



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

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE

March 26, 2015

Contact: Andy Nielsen  
515/ 281-5834

Auditor of State Mary Mosiman today released an audit report on Carroll County, Iowa.

The County had local tax revenue of \$29,903,321 for the year ended June 30, 2014, which included \$1,512,195 in tax credits from the state. The County forwarded \$23,783,716 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,119,605 of the local tax revenue to finance County operations, a 3% decrease from the prior year. Other revenues included charges for service of \$2,890,586, operating grants and contributions of \$4,250,674, capital grants and contributions of \$372,940, local option sales tax of \$1,055,930, unrestricted investment earnings of \$75,028 and other general revenues of \$195,602.

Expenses for County operations for the year ended June 30, 2014 totaled \$16,090,550, a 10% increase over the prior year. Expenses included \$6,175,976 for roads and transportation, \$3,427,119 for public safety and legal services and \$1,771,815 for county environment and education.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1410-0014-B00F.pdf>.

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**CARROLL COUNTY**

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

**JUNE 30, 2014**

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**Carroll County**

**Carroll County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Marty Danzer	Board of Supervisors	Jan 2015
Dan Nieland	Board of Supervisors	Jan 2015
Mark Beardmore	Board of Supervisors	Jan 2017
Neil Bock	Board of Supervisors	Jan 2017
Eugene Meiners	Board of Supervisors	Jan 2017
Joan Schettler	County Auditor	(Retired Dec 2013)
Kourtney Irlbeck	County Auditor	Jan 2017
Peggy Weitl	County Treasurer	(Retired Dec 2013)
Jean Seidl	County Treasurer	Jan 2015
Marilyn Dopheide	County Recorder	Jan 2015
Douglas R. Bass	County Sheriff	Jan 2017
John Werden	County Attorney	Jan 2015
Diane S. Janning	County Assessor	(Retired Dec 2013)
Brian Tiesman (Appointed)	County Assessor	Jan 2016

**Carroll County**



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Independent Auditor's Report

To the Officials of Carroll County:

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 Carroll 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 listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County as of June 30, 2014, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 11 through 18 and 52 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 12, 2015 on our consideration of Carroll County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Carroll County's internal control over financial reporting and compliance.



MARY MOSIMAN, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 12, 2015

**Carroll County**

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

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Carroll County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 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 decreased 14.2%, or approximately \$2,474,000, from fiscal year 2013 to fiscal year 2014. Capital grants and contributions decreased approximately \$2,373,000, operating grants and contributions increased approximately \$317,000 and property and other county tax decreased approximately \$243,000.
- Governmental activities expenses increased 10.3%, or approximately \$1,499,000, in fiscal year 2014 from fiscal year 2013. County environment and education expenses increased approximately \$689,000, roads and transportation expenses increased approximately \$502,000, public safety and legal services expenses increased approximately \$166,000 and governmental services to residents increased approximately \$98,000.
- Governmental activities net position decreased 2.5%, or approximately \$1,096,000, from June 30, 2013 to 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 Carroll County as a whole and present an overall view of the County's finances.

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

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

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

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

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

The Statement of Net Position presents financial information on 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, Mt. Carmel Sewer and Maple River Sewer Funds and the Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

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

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

Reconciliations between the government-wide financial statements and the 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. Carroll County’s combined net position decreased from a year ago, from approximately \$45.1 million to approximately \$44 million. The analysis that follows focuses on the changes in net position.

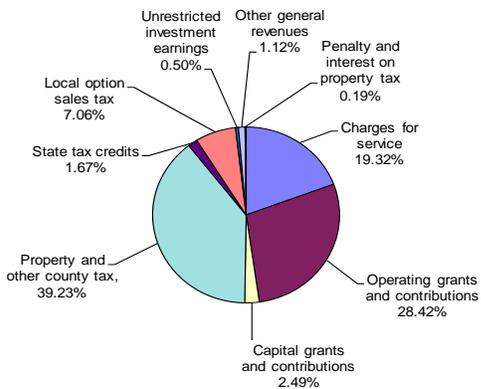
Net Position of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 18,757	18,935	43	70	18,800	19,005
Capital assets	32,227	32,433	956	982	33,183	33,415
Total assets	50,984	51,368	999	1,052	51,983	52,420
Long-term liabilities	725	471	341	358	1,066	829
Other liabilities	677	590	-	2	677	592
Total liabilities	1,402	1,061	341	360	1,743	1,421
Deferred inflows of resources	6,234	5,863	-	-	6,234	5,863
Net position:						
Net investment in capital assets	31,997	32,433	615	624	32,612	33,057
Restricted	8,640	8,604	-	-	8,640	8,604
Unrestricted	2,711	3,407	43	68	2,754	3,475
Total net position	\$ 43,348	44,444	658	692	44,006	45,136

Net position of Carroll County’s governmental activities decreased 2.5% (from approximately \$44.4 million to approximately \$43.3 million). The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted governmental activities net position – the part of governmental activities 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 approximately \$3,407,000 at June 30, 2013 to approximately \$2,711,000 at the end of this year, a decrease of 20.4%. The decrease was primarily due to incurring \$720,278 of debt for an economic development grant which will be repaid with future tax increment financing proceeds.

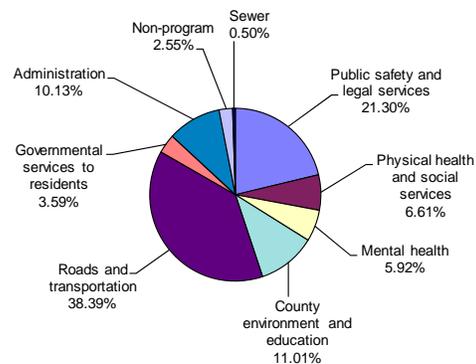
**Changes in Net Position of Governmental and Business Type Activities**  
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for service	\$ 2,844	2,898	47	119	2,891	3,017
Operating grants and contributions	4,251	3,934	-	-	4,251	3,934
Capital grants and contributions	373	2,746	-	-	373	2,746
<b>General revenues:</b>						
Property and other county tax, including tax increment financing	5,869	6,112	-	-	5,869	6,112
Penalty and interest on property tax	28	30	-	-	28	30
State tax credits	251	239	-	-	251	239
Local option sales tax	1,056	955	-	-	1,056	955
Unrestricted investment earnings	75	70	-	-	75	70
Other general revenues	167	404	-	-	167	404
<b>Total revenues</b>	<b>14,914</b>	<b>17,388</b>	<b>47</b>	<b>119</b>	<b>14,961</b>	<b>17,507</b>
<b>Program expenses:</b>						
Public safety and legal services	3,427	3,261	-	-	3,427	3,261
Physical health and social services	1,064	1,026	-	-	1,064	1,026
Mental health	953	948	-	-	953	948
County environment and education	1,772	1,083	-	-	1,772	1,083
Roads and transportation	6,176	5,674	-	-	6,176	5,674
Governmental services to residents	578	480	-	-	578	480
Administration	1,630	1,600	-	-	1,630	1,600
Non-program	410	439	-	-	410	439
Sewer	-	-	81	101	81	101
<b>Total expenses</b>	<b>16,010</b>	<b>14,511</b>	<b>81</b>	<b>101</b>	<b>16,091</b>	<b>14,612</b>
<b>Change in net position</b>	<b>(1,096)</b>	<b>2,877</b>	<b>(34)</b>	<b>18</b>	<b>(1,130)</b>	<b>2,895</b>
<b>Net position beginning of year</b>	<b>44,444</b>	<b>41,567</b>	<b>692</b>	<b>674</b>	<b>45,136</b>	<b>42,241</b>
<b>Net position end of year</b>	<b>\$ 43,348</b>	<b>44,444</b>	<b>658</b>	<b>692</b>	<b>44,006</b>	<b>45,136</b>

**Revenues by Source**



**Expenditures by Program**



Carroll County's governmental activities net position decreased approximately \$1,096,000 during the year. Revenues for governmental activities decreased approximately \$2,474,000 over the prior year, with capital grants and contributions decreasing approximately \$2,373,000 over the prior year. The County's operating grants and contributions increased approximately \$317,000 and property and other county tax decreased approximately \$243,000. The increase and decreases were primarily the result of changes in the mental health budget and completion of road and bridge projects paid for by the Iowa Department of Transportation.

