUND BALANCES</u> - End of year	\$ <u>1,967,144</u>	\$ <u>16,130</u>	\$ <u>3,105</u>	\$ <u>43,187</u>

<u>Economic Revolving Fund</u>	<u>Resource Enhancement and Protection</u>	<u>Recorder's Records Management</u>	<u>Rural Enterprise</u>	<u>Convenience Center Closure Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	17,544	-	-	-
-	-	4,768	-	-
184	64	14	-	-
-	-	-	1,575	-
<u>184</u>	<u>17,608</u>	<u>4,782</u>	<u>1,575</u>	<u>-</u>
-	-	-	-	-
-	37,524	-	-	-
-	-	8,490	-	-
2,338	-	-	-	-
-	-	-	-	-
<u>2,338</u>	<u>37,524</u>	<u>8,490</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
(2,154)	(19,916)	(3,708)	1,575	-
-	-	-	-	-
10,000	-	-	-	-
-	-	-	-	-
<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
7,846	(19,916)	(3,708)	1,575	-
<u>123,430</u>	<u>39,879</u>	<u>12,118</u>	<u>26,602</u>	<u>4,000</u>
\$ <u>131,276</u>	\$ <u>19,963</u>	\$ <u>8,410</u>	\$ <u>28,177</u>	\$ <u>4,000</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special Revenue				
	Solid Waste Fee	Drainage Districts	HHM Financial Assurance	Sheriff's Commissary	County Attorney Forfeiture
REVENUES:					
Local option sales tax	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment financing	-	-	-	-	-
Intergovernmental	915	-	-	-	-
Charges for service	-	-	-	-	-
Use of money and property	-	-	-	26,662	-
Miscellaneous	-	-	-	-	244
Total revenues	<u>915</u>	<u>-</u>	<u>-</u>	<u>26,662</u>	<u>244</u>
EXPENDITURES:					
Operating:					
Public safety and legal services	-	-	-	22,561	-
County environment and education	-	-	-	-	-
Governmental services to residents	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,561</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>915</u>	<u>-</u>	<u>-</u>	<u>4,101</u>	<u>244</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(3,200)	-	-	-	-
Total financing sources (uses)	<u>(3,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(2,285)	-	-	4,101	244
FUND BALANCES - Beginning of year	<u>3,292</u>	<u>2,719</u>	<u>3,000</u>	<u>129,474</u>	<u>725</u>
FUND BALANCES - End of year	\$ <u>1,007</u>	\$ <u>2,719</u>	\$ <u>3,000</u>	\$ <u>133,575</u>	\$ <u>969</u>

<u>Capital Projects</u>		
<u>Rolling</u>		<u>Total</u>
<u>Prairie Trail</u>		
<u>Fund</u>		
\$ -	\$	879,895
-		194,032
-		23,859
-		4,768
-		33,664
-		1,819
<u>-</u>		<u>1,138,037</u>
-		22,561
-		37,524
-		8,490
-		341,139
<u>103</u>		<u>117,253</u>
<u>103</u>		<u>526,967</u>
<u>(103)</u>		<u>611,070</u>
-		10,000
-		(3,200)
-		6,800
<u>(103)</u>		<u>617,870</u>
<u>45,105</u>		<u>1,789,794</u>
\$ <u>45,002</u>	\$	<u>2,407,664</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2014

	County Offices		Agricultural Extension Education	County Assessor
	County Auditor	County Sheriff		
<u>ASSETS</u>				
Cash and pooled investments:				
County Treasurer	\$ -	\$ -	\$ 1,350	\$ 281,902
Other County officials	15,323	42,788	-	-
Receivables:				
Accounts	-	-	-	-
Property tax:				
Delinquent	-	-	492	1,142
Succeeding year	-	-	203,332	499,705
Prepaid expenses	-	-	-	798
Due from other governments	-	-	-	-
TOTAL ASSETS	\$ <u>15,323</u>	\$ <u>42,788</u>	\$ <u>205,174</u>	\$ <u>783,547</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ 319
Due to other governments	15,323	9,760	205,174	744,195
Trusts payable	-	33,028	-	-
Salaries and benefits payable	-	-	-	10,799
Compensated absences	-	-	-	28,234
TOTAL LIABILITIES	\$ <u>15,323</u>	\$ <u>42,788</u>	\$ <u>205,174</u>	\$ <u>783,547</u>

