

DELAWARE COUNTY

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

JUNE 30, 2014

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DELAWARE COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Shirley E. Helmrichs	Board of Supervisors	Jan. 2015
Jeff Madlom	Board of Supervisors	Jan. 2017
Jerry Ries	Board of Supervisors (resigned March 2014)	
Douglas Dabroski	Board of Supervisors (appointed May 2014)	Nov. 2014
Carla Becker	County Auditor	Jan. 2017
Carolyn Wilson	County Treasurer	Jan. 2015
Deborah Peyton	County Recorder	Jan. 2015
John LeClere	County Sheriff	Jan. 2017
John Bernau	County Attorney	Jan. 2015
Andrea Schmidt	County Assessor	Jan. 2016

DOUGLAS T. HUNT, CPA
DONALD D. KAIN
CHUCK C. CONVERSE, CPA
RUSSELL S. TERPSTRA, CPA
MICHAEL G. STANLEY, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Officials of Delaware County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Delaware 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other*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 7 through 17 and 56 through 59 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 Delaware 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 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 23, 2015 on our consideration of Delaware County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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 Delaware County's internal control over financial reporting and compliance.



Oskaloosa, Iowa
February 23, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Delaware 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.

2013 FINANCIAL HIGHLIGHTS

- The County's Governmental Fund total revenues increased \$164,281 from Fiscal Year 2013 to Fiscal Year 2014. Property taxes and other county tax increased \$238,480.
- The County's Governmental Fund expenditures increased \$1,475,154, from Fiscal Year 2013 to Fiscal Year 2014. Public safety expenditures increased \$137,623, mental health expenditures decreased \$122,831, roads and transportation expenditures increased by \$783,911 and capital projects expenditures increased \$548,246.
- The net position of the County's governmental activities increased approximately 2%, or \$919,383, from June 30, 2013 to June 30, 2014.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Delaware 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 Delaware County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Delaware 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.

Supplementary Information provides detailed information about the non-major Special Revenue and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various 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, liabilities, and deferred inflows of resources 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 represents all of the County's assets and the liabilities and deferred inflows of resources, with the difference between them reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's Governmental Activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt, and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has two kinds of funds:

- 1) Governmental Funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measure 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) Fiduciary funds are used to report assets held in trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for Emergency Management Services, County Assessor and the agency funds necessary to collect and distribute property taxes to schools, cities and all other taxing authorities. Fiduciary funds also include the Private Purpose Trust Fund which is used to account for outside donations held by the County for the benefit of county residents.

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of revenues, expenses, and changes in fiduciary net position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net positions may serve over time as a useful indicator of financial position. A two year comparison is shown below for the 2014 and 2013 fiscal years focusing on the changes in the net positions for governmental activities.

Net position of Governmental Activities

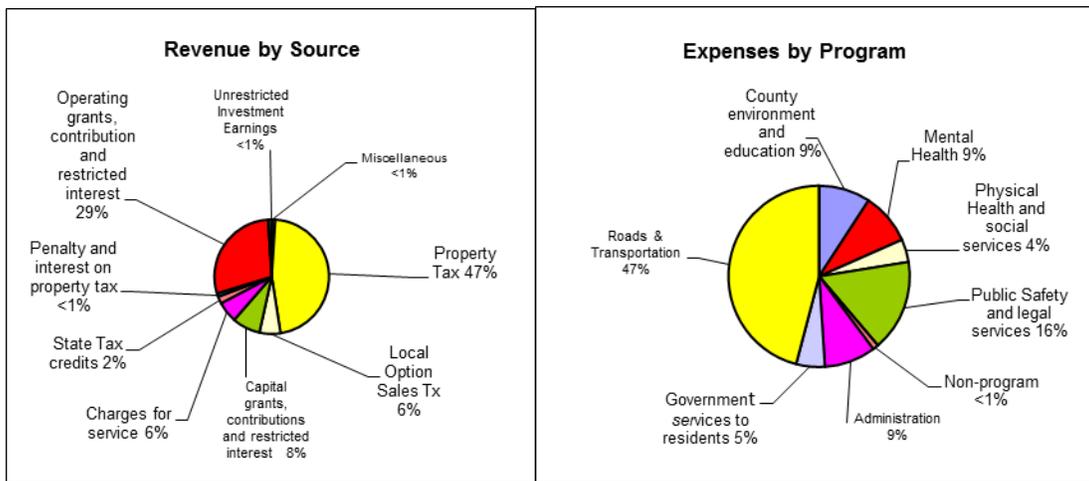
	June 30, 2014	June 30, 2013	% Change
Current and other assets	\$17,719,005	\$14,539,659	22%
Capital assets	<u>37,011,915</u>	<u>35,877,123</u>	<u>3%</u>
Total assets	<u>54,730,920</u>	<u>50,416,782</u>	<u>9%</u>
Long-term debt outstanding	4,174,142	1,170,958	256%
Other liabilities	<u>597,710</u>	<u>1,169,139</u>	<u>(49%)</u>
Total liabilities	<u>4,771,852</u>	<u>2,340,097</u>	<u>104%</u>
Deferred inflows of resources	<u>8,181,000</u>	<u>7,218,000</u>	<u>13%</u>
Net position:			
Net investment in capital assets	36,928,844	35,754,674	3%
Restricted	3,456,370	3,772,080	(8%)
Unrestricted	<u>1,392,854</u>	<u>1,331,931</u>	<u>5%</u>
Total net position	<u>\$41,778,068</u>	<u>\$40,858,685</u>	<u>2%</u>