The cost of all governmental activities this year was approximately \$16 million compared to approximately \$14.5 million last year. However, as shown in the Statement of Activities on pages 22 and 23, the amount taxpayers ultimately financed for these activities was approximately \$8.5 million because some of the cost was paid by those directly benefited from the programs (approximately \$2,844,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,624,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased from approximately \$9,578,000 in fiscal year 2013 to approximately \$7,468,000 in fiscal year 2014, principally due to a decrease in contributions for road projects from the State of Iowa. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

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

As Carroll County completed the year, its governmental funds reported a combined fund balance of approximately \$10.8 million, a decrease of approximately \$963,000 from last year's total of approximately \$11.8 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures increased approximately \$437,000 and \$1,112,000, respectively. Revenues increased due to an increase in property values resulting in an increase in property tax and an increase in reimbursements from the City of Carroll for Community Center costs. Expenditures increased primarily due to an economic development grant to Iowa Corn Processors and legal fees associated with the grant. Also, beginning in fiscal year 2014, Carroll County paid for all of the Community Center costs with reimbursement from the City of Carroll. In addition, there was an increase in the cost of health insurance for the County. The ending fund balance decreased approximately \$336,000.
- Special Revenue, Mental Health Fund revenues decreased approximately \$849,000 due, in part, to the State of Iowa retaining property tax relief funds and performing the Medicaid billing. Expenditures increased approximately \$21,000 over the prior year. The Special Revenue, Mental Health Fund balance decreased approximately \$519,000 from the prior year to approximately \$2,438,000 at year end.
- The Special Revenue, Rural Services Fund ending fund balance increased approximately \$183,000 from the prior year to approximately \$468,000. This increase is primarily due to an increase in property and other county tax. Also, the amount of Local Option Sales Tax (LOST) money allocated for rural services was approximately \$528,000, an increase of approximately \$50,000 from the prior year. Rural Services Fund expenditures increased approximately \$15,000 when compared to the prior year.
- Special Revenue, Secondary Roads Fund expenditures increased approximately \$829,000 from the prior year, primarily due to an increase in road and bridge projects paid for by the County. The Secondary Roads Fund balance decreased approximately \$16,000 to approximately \$3,688,000 at year end.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Carroll County amended its budget two times. The first amendment was made in October 2013 and resulted in an increase in budgeted disbursements of approximately \$1,671,000, related primarily to the Iowa Corn Processors project, the communication center project, conservation projects and IT software and hardware purchases.

The second amendment was made in May 2014. This amendment was made to decrease budgeted disbursements approximately \$356,000, primarily due to changes in the conservation budget resulting from construction projects which did not occur during fiscal year 2014.

The County's receipts were approximately \$44,000 more than budgeted. Property and other county tax receipts were approximately \$111,000 more than budgeted, primarily due to an increase in state tax credits.

Total disbursements were approximately \$1,813,000 less than the final amended budget. Actual disbursements for the roads and transportation, mental health, capital projects, public safety and legal services and physical health and social services functions were approximately \$497,000, \$379,000, \$320,000, \$205,000 and \$140,000, respectively, less than budgeted.

In the roads and transportation function, disbursements for engineering were approximately \$37,000 less than budgeted due to a decrease in project costs. Disbursements for roads were \$105,866 less than budgeted as a result of a gravel stockpile not fully supplied. Disbursements for snow and ice control were approximately \$9,400 less than budgeted due to mild winter weather. Disbursements for road clearing were approximately \$39,400 less than budgeted due to the resignation of the weed spray applicator and less brush being cut than planned. Disbursements for equipment were approximately \$20,900 less than budgeted due to a lower than expected purchase price of the motor grader. Disbursements for equipment operations were approximately \$66,100 less than budgeted due to reduced expenditures for tires and blades. Disbursements for tools were approximately \$64,900 less than budgeted. Disbursements for real estate and buildings were \$128,100 less than budgeted due to a planned new grader shop at the City of Manning not being completed.

Mental health function disbursements were approximately \$379,000 less than budgeted due to the County performing fewer client evaluations, inpatient visits and a decrease in transportation costs. In addition, less was disbursed in overall client work due to the responsibility shifting due to the regionalization of mental health.

Capital projects function disbursements were approximately \$320,000 less than budgeted as some of the projects were not completed or started as anticipated in fiscal year 2014.

Public safety and legal services function disbursements were less than the amount budgeted, primarily due to juvenile court services and shelter care being less than budgeted by approximately \$31,700 due to fewer cases and shelter visits. Emergency Management funding was approximately \$17,700 less than budgeted due to the agency requesting fewer funds. The jail had several areas which were less than the budgeted disbursements, including food costs which were approximately \$12,100 less than budgeted, due to a decrease in meals served, and salaries and benefits were approximately \$27,500 less than budgeted due to fewer overtime hours worked. In the ambulance department, several areas were approximately \$19,700 less than budgeted due to less repairs, a decrease in fuel cost and fewer education costs. The Attorney Collection and Forfeiture Fund was approximately \$30,400 less than budgeted as a result of less equipment purchased for local police and the County Sheriff than anticipated. Fewer computers were purchased for the Sheriff's Office and salaries were approximately \$27,600 less than budgeted due to fewer overtime and part time hours being worked. In the communications department, salaries were approximately \$16,200 less than budgeted due to fewer overtime hours worked.

Physical health and social services function disbursements were less than budgeted, primarily due to a decrease in pass through grants. Home care aides salaries and mileage were approximately \$14,800 less than budgeted due to fewer client visits. General assistance rent, utilities and funeral expenses were approximately \$8,700 less than budgeted due to an overall decrease in need for assistance. Residential care facility disbursements were approximately \$15,300 less than budgeted as a result of the mental health redesign and fewer clients. Also, the County Department of Human Service Office disbursements for office expense, postage and telephone were less than budgeted.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2014, Carroll County had approximately \$32.2 million invested in a broad range of capital assets for governmental activities, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease of approximately \$205,000, or 0.6%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2014	2013
Land	\$ 1,829	1,755
Buildings	4,157	4,090
Improvements other than buildings	97	73
Equipment and vehicles	3,864	3,859
Infrastructure	22,169	22,455
Construction in progress	111	201
Total	\$ 32,227	32,433

The County had governmental activities depreciation expense of approximately \$1,964,000 in fiscal year 2014 and total accumulated depreciation of approximately \$30,357,000 at June 30, 2014.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### **Long-Term Debt**

At June 30, 2014, Carroll County had \$230,000 in debt outstanding, compared to no debt outstanding at June 30, 2013.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Carroll County's constitutional debt limit is approximately \$89 million. Additional information about the County's long-term liabilities is presented in Note 7 to the financial statements.

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

Carroll County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2015 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County in June 2014 was 3.2% versus 3.4% the previous year.

These indicators were taken into account when adopting the budget for fiscal year 2015. Amounts available for appropriation in the operating budget are approximately \$15.8 million, a decrease of 5.3% from the final fiscal year 2014 budget. The County added no major new programs or initiatives to the fiscal year 2015 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$1,567,000 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 Carroll County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Carroll County Auditor's Office, 114 E. 6th, Carroll, Iowa 51401.

## **Basic Financial Statements**

**Carroll County**

Carroll County  
Statement of Net Position  
June 30, 2014

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments :			
County Treasurer	\$ 9,998,458	40,308	10,038,766
Conservation Foundation	71,927	-	71,927
Receivables:			
Property tax:			
Delinquent	4,136	-	4,136
Succeeding year	6,234,000	-	6,234,000
Interest and penalty on property tax	62,873	-	62,873
Accounts (net of allowance for doubtful accounts of \$246,126)	323,166	2,870	326,036
Accrued interest	18,630	6	18,636
Internal balances	341,003	(341,003)	-
Due from other governments	564,673	-	564,673
Inventories	1,004,275	-	1,004,275
Prepaid expenses	133,020	-	133,020
Capital assets - nondepreciable	1,939,469	25,500	1,964,969
Capital assets - depreciable, net of accumulated depreciation	30,287,971	930,118	31,218,089
<b>Total assets</b>	<b>50,983,601</b>	<b>657,799</b>	<b>51,641,400</b>
<b>Liabilities</b>			
Accounts payable	629,354	85	629,439
Salaries and benefits payable	18,036	-	18,036
Due to other governments	28,993	-	28,993
Long-term liabilities:			
Portion due or payable within one year:			
Installment purchase agreement	43,108	-	43,108
Compensated absences	206,115	-	206,115
Portion due or payable after one year:			
Installment purchase agreement	186,892	-	186,892
Compensated absences	11,215	-	11,215
Net OPEB liability	278,062	-	278,062
<b>Total liabilities</b>	<b>1,401,775</b>	<b>85</b>	<b>1,401,860</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	6,234,000	-	6,234,000
<b>Net Position</b>			
Net investment in capital assets	31,997,440	614,615	32,612,055
Restricted for:			
Supplemental levy purposes	115,999	-	115,999
Mental health purposes	2,423,885	-	2,423,885
Rural services purposes	458,144	-	458,144
Secondary roads purposes	3,520,567	-	3,520,567
Capital projects	110,010	-	110,010
Other purposes	2,010,579	-	2,010,579
Unrestricted	2,711,202	43,099	2,754,301
<b>Total net position</b>	<b>\$ 43,347,826</b>	<b>657,714</b>	<b>44,005,540</b>

See notes to financial statements.