<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>
\$ 95,526	\$ 6,723	\$ 40,342	\$ 2,265	\$ 2,050
-	-	-	-	-
-	-	-	-	-
34,611	2,433	14,020	722	-
16,004,343	1,072,205	7,763,191	293,687	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 16,134,480</u>	<u>\$ 1,081,361</u>	<u>\$ 7,817,553</u>	<u>\$ 296,674</u>	<u>\$ 2,050</u>
\$ -	\$ -	\$ -	\$ -	\$ -
16,134,480	1,081,361	7,817,553	296,674	2,050
-	-	-	-	-
-	-	-	-	-
<u>\$ 16,134,480</u>	<u>\$ 1,081,361</u>	<u>\$ 7,817,553</u>	<u>\$ 296,674</u>	<u>\$ 2,050</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014

<u>ASSETS</u>	Auto License and Use Tax	Other	<u>Total</u>
Cash and pooled investments:			
County Treasurer	\$ 655,879	\$ 371,255	\$ 1,457,292
Other County officials	-	-	58,111
Receivables:			
Accounts	-	36,291	36,291
Property tax:			
Delinquent	-	-	53,420
Succeeding year	-	-	25,836,463
Prepaid expenses	-	147	945
Due from other governments	-	23,960	23,960
	<u>655,879</u>	<u>431,653</u>	<u>27,466,482</u>
TOTAL ASSETS	\$ <u>655,879</u>	\$ <u>431,653</u>	\$ <u>27,466,482</u>
 <u>LIABILITIES</u>			
Accounts payable	\$ -	\$ 4,237	\$ 4,556
Due to other governments	655,879	416,729	27,379,178
Trusts payable	-	-	33,028
Salaries and benefits payable	-	8,383	19,182
Compensated absences	-	2,304	30,538
	<u>655,879</u>	<u>431,653</u>	<u>27,466,482</u>
TOTAL LIABILITIES	\$ <u>655,879</u>	\$ <u>431,653</u>	\$ <u>27,466,482</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2014

<u>ASSETS AND LIABILITIES</u>	<u>County Offices</u>			<u>Agricultural Extension Education</u>
	<u>County Recorder</u>	<u>County Auditor</u>	<u>County Sheriff</u>	
Balances beginning of year	\$ <u>33,728</u>	\$ <u>15,323</u>	\$ <u>37,086</u>	\$ <u>200,832</u>
Additions:				
Property and other County tax	-	-	-	203,043
E911 surcharge	-	-	-	-
State tax credits	-	-	-	8,656
Office fees and collections	452,346	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	397	313,451	-
Miscellaneous	-	-	43,687	-
Total additions	<u>452,346</u>	<u>397</u>	<u>357,138</u>	<u>211,699</u>
Deductions:				
Agency remittances:				
To other funds	320,600	-	41,879	-
To other governments	165,474	-	-	207,357
Trusts paid out	-	397	309,557	-
Total deductions	<u>486,074</u>	<u>397</u>	<u>351,436</u>	<u>207,357</u>
Balances end of year	\$ <u>-</u>	\$ <u>15,323</u>	\$ <u>42,788</u>	\$ <u>205,174</u>

<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>
\$ <u>702,007</u>	\$ <u>14,987,226</u>	\$ <u>1,011,935</u>	\$ <u>9,422,050</u>	\$ <u>276,110</u>	\$ <u>3,943</u>
500,559	16,007,338	1,072,264	7,750,218	295,640	-
-	-	-	-	-	-
20,070	627,655	42,886	310,456	11,994	-
-	-	-	-	-	-
-	-	-	-	-	32,551
-	-	-	-	-	-
1,665	-	-	-	-	-
<u>522,294</u>	<u>16,634,993</u>	<u>1,115,150</u>	<u>8,060,674</u>	<u>307,634</u>	<u>32,551</u>
-	-	-	-	-	-
440,754	15,487,739	1,045,724	9,665,171	287,070	34,444
-	-	-	-	-	-
<u>440,754</u>	<u>15,487,739</u>	<u>1,045,724</u>	<u>9,665,171</u>	<u>287,070</u>	<u>34,444</u>
\$ <u>783,547</u>	\$ <u>16,134,480</u>	\$ <u>1,081,361</u>	\$ <u>7,817,553</u>	\$ <u>296,674</u>	\$ <u>2,050</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2014