Net position of Delaware County's governmental activities increased by \$919,383 from 2013 (\$41,778,068 compared to \$40,858,685). The largest portion of the County's net position is the net investment in capital assets (e.g., land, infrastructure, buildings and equipment less the related debt). Any debt related to the investment in capital assets would be liquidated with sources other than capital assets. Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – is reported at \$1,392,854 at June 30, 2014.

Changes in Net Position of Governmental Activities

	Year End June 30, 2014	Year End June 30, 2013	% of Change
Revenues:			
Program Revenues:			
Charges for services	\$895,047	\$954,654	(6%)
Operating grants, contributions and restricted interest	4,462,317	4,434,414	1%
Capital grants, contributions and restricted interest	1,256,445	4,142,249	(70%)
General Revenues:			
Property tax	7,219,009	7,020,111	3%
Penalty and interest on property tax	45,305	48,267	(6%)
State tax credits	371,298	320,557	16%
Local option sales tax	971,532	932,462	4%
Unrestricted investment earnings	68,018	63,800	7%
Miscellaneous revenues	<u>80,246</u>	<u>43,183</u>	<u>86%</u>
Total Revenues	<u>\$15,369,217</u>	<u>\$17,959,697</u>	(14%)
Program Expenses:			
Public safety and legal services	2,375,590	2,236,261	6%
Physical health and social services	541,481	474,827	14%
Mental health	1,289,779	1,410,134	(9%)
County environment and education	1,292,331	883,586	46%
Roads and transportation	6,818,251	5,843,606	17%
Governmental services to residents	725,449	660,895	10%
Administration	1,334,863	1,454,883	(8%)
Non-program	29,998	19,516	54%
Interest on long-term debt	<u>42,092</u>	<u>15,954</u>	<u>164%</u>
Total Expenses	<u>14,449,834</u>	<u>12,999,662</u>	11%
Increase in net position	919,383	4,960,035	(81%)
Net position beginning of year	<u>40,858,685</u>	<u>35,898,650</u>	<u>14%</u>
Net position end of year	<u>\$41,778,068</u>	<u>\$40,858,685</u>	<u>2%</u>



(FOR ILLUSTRATIVE PURPOSES)

INDIVIDUAL MAJOR FUND ANALYSIS

As Delaware County completed the year, its governmental funds reported a combined fund balance of \$8,967,092, an increase of \$2,826,699 from last year's total of \$6,140,393. The increase in fund balance is attributable to many factors. The following are fund balances of the major governmental funds compared to the prior year:

<u>Ending Fund Balances</u>						
	<u>General Fund</u>	<u>Rural Services Fund</u>	<u>Secondary Roads Fund</u>	<u>Capital Projects</u>	<u>Other</u>	<u>Total</u>
2014	2,995,483	5,922	2,847,221	2,723,396	395,070	8,967,092
2013	2,721,779	79,379	3,094,098	0	245,137	6,140,393
Difference	273,704	(73,457)	(246,877)	2,723,396	149,933	2,826,699
%	10%	(93%)	(8%)	100%	61%	46%