Carroll County

Statement of Activities

Year ended June 30, 2014

	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety and legal services	\$ 3,427,119	1,036,944	305,464	-
Physical health and social services	1,063,834	215,706	347,663	-
Mental health	953,085	-	419,049	-
County environment and education	1,771,815	262,236	58,015	22,549
Roads and transportation	6,175,976	366,821	3,106,310	350,391
Governmental services to residents	578,161	370,343	-	-
Administration	1,629,539	111,214	14,173	-
Non-program	410,030	480,370	-	-
Total governmental activities	16,009,559	2,843,634	4,250,674	372,940
Business type activities:				
Sewer	80,991	46,952	-	-
Total	\$ 16,090,550	2,890,586	4,250,674	372,940

**General Revenues:**

Property and other county tax levied for general purposes  
 Penalty and interest on property tax  
 State tax credits  
 Local option sales tax  
 Unrestricted investment earnings  
 Gain on disposition of capital assets  
 Miscellaneous  
 Total general revenues  
 Change in net position  
 Net position beginning of year  
 Net position end of year  
 See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
(2,084,711)	-	(2,084,711)
(500,465)	-	(500,465)
(534,036)	-	(534,036)
(1,429,015)	-	(1,429,015)
(2,352,454)	-	(2,352,454)
(207,818)	-	(207,818)
(1,504,152)	-	(1,504,152)
70,340	-	70,340
(8,542,311)	-	(8,542,311)
-	(34,039)	(34,039)
(8,542,311)	(34,039)	(8,576,350)
5,868,998	-	5,868,998
28,329	-	28,329
250,607	-	250,607
1,055,930	-	1,055,930
75,028	54	75,082
77,650	-	77,650
89,623	-	89,623
7,446,165	54	7,446,219
(1,096,146)	(33,985)	(1,130,131)
44,443,972	691,699	45,135,671
\$ 43,347,826	657,714	44,005,540

Carroll County  
Balance Sheet  
Governmental Funds

June 30, 2014

	Special Revenue		
	General	Mental Health	Rural Services
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 2,282,836	2,419,321	429,842
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	4,112	24	-
Succeeding year	4,458,000	-	1,776,000
Interest and penalty on property tax	62,873	-	-
Accounts (net of allowance for doubtful accounts of \$246,126)	319,370	-	40
Accrued interest	18,444	-	-
Due from other funds	-	-	-
Due from other governments	160,910	44,353	38,553
Inventories	-	-	-
Prepaid expenditures	121,622	-	-
Non current assets:			
Due from other funds/ advances to other funds	-	-	-
<b>Total assets</b>	<b>\$ 7,428,167</b>	<b>2,463,698</b>	<b>2,244,435</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 138,281	12,798	458
Salaries and benefits payable	17,674	333	-
Advance from other funds	-	-	-
Due to other funds	8,914	166	-
Due to other governments	14,594	12,408	-
Total liabilities	179,463	25,705	458
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,458,000	-	1,776,000
Other	192,067	24	-
Total deferred inflows of resources	4,650,067	24	1,776,000
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	121,622	-	-
Restricted for:			
Supplemental levy purposes	132,692	-	-
Mental health purposes	-	2,437,969	-
Rural services purposes	-	-	467,977
Secondary roads purposes	-	-	-
Other purposes	-	-	-
Assigned for:			
County Attorney fine collections	76,423	-	-
Capital projects and equipment	-	-	-
Unassigned	2,267,900	-	-
Total fund balances	2,598,637	2,437,969	467,977
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,428,167</b>	<b>2,463,698</b>	<b>2,244,435</b>

See notes to financial statements.

Secondary Roads	Nonmajor	Total
2,613,269	1,189,838	8,935,106
-	71,927	71,927
-	-	4,136
-	-	6,234,000
-	-	62,873
2,529	1,227	323,166
-	-	18,444
14,091	17,167	31,258
282,304	38,553	564,673
1,004,275	-	1,004,275
11,398	-	133,020
-	1,044,114	1,044,114
3,927,866	2,362,826	18,426,992
237,018	29,235	417,790
29	-	18,036
-	720,278	720,278
-	5,011	14,091
1,991	-	28,993
239,038	754,524	1,199,188
-	-	6,234,000
547	-	192,638
547	-	6,426,638
1,004,275	-	1,004,275
11,398	-	133,020
-	-	132,692
-	-	2,437,969
-	-	467,977
2,672,608	-	2,672,608
-	2,120,589	2,120,589
-	-	76,423
-	207,991	207,991
-	(720,278)	1,547,622
3,688,281	1,608,302	10,801,166
3,927,866	2,362,826	18,426,992

**Carroll County**

Carroll County

Reconciliation of the Balance Sheet –  
Governmental Funds to the Statement of Net Position

June 30, 2014

**Total governmental fund balances (page 25)** \$ 10,801,166

***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 \$62,584,144 and the accumulated depreciation is \$30,356,704. 32,227,440

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 192,638

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 851,974

Long-term liabilities, including installment purchase agreement payable, compensated absences payable and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (725,392)

**Net position of governmental activities (page 21)** \$ 43,347,826

See notes to financial statements.

Carroll County

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

Year ended June 30, 2014

	Special Revenue		
	General	Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 4,071,975	24,049	1,774,286
Local option sales tax	-	-	527,965
Interest and penalty on property tax	22,003	-	-
Intergovernmental	845,553	419,546	76,261
Licenses and permits	37,941	-	2,260
Charges for service	1,580,583	-	-
Use of money and property	166,925	-	-
Miscellaneous	54,394	2,025	2,216
Total revenues	6,779,374	445,620	2,382,988
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	2,988,989	-	355,876
Physical health and social services	1,075,949	-	-
Mental health	-	964,464	-
County environment and education	1,526,993	-	151,780
Roads and transportation	-	-	25,000
Governmental services to residents	470,261	-	-
Administration	1,583,014	-	-
Capital projects	-	-	-
Total expenditures	7,645,206	964,464	532,656
Excess (deficiency) of revenues over (under) expenditures	(865,832)	(518,844)	1,850,332
<b>Other financing sources (uses):</b>			
Sale of capital assets	-	-	-
Installment purchase agreement	-	-	-
Transfers in	720,278	-	-
Transfers out	(190,000)	-	(1,667,000)
Total other financing sources (uses)	530,278	-	(1,667,000)
Change in fund balances	(335,554)	(518,844)	183,332
Fund balances beginning of year	2,934,191	2,956,813	284,645
Fund balances end of year	\$ 2,598,637	2,437,969	467,977

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	-	5,870,310
-	527,965	1,055,930
-	-	22,003
3,482,643	62,507	4,886,510
4,250	-	44,451
-	54,055	1,634,638
-	64,496	231,421
364,243	76,544	499,422
3,851,136	785,567	14,244,685
-	-	3,344,865
-	-	1,075,949
-	-	964,464
-	25,980	1,704,753
4,961,582	-	4,986,582
-	82,341	552,602
-	-	1,583,014
765,624	462,436	1,228,060
5,727,206	570,757	15,440,289
(1,876,070)	214,810	(1,195,604)
2,900	-	2,900
-	230,000	230,000
1,857,000	720,278	3,297,556
-	(1,440,556)	(3,297,556)
1,859,900	(490,278)	232,900
(16,170)	(275,468)	(962,704)
3,704,451	1,883,770	11,763,870
3,688,281	1,608,302	10,801,166

Carroll County

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

Year ended June 30, 2014

**Change in fund balances - Total governmental funds (page 29)** \$ (962,704)

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

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

Expenditures for capital assets	\$ 1,674,110	
Capital assets contributed by other governments	10,000	
Depreciation expense	(1,964,106)	(279,996)

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

74,750

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

Property tax	(1,312)	
Other	99,231	97,919

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

(230,000)

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

Compensated absences	(967)	
Other postemployment benefits	(24,060)	(25,027)

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

228,912

**Change in net position of governmental activities (page 23)** \$ (1,096,146)

See notes to financial statements.