<u>ASSETS AND LIABILITIES</u>	<u>Auto License and Use Tax</u>	<u>Other</u>	<u>Total</u>
Balances beginning of year	\$ <u>558,208</u>	\$ <u>245,972</u>	\$ <u>27,494,420</u>
Additions:			
Property and other County tax	-	3,406	25,832,468
E911 surcharge	-	196,902	196,902
State tax credits	-	148	1,021,865
Office fees and collections	-	-	452,346
Auto licenses, use tax and postage	7,658,965	-	7,658,965
Assessments	-	-	32,551
Trusts	-	-	313,848
Miscellaneous	-	285,850	331,202
Total additions	<u>7,658,965</u>	<u>486,306</u>	<u>35,840,147</u>
Deductions:			
Agency remittances:			
To other funds	-	-	362,479
To other governments	7,561,294	300,625	35,195,652
Trusts paid out	-	-	309,954
Total deductions	<u>7,561,294</u>	<u>300,625</u>	<u>35,868,085</u>
Balances end of year	\$ <u>655,879</u>	\$ <u>431,653</u>	\$ <u>27,466,482</u>

BREMER COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis			
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
REVENUES:				
Property and other County tax	\$ 7,305,095	\$ 7,058,109	\$ 6,672,040	\$ 6,704,917
Local option sales tax	879,895	854,440	942,884	838,622
Interest and penalty on property tax	51,293	41,207	45,109	51,494
Intergovernmental	4,367,908	3,776,475	5,159,518	5,576,557
Licenses and permits	288,761	288,265	265,163	249,392
Charges for service	796,831	834,796	816,949	654,575
Use of money and property	333,848	311,337	313,573	419,978
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	<u>380,927</u>	<u>644,784</u>	<u>691,414</u>	<u>293,070</u>
Total	\$ <u>14,404,558</u>	\$ <u>13,809,413</u>	\$ <u>14,906,650</u>	\$ <u>14,788,605</u>
EXPENDITURES:				
Operating:				
Public safety and legal services	\$ 3,495,615	\$ 3,386,657	\$ 3,103,537	\$ 3,025,586
Physical health and social services	790,812	668,276	408,499	353,889
Mental health	865,260	1,275,171	2,690,714	2,106,996
County environment and education	1,362,432	1,125,851	1,104,944	1,265,032
Roads and transportation	4,747,527	4,025,290	4,361,680	4,275,762
Governmental services to residents	695,539	667,817	665,843	585,422
Administration	1,352,654	1,367,657	1,474,736	1,429,517
Non-program	17,109	40,312	36,532	29,410
Debt service	341,139	319,242	4,572,915	516,907
Capital projects	<u>132,253</u>	<u>581,671</u>	<u>1,235,726</u>	<u>1,291,301</u>
Total	\$ <u>13,800,340</u>	\$ <u>13,457,944</u>	\$ <u>19,655,126</u>	\$ <u>14,879,822</u>

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	7,050,480	\$ 6,860,989	\$ 6,413,595	\$ 6,129,820	\$ 5,628,576	\$ 5,280,083
	882,241	857,459	854,683	748,591	655,722	772,738
	49,598	45,661	47,639	49,600	40,636	42,804
	5,338,817	5,553,202	4,582,053	3,648,166	3,731,301	4,880,199
	310,690	288,404	247,059	322,052	221,814	200,170
	633,558	661,815	901,004	1,231,011	1,184,065	1,229,355
	592,226	767,094	572,348	376,759	317,050	266,886
	-	-	-	5,541	2,629	-
	<u>493,904</u>	<u>319,345</u>	<u>324,838</u>	<u>453,176</u>	<u>366,393</u>	<u>298,883</u>
\$	<u>15,351,514</u>	<u>\$ 15,353,969</u>	<u>\$ 13,943,219</u>	<u>\$ 12,964,716</u>	<u>\$ 12,148,186</u>	<u>\$ 12,971,118</u>
\$	2,870,066	\$ 2,826,284	\$ 2,697,168	\$ 2,511,977	\$ 2,313,922	\$ 1,953,695
	562,968	577,372	547,100	534,235	512,458	465,340
	2,005,729	2,219,420	1,992,300	1,728,055	1,567,486	1,416,369
	1,108,565	1,656,288	1,313,002	1,134,194	1,138,378	3,177,166
	3,709,169	3,430,498	3,432,671	3,521,063	3,569,534	3,401,696
	647,335	613,004	527,507	573,163	382,663	462,790
	1,570,439	1,378,310	1,335,826	1,294,252	1,666,265	1,002,011
	74,016	170,654	-	-	-	3,991
	465,060	476,511	763,447	689,851	713,348	700,218
	<u>624,698</u>	<u>519,651</u>	<u>1,469,981</u>	<u>338,574</u>	<u>1,168,136</u>	<u>3,001,102</u>
\$	<u>13,638,045</u>	<u>\$ 13,867,992</u>	<u>\$ 14,079,002</u>	<u>\$ 12,325,364</u>	<u>\$ 13,032,190</u>	<u>\$ 15,584,378</u>



ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Achieving your goals with our knowledge."

Kenneth E. Crosser, CPA
April D. Crosser, CPA
Michael J. Podliska, CPA

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

To the Officials of Bremer County, Iowa:

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, the business type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 27, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 I of the accompanying Schedule of Findings as items 14-I-A and 14-I-B to be a material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items 14-I-C through 14-I-G to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bremer County, Iowa'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 II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2014 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.

Bremer County, Iowa's Responses to Findings

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

Purpose of this Report

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Bremer County, Iowa and other parties to whom Bremer County, Iowa may report including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Bremer County, Iowa 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.

ANDERSON, LARKIN & CO. P.C.

Anderson, Larkin & Co. P.C.

Ottumwa, Iowa
March 27, 2015

BREMER COUNTY, IOWA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

14-I-A Segregation of Duties – During our review of internal control, the existing control activities 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 two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer, Community Based Services, Recorder and County Extension Office
(2) Bank reconciliations are not prepared by someone who doesn’t sign checks, handle or record cash.	Sheriff, Treasurer, Community Based Services and County Extension Office
(3) Bank reconciliations are not reviewed periodically by an independent person for propriety.	Recorder
(4) The person who signs checks is not independent of the individual who records cash receipts and prepare checks.	Treasurer and Recorder
(5) An accounting procedures manual has not been prepared.	Sheriff, Treasurer and Recorder
(6) All incoming mail is opened by an employee who is authorized to make entries to the accounting records. An independent employee does not prepare a listing of cash and checks received.	Treasurer, Community Based Services and Recorder
(7) Payroll – No independent review is performed.	County Extension Office

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

Responses –

County Treasurer – The County Treasurer will review the internal control deficiencies within the Treasurer’s Office to obtain the maximum internal control possible with the limited number of office employees. With a limited number of staff, the segregation of duties is almost impossible.

Due to limited staff, we do have in place a couple of internal control procedures for processing receipts. A receipt is printed for all voided transactions. Each department is required to have a check register with each receipt.

BREMER COUNTY, IOWA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part I: Findings Related to the Financial Statements (Continued)

14-I-A Segregation of Duties (Continued)

County Treasurer (Continued)

Limited staff makes segregation bank reconciliation duties difficult but we will implement a new procedure where the statements are reconciled by staff or an independent employee who does not write checks or make deposits. A listing of all bank balances is presented to the Board of Supervisors monthly.

We will work on preparing an accounting procedures manual.

Incoming mail is opened by an employee who does not process the mail. A random list of mail received is recorded and compared to the checks deposited the next day.

County Recorder – We will review procedures and make changes to improve internal control as appropriate and possible.

County Sheriff – We will review procedures and obtain maximum control with segregation of duties with current staff where possible.

Community Based Services – CBS no longer handles protective payee accounts but instead use another independent agency. We need to add an additional person to help with segregation of duties.

County Extension Office – We are aware of the importance of segregation of duties. With a small staff of three, these are our best options as to bank reconciliation preparations. Monthly our bank reconciliation reports plus bank statements are reviewed, initialed and dated by our council treasurer per our fiscal policy.

Conclusions – Responses accepted.

14-I-B Financial Reporting – We identified material amounts of receivables, payables and capital asset additions and deletions which were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables and capital asset additions and deletions are properly recorded and included in the County's financial statements.