As the County completed the year, its governmental funds reported a combined fund balance of \$8,967,092. This is an increase of \$2,826,699 over the previous year. The following are major reasons for the changes in fund balances from the prior year:

1. There was an increase of \$273,704 in the General Fund ending balance compared to June 30, 2013. Revenues increased \$303,843 from FY 2013 to FY 2014, while expenditures decreased \$18,662 compared to the prior year. Due to changes in governmental accounting standards, the activity of the Conservation Trust Fund, Conservation Land Acquisition and Capital Improvement Fund and the Sheriff's Reserve Fund are all now accounted for as General Fund transactions. Capital expenditures decreased \$230,108 in 2014 compared to expenditures in 2013. A large portion of this was due to maintenance of the courthouse exterior, resurfacing

of the southeast parking lot and the ceiling collapse in the third floor courtroom all being 2013 expenses.

2. The Secondary Roads Fund expenditures for 2014 were \$7,207,844, up significantly from \$5,894,322 expended in 2013. Local Option Sales Tax project expenditures were also up approximately \$500,000 between the two years. Revenues were up in 2014, \$4,946,822 compared to \$4,744,190 in 2013. However, the Board of Supervisors increased the amount transferred from the Rural Services Fund to the Secondary Roads Fund by \$82,778 as compared to the amount transferred in 2013. Local Option Sales Tax receipts were up \$35,160 and intergovernmental funding increased \$171,867. The cumulative effect was a decrease of \$246,877 in the ending fund balance compared to the ending fund balance in 2013.
3. The Rural Services Fund expenditures for 2014 were \$259,731, up from \$249,648 expended in 2013. Revenues were down \$76,986 from 2013 (\$2,200,419 compared to \$2,277,405 in 2013). In 2012 the Board of Supervisors demolished eleven (11) properties damaged in the 2010 flood. All demolition expenditures were paid out of the Rural Services Fund. FEMA has denied reimbursement for a large portion of the properties demolished. The County appealed this decision. Due to the FEMA denial, the ending fund balance for this fund threatened to be in the red. Thus, the Board approved a \$100,000 advance from the County's General Fund for one year to help maintain a positive cash flow. This fund also supports county libraries, weed eradication, township officials, economic development, solid waste disposal and water well/sanitation expenses in the County. Transfers are also made from this fund to the Secondary Road Fund per Iowa Code. The ending Rural Services Fund balance decreased \$73,457 between FY 2013 and FY 2014
4. The Capital Project Fund was created in FY 2014 when the Board approved the issuance of \$2,999,999 in General Obligation Notes to assist in the construction of a spillway in conjunction with the Lake Delhi Dam Reconstruction Project. Pursuant to the 28E Agreement between the Delaware County Board of Supervisors and the Lake Delhi Combined Recreational Facility and Water Quality District Trustees, Delaware County will reimburse the District 50% of each expenditure for the spillway portion of the restoration project. Expenditures for 2014 totaled \$282,433. The fund also received interest in the amount of \$5,830 resulting in an ending fund balance of \$2,723,396 in 2014.

BUDGETARY HIGHLIGHTS

Over the course of the year, Delaware County amended its budget three times. The first amendment was made July 1, 2013 to move \$621,696 in expenditures from the Mental Health Fund to the General Fund for the Community Life and Targeted Case Management Programs. Public Safety and Legal Services was also increased by \$30,670 to accommodate the Assistant County Attorney moving from part-time to full-time status. The net effect was an increase of \$30,670 in expenditures. The second amendment was approved on March 3, 2014. The major expenditure increases took place under roads and transportation where an additional \$1,151,588 was budgeted to account for \$500,000

of increased road construction expenses, \$98,588 in bridge and culvert expenses, \$200,000 for snow and ice control expenses and \$353,000 for equipment expenses. The net effect for this amendment was an increase of \$1,182,776 in expenditures. The final amendment was approved on May 19, 2014 to increase mental health services by \$380,000 to pay for the state bills held from the prior fiscal year; increase medical examiner expenses by \$15,000 and to increase the capital project expenses by \$265,617 to accommodate possible spillway construction reimbursements and conservation projects. The net effect for this amendment was an increase of \$660,617 in expenditures. The County exceeded budgeted disbursements in the Debt Service functional area. Principal and interest payments for the purchase of Secondary Roads equipment was moved internally from Roads and Transportation to Debt Service but was not noted as such in the budget amendment.