Carroll County  
Statement of Net Position  
Proprietary Funds

June 30, 2014

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 40,308	1,063,352
Receivables:		
Accounts	2,870	-
Accrued interest	6	186
Capital assets, net of accumulated depreciation	955,618	-
<b>Total assets</b>	<u>998,802</u>	<u>1,063,538</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	85	211,564
Advances from other funds	17,167	-
Long-term liabilities:		
Advances from other funds	323,836	-
<b>Total liabilities</b>	<u>341,088</u>	<u>211,564</u>
<b>Net Position</b>		
Net investment in capital assets	614,615	-
Unrestricted	43,099	851,974
<b>Total net position</b>	<u>\$ 657,714</u>	<u>851,974</u>

See notes to financial statements.

Carroll County

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

Year ended June 30, 2014

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	1,080,357
Reimbursements from employees	-	464,039
Charges for service	46,952	-
Total operating revenues	<u>46,952</u>	<u>1,544,396</u>
Operating expenses:		
Medical claims	-	1,247,260
Administrative fees	-	71,025
Depreciation	26,160	-
Miscellaneous	49,361	-
Total operating expenses	<u>75,521</u>	<u>1,318,285</u>
Operating income (loss)	<u>(28,569)</u>	<u>226,111</u>
Non-operating revenues (expenses):		
Interest income	54	2,801
Interest expense	(3,502)	-
Miscellaneous	(1,968)	-
Total non-operating revenues (expenses)	<u>(5,416)</u>	<u>2,801</u>
Change in net position	(33,985)	228,912
Net position beginning of year	<u>691,699</u>	<u>623,062</u>
Net position end of year	<u>\$ 657,714</u>	<u>851,974</u>

See notes to financial statements.

Carroll County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2014

	Business Type Activities	Governmental Activities
	Enterprise - Nonmajor	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating fund reimbursements	\$ -	1,090,243
Cash received from employees and others	-	464,039
Cash received from sewer fees	48,125	-
Cash paid to suppliers for services	(51,513)	(1,346,341)
Net cash provided (used) by operating activities	<u>(3,388)</u>	<u>207,941</u>
Cash flows from investing activities:		
Interest on investments	93	2,755
Cash flows from capital and related financing activities:		
Principal paid on interfund loan	(16,996)	-
Interest paid on interfund loan	(3,502)	-
Miscellaneous	(1,968)	-
Net cash used by capital and related financing activities	<u>(22,466)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(25,761)	210,696
Cash and cash equivalents beginning of year	66,069	852,656
Cash and cash equivalents end of year	<u>\$ 40,308</u>	<u>1,063,352</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (28,569)	226,111
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	26,160	-
Decrease in accounts receivable	1,174	9,886
Decrease in accounts payable	(2,153)	(28,056)
Net cash provided (used) by operating activities	<u>\$ (3,388)</u>	<u>207,941</u>

See notes to financial statements.

Carroll County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2014

**Assets**

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 1,472,367
Other County officials	21,929

Receivables:

Property tax:

Delinquent	36,844
Succeeding year	22,065,000

Accounts	807
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<b>Total assets</b>	<u>23,596,947</u>
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**Liabilities**

Accounts payable	5,383
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Salaries and benefits payable	1,154
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Due to other governments	23,573,140
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Trusts payable	13,921
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Compensated absences	3,349
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<b>Total liabilities</b>	<u>23,596,947</u>
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**Net position**

<u>\$</u>	<u>-</u>
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See notes to financial statements.

Carroll County

Notes to Financial Statements

June 30, 2014

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

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

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

A. Reporting Entity

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

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

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

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 Carroll 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 Carroll County Auditor's Office.

The Carroll County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the

Carroll County Conservation Board. These donations were expended to finance the Sauk Rail Trail and the Conservation Education Center and were not included in the County's budget. The financial transactions of this component unit have been reported in the Special Revenue Fund.

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

In addition, the County Board of Supervisors are members of or appoint representatives to: West Central Iowa Sheltered Workshop (WESCO), Carroll Area Solid Waste Management Commission, Region XII Council of Governments, Youth Emergency Services (Y.E.S.), Ambulance, Conservation and Development.

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 three categories.

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following proprietary funds:

Enterprise Funds are utilized to account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

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

The following fiduciary funds are also reported:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. 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 unearned in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

Due from/Advance to and Due to/Advances from Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land and buildings	25,000
Land improvements	10,000
Intangibles	50,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	30 - 50
Land improvements	10 - 30
Infrastructure	15 - 65
Intangibles	5 - 20
Equipment	2 - 40
Vehicles	4 - 10

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

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

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, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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 receivables 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.

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(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.

The County had an investment in the Iowa Public Agency Investment Trust which is valued at an amortized cost of \$185,003 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

**(3) Due From/Advances to and Due to/Advances from Other Funds**

The detail of interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 8,914
	Special Revenue:	
	Mental Health	166
	Capital Projects	5,011
		<u>14,091</u>
Local Option Sales Tax	Enterprise:	
	Mt. Carmel Sewer	7,005
	Maple River Sewer	10,162
		<u>17,167</u>
Total		<u>\$ 31,258</u>

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

Not included above, and not expected to be repaid within one year, are interfund advances of \$182,059 and \$141,777 due from the Enterprise, Mt. Carmel Sewer and Maple River Sewer Funds, respectively, to the Special Revenue, Local Option Sales Tax Fund for repayment of long term interfund loans. The interfund advances will be repaid from user fees.

Also not included above, and not expected to be repaid within one year, is an interfund advance of \$720,278 due from the Special Revenue, Tax Increment Financing Fund to the Special Revenue, Local Option Sales Tax Fund for repayment of an interfund advance to the General Fund for tax increment financing purposes. The interfund advance will be repaid with tax increment financing collections.

**(4) Interfund Transfers**

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

Transfer to	Transfer from	Amount
General	Special Revenue: Local Option Sales Tax	\$ 720,278
Special Revenue: Secondary Roads	General Special Revenue: Rural Services	190,000 1,667,000 <u>1,857,000</u>
Local Option Sales Tax	Special Revenue: Tax Increment Financing	720,278
Total		<u>\$ 3,297,556</u>

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

**(5) Capital Assets**

Governmental activities capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,755,131	73,750	-	1,828,881
Construction in progress	201,168	850,026	(940,606)	110,588
Total capital assets not being depreciated	<u>1,956,299</u>	<u>923,776</u>	<u>(940,606)</u>	<u>1,939,469</u>
Capital assets being depreciated:				
Buildings	6,690,395	216,122	-	6,906,517
Improvements other than buildings	84,585	29,192	-	113,777
Equipment and vehicles	9,169,102	633,520	(347,821)	9,454,801
Infrastructure, road network	41,590,737	940,606	-	42,531,343
Infrastructure, other	1,638,237	-	-	1,638,237
Total capital assets being depreciated	<u>59,173,056</u>	<u>1,819,440</u>	<u>(347,821)</u>	<u>60,644,675</u>
Less accumulated depreciation for:				
Buildings	2,600,870	148,171	-	2,749,041
Improvements other than buildings	11,810	4,629	-	16,439
Equipment and vehicles	5,309,923	584,660	(304,071)	5,590,512
Infrastructure, road network	20,664,850	1,190,241	-	21,855,091
Infrastructure, other	109,216	36,405	-	145,621
Total accumulated depreciation	<u>28,696,669</u>	<u>1,964,106</u>	<u>(304,071)</u>	<u>30,356,704</u>
Total capital assets being depreciated, net	<u>30,476,387</u>	<u>(144,666)</u>	<u>(43,750)</u>	<u>30,287,971</u>
Governmental activities capital assets, net	<u>\$ 32,432,686</u>	<u>779,110</u>	<u>(984,356)</u>	<u>32,227,440</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 156,753
Physical health and social services	3,700
County environment and education	99,848
Roads and transportation	1,592,410
Governmental services to residents	35,733
Administration	75,662
Total depreciation expense - governmental activities	<u>\$ 1,964,106</u>

Business type activities capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 25,500	-	-	25,500
Capital assets being depreciated:				
Infrastructure	1,044,140	-	-	1,044,140
Less accumulated depreciation for:				
Infrastructure	87,862	26,160	-	114,022
Total capital assets being depreciated, net	956,278	(26,160)	-	930,118
Business type activities capital assets, net	<u>\$ 981,778</u>	<u>(26,160)</u>	-	<u>955,618</u>
Total depreciation expense - business type activities				<u>\$ 26,160</u>