Response – We will review this to put procedures in place to help ensure all amounts are properly recorded. We have addressed this and are assured all purchases will be completed in a fiscal year or prior to payment.

Conclusion – Response accepted.

BREMER COUNTY, IOWA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part I: Findings Related to the Financial Statements (Continued)

- 14-I-C Capital Assets – Procedures do not exist to perform an independent review of the capital asset listing to determine whether assets on the listing exist or whether all existing assets have been included.

Recommendation – An independent review of the capital asset listing should be performed periodically to ensure the completeness of the listing and ensure the assets listed exist.

Responses –

County – We will do spot checks and keep updated records.

Community Based Services – We will review to see if an independent person can perform this review.

Conclusions – Responses accepted.

- 14-I-D Community Based Services Receipts – Pre-numbered receipts were not issued for all collections.

Recommendation – Pre-numbered receipts should be issued for all collections.

Response – We have started using pre-numbered receipts.

Conclusion – Response accepted.

- 14-I-E Undeposited Collections from the County Recorder's Office – The County Recorder's Office collects a number of fees. A substantial portion of the amount collected is a per page fee for documents which are required to be recorded with the County, such as mortgages, condemnations, easements and tax liens. The Office also collects real estate transfer tax for the Iowa Department of Revenue and issues hunting and fishing licenses and registers and titles boats, snowmobiles and all-terrain vehicles for the Iowa Department of Natural Resources. In addition, individuals may apply for passports at the Office and have their picture taken there for the passports. Fees are collected for both the application and the picture. Fees are also collected for photocopying done at the Office.

The fees collected are recorded in a software program which tracks the type of fee collected each day. The software also assigns a document number to each type of collection. The document number recorded in the software program corresponds to the individual documents recorded by the Office. The document numbers also correspond to supporting documentation maintained by the Office for other types of collections. For example, the document number recorded in the software system for passport photo fees corresponds to a daily summary of the number of photos taken on the related day.

The cash and checks collected during the day for the various fees are kept in a centralized location. At the end of each business day, the cash and checks are balanced to the collections recorded in the software system and prepared for deposit to the bank. Each employee in the Office, on a rotating basis, is responsible for balancing the collections to the software system. The Recorder balances the collections to the software system each day. The Deputy Recorders perform the balancing on the days the Recorder is gone. Each employee also has the ability to change information recorded in the software system. The information in the system can be changed to balance with the amount of collections prepared for deposit to the bank. The software system does not have an audit trail function which records who makes changes to the information recorded.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, duties related to collections should be segregated to the extent possible. Specifically, the individual balancing the cash and checks collected each day should not be able to change the information recorded in the software system which tracks each day's collections.

BREMER COUNTY, IOWA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part I: Findings Related to the Financial Statements (Continued)

14-I-E Undeposited Collections from the County Recorder's Office (Continued)

Response – We will review procedures and make changes to improve internal control as appropriate and possible.

Conclusion – Response accepted.

14-I-F County Landfill – There is a lack of segregation of duties for receipts as the same person is responsible for collecting, depositing, posting and daily/weekly reconciling.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the control activities should be reviewed to obtain the maximum internal control possible under the circumstances. The Landfill should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response – I am open to any random spot checks on my daily activities at any time.

Conclusion – Response accepted.

14-I-G Computer System – The County does not have a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – The County IT department is working on a disaster recovery plan.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part II: Other Findings Related to Required Statutory Reporting

14-II-A Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted.

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

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

14-II-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dennis Miller, County Sheriff employee, owns D.L.M. Sales and Services	Jail supplies	\$ 168
Dale Busch, Secondary Roads employee, self-employed	Safety equipment	323
Kip Ladage, Emergency Management employee, owns Ladage Photography	Office decor	340

In accordance with Chapter 331.342 of the Code of Iowa, the above transactions with D.L.M. Sales and Service, Dale Busch and Ladage Photography do not appear to represent a conflict of interest since the total amount for the individuals is less than \$1,500 during the fiscal year.

BREMER COUNTY, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

- 14-II-E Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.
- 14-II-F Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 14-II-G Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- 14-II-H Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- 14-II-I County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2014 for the County Extension Office did not exceed the amount budgeted.