**(6) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2014 is as follows:

Fund	Description	Amount
General	Services	\$ 14,594
Special Revenue:		
Mental Health	Services	12,408
Secondary Roads	Services	1,991
		<u>14,399</u>
Total for governmental funds		<u>\$ 28,993</u>
Agency:		
Agricultural Extension Education	Collections	\$ 210,456
County Assessor		606,769
Schools		11,767,943
Community Colleges		814,446
Corporations		8,803,188
Townships		281,259
Auto License and Use Tax		606,365
E911 Service Commission		121,071
All other		361,643
Total for agency funds		<u>\$ 23,573,140</u>

**(7) Long-Term Liabilities**

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

	Installment Purchase Agreement	Compen- sated Absences	Net OPEB Liability	Total
<b>Governmental activities:</b>				
Balance beginning of year	\$ -	216,363	254,002	470,365
Increases	230,000	265,266	89,605	584,871
Decreases	-	264,299	65,545	329,844
Balance end of year	\$ 230,000	217,330	278,062	725,392
Due within one year	\$ 43,108	206,115	-	249,223

Installment Purchase Agreement

In February 2014, the Carroll County Conservation Board entered into an installment purchase agreement with the Iowa Natural Heritage Foundation (Foundation) to purchase 11 acres, including the house and outbuildings, from the Foundation to be used for the Park Ranger's home. Under the terms of the agreement, the County will make annual payments of \$50,583, which includes interest at 3.25% per annum, for 5 years beginning on September 5, 2014.

**(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 \$464,357, \$421,369 and \$393,992, respectively, equal to the required contributions for each year.

**(9) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 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.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of

any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual property 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 contributions to the Pool for the year ended June 30, 2014 were \$142,911.

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 County'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 or losses 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 in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 107 active and 23 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Wellmark. Retirees under 65 may convert unused sick days to health insurance at retirement. Ten days of sick leave equals one month of single coverage up to a 12 month maximum. Otherwise, retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

Annual OPEB Cost and Net OPEB Obligation – The County’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding 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	\$ 89,539
Interest on net OPEB obligation	10,160
Adjustment to annual required contribution	(10,094)
Annual OPEB cost	<u>89,605</u>
Contributions made	(65,545)
Increase in net OPEB obligation	<u>24,060</u>
Net OPEB obligation beginning of year	<u>254,002</u>
Net OPEB obligation end of year	<u><u>\$ 278,062</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the County contributed \$65,545 to the medical plan. Plan members eligible for benefits contributed \$73,928, or 53.0% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 89,592	73.20%	\$ 229,948
2013	89,599	73.20	254,002
2014	89,605	73.15	278,062

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2014, the actuarial accrued liability was \$885,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$885,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,305,000 and the ratio of the UAAL to covered payroll was 20.6%. 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, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2011 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP-2000 Combined Mortality fully generational using scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$381 per month for retirees and \$780 for retirees and spouse less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(11) Employee Health Insurance Plan**

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2014 was \$1,080,357.

Amounts payable from the Internal Service Fund at June 30, 2014 total \$211,564, 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 \$851,974 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 No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 239,620
Incurred claims (including claims incurred but not reported at June 30, 2014)	1,247,260
Payments on claims during the fiscal year	1,275,316
Unpaid claims end of year	<u>\$ 211,564</u>

**(12) Revenue Bonds**

On September 29, 2003, the County issued \$10,000,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to renovate the existing third floor and other areas of the hospital and to construct and equip an addition. The bonds are not a general obligation of the County, but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of bonds.

On November 22, 2006, the County issued \$6,575,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to finance a portion of the cost of the construction of a four-story addition to the hospital, to equip the addition and to add parking structures and a new surgery center. The bonds are not a general obligation of the County, but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of the bonds.

On December 1, 2008, the County issued \$1,400,000 of Facility Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of New Opportunities Inc. for the purchase of land and a building and to equip the building to be used as a Head Start/Outreach facility. The bonds are not a general obligation of the County, but are payable solely from the net revenues of New Opportunities, Inc. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of the bonds.

**(13) Deficit Balance**

The Special Revenue, Tax Increment Financing Fund had a deficit balance of \$720,278 at June 30, 2014. The deficit balance was a result of costs incurred prior to the availability of funds. The deficit will be eliminated with future tax increment financing collections.

**(14) County Care Facility**

On July 1, 1990, the management and operation of the Carroll County Care Facility was assumed by Mallard View, Inc. The agreement requires the operator to make monthly rental payments to the County and for the County to pay the operator for services rendered. This agreement was renewed for the period commencing July 1, 2011 and ending June 30, 2014.

**(15) 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 County's proportionate share of the employee pension plan.

**Required Supplementary Information**

Carroll County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances –  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2014

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 6,925,143	-	6,925,143
Interest and penalty on property tax	23,343	-	23,343
Intergovernmental	4,734,985	4,492	4,730,493
Licenses and permits	44,465	-	44,465
Charges for service	1,671,007	-	1,671,007
Use of money and property	258,402	113	258,289
Miscellaneous	577,890	22,549	555,341
<b>Total receipts</b>	<b>14,235,235</b>	<b>27,154</b>	<b>14,208,081</b>
<b>Disbursements:</b>			
Public safety and legal services	3,400,404	-	3,400,404
Physical health and social services	1,044,483	-	1,044,483
Mental health	960,855	-	960,855
County environment and education	1,716,546	28,489	1,688,057
Roads and transportation	4,727,334	-	4,727,334
Governmental services to residents	473,537	-	473,537
Administration	1,629,979	-	1,629,979
Capital projects	982,540	-	982,540
<b>Total disbursements</b>	<b>14,935,678</b>	<b>28,489</b>	<b>14,907,189</b>
Excess (deficiency) of receipts over (under) disbursements	(700,443)	(1,335)	(699,108)
Other financing sources, net	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(700,443)	(1,335)	(699,108)
Balance beginning of year	9,707,476	116,905	9,590,571
Balance end of year	<b>\$ 9,007,033</b>	<b>115,570</b>	<b>8,891,463</b>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
6,814,048	6,814,048	111,095
20,000	20,000	3,343
4,479,325	4,724,545	5,948
46,450	46,450	(1,985)
1,749,500	1,754,500	(83,493)
244,157	244,157	14,132
541,407	560,232	(4,891)
13,894,887	14,163,932	44,149
3,329,117	3,605,747	205,343
1,174,526	1,184,153	139,670
1,305,389	1,339,710	378,855
1,014,942	1,788,690	100,633
5,224,100	5,224,100	496,766
522,107	523,132	49,595
1,665,182	1,751,307	121,328
1,169,001	1,302,940	320,400
15,404,364	16,719,779	1,812,590
(1,509,477)	(2,555,847)	1,856,739
-	5,000	(5,000)
(1,509,477)	(2,550,847)	1,851,739
8,482,170	9,590,571	-
6,972,693	7,039,724	1,851,739

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Carroll County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 14,235,235	9,450	14,244,685
Expenditures	14,935,678	504,611	15,440,289
Net	(700,443)	(495,161)	(1,195,604)
Other financing sources, net	-	232,900	232,900
Beginning fund balances	9,707,476	2,056,394	11,763,870
Ending fund balances	\$ 9,007,033	1,794,133	10,801,166

See accompanying independent auditor's report.

Carroll County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,315,415. 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.

Carroll County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2008	-	\$ 898	898	0.0%	\$ 4,158	21.6%
2011	July 1, 2008	-	898	898	0.0	4,132	21.7
2012	July 1, 2011	-	885	885	0.0	4,274	20.7
2013	July 1, 2011	-	885	885	0.0	4,144	21.4
2014	July 1, 2011	-	885	885	0.0	4,305	20.6

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

See accompanying independent auditor's report.

**Supplementary Information**

Carroll County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2014

	Resource Enhance- ment and Protection	County Recorder's Records Management	Special Drainage Districts
<b>Assets</b>			
Current assets:			
Cash and pooled investments:			
County Treasurer	\$ 16,707	34,429	43,643
Conservation Foundation	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Non current assets:			
Advances to other funds	-	-	-
<b>Total assets</b>	<b>\$ 16,707</b>	<b>34,429</b>	<b>43,643</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	-	-
Advance from other funds	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund balances:			
Restricted for other purposes	16,707	34,429	43,643
Assigned for capital projects and equipment	-	-	-
Unassigned	-	-	-
Total fund balances	16,707	34,429	43,643
<b>Total liabilities and fund balances</b>	<b>\$ 16,707</b>	<b>34,429</b>	<b>43,643</b>

See accompanying independent auditor's report.

Revenue				
Conservation Foundation	Local Option Sales Tax	Tax Increment Financing	Capital Projects	Total
-	744,039	-	351,020	1,189,838
71,927	-	-	-	71,927
-	-	-	1,227	1,227
-	17,167	-	-	17,167
-	38,553	-	-	38,553
-	1,044,114	-	-	1,044,114
71,927	1,843,873	-	352,247	2,362,826
-	-	-	29,235	29,235
-	-	720,278	-	720,278
-	-	-	5,011	5,011
-	-	720,278	34,246	754,524
71,927	1,843,873	-	110,010	2,120,589
-	-	-	207,991	207,991
-	-	(720,278)	-	(720,278)
71,927	1,843,873	(720,278)	318,001	1,608,302
71,927	1,843,873	-	352,247	2,362,826

Carroll County

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

Year ended June 30, 2014

	Resource Enhance- ment and Protection	County Recorder's Records Management	Special Drainage Districts
Revenues:			
Local option sales tax	\$ -	-	-
Intergovernmental	16,447	-	4,492
Charges for service	-	3,672	-
Use of money and property	14	56	-
Miscellaneous	-	-	-
Total revenues	16,461	3,728	4,492
Expenditures:			
Operating:			
County environment and education	-	-	10,802
Governmental services to residents	-	3,245	-
Capital projects	-	-	-
Total expenditures	-	3,245	10,802
Excess (deficiency) of revenues over (under) expenditures	16,461	483	(6,310)
Other financing sources (uses):			
Installment purchase agreement	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Change in fund balances	16,461	483	(6,310)
Fund balances beginning of year	246	33,946	49,953
Fund balances end of year	\$ 16,707	34,429	43,643

See accompanying independent auditor's report.

Revenue				
Conservation Foundation	Local Option Sales Tax	Tax Increment Financing	Capital Projects	Total
-	527,965	-	-	527,965
-	-	-	41,568	62,507
-	-	-	50,383	54,055
113	-	-	64,313	64,496
22,549	4,822	-	49,173	76,544
22,662	532,787	-	205,437	785,567
15,178	-	-	-	25,980
-	79,096	-	-	82,341
-	-	-	462,436	462,436
15,178	79,096	-	462,436	570,757
7,484	453,691	-	(256,999)	214,810
-	-	-	230,000	230,000
-	720,278	-	-	720,278
-	(720,278)	(720,278)	-	(1,440,556)
-	-	(720,278)	230,000	(490,278)
7,484	453,691	(720,278)	(26,999)	(275,468)
64,443	1,390,182	-	345,000	1,883,770
71,927	1,843,873	(720,278)	318,001	1,608,302

**Schedule 3**

Carroll County  
Combining Schedule of Net Position  
Nonmajor Proprietary Funds

June 30, 2014

	Enterprise		
	Mt. Carmel Sewer	Maple River Sewer	Total
<b>Assets</b>			
Current assets:			
Cash and pooled investments	\$ 23,771	16,537	40,308
Receivables:			
Accounts	1,710	1,160	2,870
Accrued interest	6	-	6
Capital assets, net of accumulated depreciation	344,815	610,803	955,618
<b>Total assets</b>	<b>370,302</b>	<b>628,500</b>	<b>998,802</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	-	85	85
Advances from other funds	7,005	10,162	17,167
Long-term liabilities:			
Advances from other funds	182,059	141,777	323,836
<b>Total liabilities</b>	<b>189,064</b>	<b>152,024</b>	<b>341,088</b>
<b>Net Position</b>			
Net investment in capital assets	155,751	458,864	614,615
Unrestricted	25,487	17,612	43,099
<b>Total net position</b>	<b>\$ 181,238</b>	<b>476,476</b>	<b>657,714</b>

See accompanying independent auditor's report.

## Carroll County

Combining Schedule of Revenues, Expenses and  
Changes in Fund Net Position  
Nonmajor Proprietary Funds

Year ended June 30, 2014

	Enterprise		Total
	Mt. Carmel Sewer	Maple River Sewer	
Operating revenues:			
Charges for service	\$ 20,183	26,769	46,952
Operating expenses:			
Depreciation	9,495	16,665	26,160
Miscellaneous	37,594	11,767	49,361
Total operating expenses	47,089	28,432	75,521
Operating loss	(26,906)	(1,663)	(28,569)
Non-operating revenues (expenses):			
Interest income	1	53	54
Interest expense	(1,928)	(1,574)	(3,502)
Miscellaneous	(1,968)	-	(1,968)
Total non-operating revenues (expenses)	(3,895)	(1,521)	(5,416)
Change in net position	(30,801)	(3,184)	(33,985)
Net position beginning of year	212,039	479,660	691,699
Net position end of year	\$ 181,238	476,476	657,714

See accompanying independent auditor's report.

**Schedule 5**

## Carroll County

Combining Schedule of Cash Flows  
Nonmajor Proprietary Funds

Year ended June 30, 2014

	Enterprise		Total
	Mt. Carmel Sewer	Maple River Sewer	
Cash flows from operating activities:			
Cash received from sewer fees	\$ 19,768	28,357	48,125
Cash paid to suppliers for services	(37,739)	(13,774)	(51,513)
Net cash provided (used) by operating activities	(17,971)	14,583	(3,388)
Cash flows from investing activities:			
Interest on investments	40	53	93
Cash flows from capital and related financing activities:			
Principal paid on interfund loan	(6,935)	(10,061)	(16,996)
Interest paid on interfund loan	(1,928)	(1,574)	(3,502)
Miscellaneous	(1,968)	-	(1,968)
Net cash (used) by capital and related financing activities	(10,831)	(11,635)	(22,466)
Increase (decrease) in cash and cash equivalents	(28,762)	3,001	(25,761)
Cash and cash equivalents beginning of year	52,533	13,536	66,069
Cash and cash equivalents end of year	\$ 23,771	16,537	40,308
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>			
Operating loss	\$ (26,906)	(1,663)	(28,569)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	9,495	16,665	26,160
(Increase) decrease in accounts receivable	(415)	1,589	1,174
Decrease in accounts payable	(145)	(2,008)	(2,153)
Net cash provided (used) by operating activities	\$ (17,971)	14,583	(3,388)

See accompanying independent auditor's report.

**Carroll County**

Carroll County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash, cash equivalents and pooled investments :				
County Treasurer	\$ -	1,249	280,174	69,797
Other County officials	21,929	-	-	-
Receivables:				
Property tax:				
Delinquent	-	207	1,031	14,146
Succeeding year	-	209,000	329,000	11,684,000
Accounts	-	-	-	-
<b>Total assets</b>	<b>\$ 21,929</b>	<b>210,456</b>	<b>610,205</b>	<b>11,767,943</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	87	-
Salaries and benefits payable	-	-	-	-
Due to other governments	8,008	210,456	606,769	11,767,943
Trusts payable	13,921	-	-	-
Compensated absences	-	-	3,349	-
<b>Total liabilities</b>	<b>\$ 21,929</b>	<b>210,456</b>	<b>610,205</b>	<b>11,767,943</b>

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	E911 Service Commission	Other	Total
4,664	31,514	2,259	606,365	125,098	351,247	1,472,367
-	-	-	-	-	-	21,929
782	20,674	-	-	-	4	36,844
809,000	8,751,000	279,000	-	-	4,000	22,065,000
-	-	-	-	807	-	807
814,446	8,803,188	281,259	606,365	125,905	355,251	23,596,947
-	-	-	-	4,834	462	5,383
-	-	-	-	-	1,154	1,154
814,446	8,803,188	281,259	606,365	121,071	353,635	23,573,140
-	-	-	-	-	-	13,921
-	-	-	-	-	-	3,349
814,446	8,803,188	281,259	606,365	125,905	355,251	23,596,947

Carroll County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2014

	Agricultural			
	County Offices	Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 11,622	206,278	622,711	11,276,237
Additions:				
Property and other county tax	-	204,495	325,138	11,374,421
E911 surcharge	-	-	-	-
State tax credits	-	13,133	13,653	716,350
Office fees and collections	455,603	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	250,669	-	-	-
Miscellaneous	-	-	321	-
Total additions	706,272	217,628	339,112	12,090,771
Deductions:				
Agency remittances:				
To other funds	198,624	-	-	-
To other governments	229,274	213,450	351,618	11,599,065
Trusts paid out	268,067	-	-	-
Total deductions	695,965	213,450	351,618	11,599,065
Balances end of year	\$ 21,929	210,456	610,205	11,767,943

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	E911 Service Commission	Other	Total
761,833	7,041,400	285,364	553,758	153,879	160,612	21,073,694
793,940	9,548,137	272,496	-	-	3,501	22,522,128
-	-	-	-	218,799	-	218,799
48,749	450,827	18,647	-	-	229	1,261,588
-	-	-	-	-	-	455,603
-	-	-	7,415,086	-	-	7,415,086
-	-	-	-	-	235,884	235,884
-	-	-	-	-	-	250,669
-	-	-	-	-	165,400	165,721
842,689	9,998,964	291,143	7,415,086	218,799	405,014	32,525,478
-	-	-	216,800	-	-	415,424
790,076	8,237,176	295,248	7,145,679	246,773	210,375	29,318,734
-	-	-	-	-	-	268,067
790,076	8,237,176	295,248	7,362,479	246,773	210,375	30,002,225
814,446	8,803,188	281,259	606,365	125,905	355,251	23,596,947

Carroll County

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

For the Last Ten Years

	2014	2013	2012
<b>Revenues:</b>			
Property and other county tax	\$ 5,870,310	6,078,653	6,069,392
Local option sales tax	1,055,930	955,398	994,372
Interest and penalty on property tax	22,003	29,747	24,187
Tax increment financing	-	31,711	34,014
Intergovernmental	4,886,510	4,246,548	5,660,948
Licenses and permits	44,451	44,326	86,892
Charges for service	1,634,638	1,784,399	1,648,902
Use of money and property	231,421	213,871	278,273
Fines, forfeitures and defaults	-	-	-
Miscellaneous	499,422	802,490	622,010
Total	\$ 14,244,685	14,187,143	15,418,990
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	\$ 3,344,865	3,119,880	2,907,030
Physical health and social services	1,075,949	1,017,939	1,099,826
Mental health	964,464	943,930	2,740,975
County environment and education	1,704,753	1,032,380	1,203,695
Roads and transportation	4,986,582	4,330,395	4,801,195
Governmental services to residents	552,602	558,483	448,130
Administration	1,583,014	1,489,117	1,489,098
Non-program	-	-	9,108
Debt service	-	-	-
Capital projects	1,228,060	787,796	1,104,752
Total	\$ 15,440,289	13,279,920	15,803,809

See accompanying independent auditor's report.

Modified Accrual Basis						
2011	2010	2009	2008	2007	2006	2005
6,640,519	6,249,428	6,151,523	5,862,009	5,659,130	5,408,304	5,096,298
1,043,680	916,542	945,460	811,247	940,793	838,355	757,912
28,684	32,778	18,935	41,163	36,749	29,104	28,243
35,999	35,688	36,999	-	-	-	-
6,973,234	5,991,574	5,238,692	5,487,048	4,828,731	4,748,882	4,775,821
104,508	101,193	146,138	124,602	86,241	74,338	55,143
1,529,771	1,658,603	1,646,789	1,761,086	1,682,553	1,479,616	1,421,620
243,609	260,454	321,974	442,342	400,106	299,785	220,883
-	-	-	-	-	-	3,711
794,981	874,176	694,645	704,791	682,760	905,034	759,629
17,394,985	16,120,436	15,201,155	15,234,288	14,317,063	13,783,418	13,119,260
2,856,102	2,758,548	2,653,229	2,539,995	2,374,712	2,325,097	2,090,553
1,137,806	1,132,825	1,039,186	980,801	935,308	939,587	932,524
2,249,772	2,156,469	2,625,463	3,103,527	3,003,054	2,669,843	2,675,722
1,076,566	1,181,604	1,122,372	1,082,863	914,289	842,254	852,196
4,818,013	4,546,295	3,775,781	3,758,266	3,581,795	3,407,711	3,584,619
418,624	415,692	464,272	440,751	430,408	549,691	349,093
1,352,842	1,323,946	1,277,280	1,215,715	1,194,823	1,188,092	1,116,364
865,220	148,626	134,675	233,406	218,443	153,139	108,309
78,602	90,409	91,002	127,520	193,531	271,719	276,627
1,451,355	1,267,519	559,096	648,873	824,558	770,111	1,265,004
16,304,902	15,021,933	13,742,356	14,131,717	13,670,921	13,117,244	13,251,011

**Schedule 9**

## Carroll County

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 15,432
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C014(144)--8J-14	160,143
Highway Planning and Construction	20.205	BROS-C014(145)--8J-14	180,248
			340,391
U.S. Department of Health and Human Services:			
Elderbridge Agency on Aging, Inc.:			
Special Programs for the Aging Title III, Part B_			
Grants for Supportive Services and Senior Centers	93.044	Homemaker--B01802	22,500
Special Programs for the Aging Title III, Part B_			
Grants for Supportive Services and Senior Centers	93.044	Personal Care--B01801	13,270
			35,770
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements			
	93.074	5884BT10	52,999
Centers for Disease Control and Prevention_			
Investigations and Technical Assistance	93.283	5884CRC04	1,470
Centers for Disease Control and Prevention_			
Investigations and Technical Assistance	93.283	5884NB05	3,360
			4,830
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance_			
State Administered Programs	93.566		34
Child Care Mandatory and Matching Funds of the Child Care and Development Fund			
	93.596		4,505
Foster Care Title IV-E	93.658		5,912
Adoption Assistance	93.659		1,989
Children's Health Insurance Program	93.767		64
Medical Assistance Program	93.778		25,442
Social Services Block Grant	93.667		4,835
Social Services Block Grant	93.667		21,037
			25,872

Carroll County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2014

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
U. S. Department of Homeland Security:			
Iowa Homeland Security and Emergency Management:			
Emergency Management Performance Grants	97.042	EMPG-14-PT-14	12,689
Total			<u>\$ 525,929</u>

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

See accompanying independent auditor's report

**Carroll County**



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

State Capitol Building  
Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA  
Auditor of State

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

To the Officials of Carroll County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll 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 February 12, 2015.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-14 and II-B-14 to be material weaknesses.

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

## Compliance and Other Matters

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

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

## Carroll County's Responses to the Findings

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

## Purpose of this Report

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

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



MARY MOSIMAN, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 12, 2015

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

**Carroll County**



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STATE OF IOWA

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Mary Mosiman, CPA  
Auditor of State

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

To the Officials of Carroll County:

Report on Compliance for Each Major Federal Program

We have audited Carroll County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2014. Carroll County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Carroll County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The management of Carroll County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Carroll County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in

the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Carroll County's internal control over compliance.

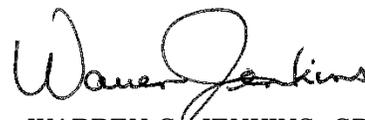
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of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

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

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



MARY MOSIMAN, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 12, 2015

Carroll County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2014

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Carroll County did not qualify as a low-risk auditee.

Carroll County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2014

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

**INTERNAL CONTROL DEFICIENCIES:**

- II-A-14 Carroll County Ambulance Department – The Ambulance Department bills for services provided. The majority of collections for those services are remitted directly to the County Treasurer’s Office. The County Treasurer’s Office prepares a receipt for accounting and sends a copy of each receipt to the Ambulance Department. The Ambulance Department records each receipt in its computer system. During the year, the Ambulance Department attempted to reconcile the collections recorded in its accounts receivable computer software with the actual collections recorded by the County Treasurer in total each month, but unexplained variances existed.

In addition, written documentation of independent approval of accounts receivable written off as uncollectable is not formally documented. Also, accounts receivable balances and receipts from the collection agency are not reconciled by the Ambulance Department.

Recommendation – The Ambulance Department should reconcile the collections recorded in its accounts receivable computer software with the actual collections recorded by the County Treasurer in total each month. Variances should be researched and explanations of variances should be included for the reconciling items. The Ambulance Department should maintain written documentation of the independent approval of accounts receivable which are written off. Also, collection agency receipts should be recorded and accounts receivable balances reconciled by the Ambulance Department.

Response – The Ambulance Department will continue to follow the State Auditor’s process for balancing accounts and write offs.

Conclusion – Response accepted.

- II-B-14 Financial Reporting – During the audit, we identified material amounts of receivables and capital assets not recorded in the County’s financial statements. In addition, we identified a material transfer incorrectly coded as an expenditure. Adjustments were made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables and capital asset additions are properly identified and included in the County’s financial statements. In addition, the County should implement procedures to ensure all financial transactions are properly classified.

Response – The County will use procedures already in place to ensure receivable and capital asset additions are properly identified and classified.

Conclusion – Response accepted.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

II-C-14 Computer System – The County’s computer system profiles are not reviewed periodically.

Recommendation – The County should develop written policies to improve the County’s control over its computer system.

Response – Carroll County will establish a review process for users of the County financial software.

Conclusion – Response accepted.

II-D-14 Board of Health – One individual has custody of receipts and performs all record keeping duties.

Accurate accounts receivable listings were not prepared and retained at month end. Also, amounts billed for Medicare, Medicaid and other reimbursements were not reconciled to collections and accounts receivable.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Board should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances and consider using other County employees or officials to provide additional control.

The accounts receivable listing should be accurately prepared monthly and retained and a reconciliation of billings, collections and accounts receivable should be prepared monthly and retained.

Response – Board of Health will review assigned duties and segregate duties where possible. The accounts receivable listings will be prepared and reconciled to the amounts deposited.

Conclusion – Response accepted.

II-E-14 County Sheriff – One individual in the Sheriff’s Office collects cash, prepares the deposit and prepares the monthly bank reconciliations. There is no evidence of independent review of the bank reconciliations. Also, one individual in the Sheriff’s Office collects, records, deposits and reconciles the Commissary account. In addition, no initial listing is prepared of money or checks received in the mail.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Sheriff’s Office should review its operating procedures to obtain the maximum internal control possible under the circumstances. In addition, the bank reconciliations should be reviewed by an independent person. The reconciliations should be signed or initialed and dated by the reviewer.

Response – We are in the process of training one of our jailers to work part-time in the Sheriff’s Office, so the duties will be segregated and one person will not be doing the bank reconciliation all the time and they will be checking each other’s work.

Conclusion – Response accepted.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

- II-F-14 County Recorder – One individual in the Recorder’s Office collects cash, prepares the deposit and prepares the monthly bank reconciliations.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Recorder’s Office should review its operating procedures to obtain the maximum internal control possible under the circumstances and consider using other County employees or officials to provide additional control.

Response – From July 2013 through November 2013, the Recorder’s Office was a two full-time person office. As of December 2013, the Recorder’s Office was a two full-time person and one part-time person Office. The Recorder, Deputy and part-time clerk cross check deposit, monthly bank statements and daily spreadsheets.

Conclusion – Response acknowledged. However, duties should be segregated to the extent possible under the circumstances. The Office should consider using other County employees or officials to provide additional control.

- II-G-14 County Conservation – One individual in the Conservation Department records receipts, prepares the deposit and prepares the monthly bank reconciliations.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Conservation Department should review its operating procedures to obtain the maximum internal control possible under the circumstances and consider using other County employees or officials to provide additional control.

Response – We will review assigned duties and segregate duties where possible.

Conclusion – Response accepted.

- II-H-14 Departmental Claim Approval – Department Heads approve claims for payment. However, there is no formal documentation of this approval.

Recommendation – Department Head approval of claims should be formally documented.

Response – Department Heads have been instructed to initial all claims prior to submitting them for payment.

Conclusion – Response accepted.

- II-I-14 Approval of Payroll – Department Heads approve timesheets at the end of each pay period. However, there is no formal documentation of their approval. Also, there is no evidence of an immediate supervisor’s approval for leave time prior to taking leave.

In addition, the Secondary Roads Department pays employees based on estimated hours. Adjustments are then made to amounts paid after actual hours are known. There is no independent review of the adjustments made for actual hours worked.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Recommendation – The timesheets should be signed by the employee and should be reviewed and signed by the employee's immediate supervisor or the County officer or Department Head prior to submission. The timesheets should support all hours worked and all hours taken as vacation, sick leave, compensatory time, holiday hours and personal days. Also, leave time should be approved prior to taking leave. Adjustments made to Secondary Roads Department employee's pay should be independently reviewed and documented.

Response – We currently have a system in place which addresses these concerns.

Conclusion - Response accepted.

II-J-14 Secondary Roads Inventory – Annual inventory counts of the Secondary Roads inventory are performed. However, the counts are not verified by a person independent of the inventory records.

Recommendation – Inventory counts should be verified by a person independent of the inventory records.

Response – The Engineer will verify the inventory counts.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Carroll County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2014

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

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

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

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

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

IV-B-14 Questionable Expenditures – During the year, \$10 was disbursed for donuts for employees. This disbursement may not meet the requirement of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The Board of Supervisors should determine and document the public purpose served by this expenditure before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including requirements for proper documentation.

Response – The County will require proper documentation for disbursements.

Conclusion – Response accepted.

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

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

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

Name, Title and Business Connection	Transaction Description	Amount
Louie Grote, Veterans Affairs Director, owner of LNC Computers	IT services, per bid	\$ 37,378
Mark Beardmore, Board of Supervisors, manager at Wittrock Motors	Auto sales and repair, per bid	23,636
Joann Martin, Auditor's Office, wife of Steve Hoogestraat, independent contractor	Sanitarian contract labor	5,375
Kourtney Irlbeck, Auditor's Office, wife of Scot Irlbeck, owner of SI Auto Body	Sheriff vehicle repair	2,216
Justin Scheiffer, Case Management Supervisor, CSN Expert User for mental health region	Mental health regional support	1,500
Pat Gray, Ambulance Director, death investigator	Medical exam investigations	700
Alan Brinks, Secondary Roads employee, independent contractor	Mowing	675
RaeAnn Meyer, Ambulance employee, death investigator	Medical exam investigations	400
Jean Seidl, Treasurer's Office, wife of Mike Seidl, owner of Seidl Construction	Mowing/spraying	345
Darrell Baker, Ambulance employee, death investigator	Medical exam investigations	200
Kenneth Buelt, Ambulance employee, death investigator	Medical exam investigations	200
Dan Heiman, Conservation employee, independent contractor	Hay, tractor and rake rental	114

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transactions with LNC Computers and Wittrock Motors do not appear to represent a conflict of interest since the services were competitively bid.

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transactions with Steve Hoogestraat do not appear to represent a conflict of interest since the Auditor's Office employee's employment is not directly affected as a result of the contract.

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Justin Schieffer, Pat Gray, Alan Brincks, RaeAnn Meyer, Seidl Construction, Darrell Baker, Kenneth Buelt and Dan Heiman do not appear to represent conflicts of interest since total transactions with each did not exceed \$1,500 during the year.

In accordance with Chapter 331.342(2)(k) of the Code of Iowa, the transaction with SI Auto Body does not appear to represent a conflict of interest since the contract was not initiated by the County, but was initiated by a third party.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

IV-E-14 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-14 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Although minutes of Board proceedings were published, they were not furnished to the newspaper within one week of adjournment as required by Chapter 349.18 of the Code of Iowa.

Recommendation – The County should furnish Board minutes to the newspaper within one week of adjournment.

Response – We will publish the Board minutes within one week of adjournment.

Conclusion – Response accepted.

IV-G-14 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

IV-H-14 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-14 Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management on or before December 1.

IV-J-14 GAAP Basis Annual Financial Report – The County is required to submit the annual financial report to the Department of Management on an accrual basis each year. The report filed did not include the Capital Projects Fund activity and the County Attorney Collection and Forfeiture Fund was not included in the General Fund activity.

Recommendation – The County should refile the report with the Department of Management and properly include all county activity.

Response – The County will refile the GAAP Report after follow-up with the State Auditors.

Conclusion – Response accepted.

IV-K-14 Financial Condition – The Special Revenue, Tax Increment Financing Fund had a deficit fund balance of \$720,278 at June 30, 2014.

Recommendation – The County should investigate alternatives to eliminate the deficit fund balance to return the fund to a sound financial position.

Response – The County will review ways to address this.

Conclusion – Response accepted.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

IV-L-14 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.

IV-M-14 County Extension Office 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 County Extension Office may have control over collecting, depositing and reconciling receipts.

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 Office should utilize current personnel or other County employees or officials to provide additional control through review of financial transactions, reconciliations and reports.

Response – We are aware segregation of duties is very important and have developed the following strategy to help mitigate any losses in regards to the bank reconciliation preparation. As it is not feasible with the amount of staff available to have an independent person prepare the bank reconciliations, we will implement a review process.

Conclusion – Response accepted.

Carroll County

Staff

This audit was performed by:

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Karen L. Brustkern, CPA, Senior Auditor II  
Brandon A. Soda, Staff Auditor  
Michael A. Chervek, Staff Auditor  
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