Delaware County also amended its appropriations once outside of any budget amendment to allow for additional expenditures for Future Foundation of Delaware County pass through grant expenditures. Thus, \$400 was moved from Conservation Department expenditures in the capital project service area and into the Boards pass through account on November 4, 2013.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2014, Delaware County had approximately \$37,011,915 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges, net of \$14,579,022 accumulated depreciation.

Capital Assets of Governmental Activities At Year End	
	June 30, 2014
<u>Acquisition cost:</u>	
Land	\$659,002
Construction in progress	19,890
Buildings	4,668,306
Machinery & Equipment	8,369,433
Infrastructure	<u>37,874,306</u>
Total	\$51,590,937
<u>Accumulated depreciation:</u>	
Buildings	\$(2,444,248)
Machinery & Equipment	(5,393,927)
Infrastructure	<u>(6,740,847)</u>
Total net government activities capital assets	\$37,011,915

The County had depreciation expense of \$1,999,960 on governmental activities in FY 2014 and total accumulated depreciation of \$14,579,022 at June 30, 2014.

Long-Term Liabilities

At June 30, 2013, Delaware County had \$1,170,958 in long-term liabilities compared to \$4,174,142 at June 30, 2014. A summary of long-term liabilities at June 30, 2014 is shown below:

Outstanding Debt of Governmental Activities	
At Year End	
	June 30, 2014
Early Retirement	\$19,800
Capital Lease Purchase	\$83,071
General Obligation Notes	\$3,321,769
Compensated Absences	\$501,502
Net Other Post-Employment Benefits	<u>\$248,000</u>
Total	\$4,174,142

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the actual assessed value of all taxable property within the County. Delaware County's outstanding general obligation debt is well within this limitation.

Other obligations include early retirement, accrued vacation pay and sick leave and post-employment benefits per GASB 45. Additional information about the County's long-term liabilities is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Delaware County's elected and appointed officials and citizens considered many factors in setting the fiscal year 2015 budget, tax rates and the fees that will be charged for various County activities.

Various indicators were taken into account when adopting the budget for Fiscal Year 2015. Amounts available for appropriation in the operating budget are \$19,341,405, an increase of 13% over the final 2014 budget (after the final amendment). The effects of the Affordable Health Care Act on the county's finances are still not known. The county anticipates that insurance costs will continue to rise as more regulations and fees are placed on employers and insurance companies. Mental Health Services revenues and expenditures were budgeted on the current system. It is anticipated that both revenues and expenditures will decrease significantly during the redesign/regionalization process. The Delaware County Board of Supervisors increased their debt service levy in order to repay the \$2,999,999 of General Obligation Loans to benefit the spillway at Lake Delhi. These factors were all part of the considerations for the FY 2015 budget which certified taxes as follows (amount certified includes utility replacement and property tax dollars):

	<u>Dollars</u> <u>Certified</u>	<u>Percentage</u> <u>Increase (Decrease)</u>
General Fund	\$3,515,301	6%
General Supplemental	1,543,960	29%
Mental Health Fund	830,899	(1%)
Debt Service	433,106	501%
Rural Services	2,359,734	10%

With the full impact of the Affordable Care Act not yet known, the Board felt it necessary to preserve fund balance within the General Supplemental Fund where health insurance premiums are expended. General Supplemental also saw a large increase in costs of other insurance including workers' compensation. Thus, the General Supplemental levy rate for 2014-2015 increased by about 27 cents per \$1,000. The Rural Basic levy rate increased by approximately 10 cents per \$1,000. Fiscal Year 2014-15 was the first year for the County to begin repayment of the spillway loans. Thus, the Debt Service levy in FY 2015 increased almost 35 cents per thousand.

Delaware County has had the following initiatives to the 2015 budget:

1. The County had to continue to levy for the General Supplemental Fund due to increased expenditures and maximum levy rate in the General Fund. Insurance costs will continue to be paid from this fund until such time as the General Fund has a fund balance which can sustain the expenditures.
2. The General Supplemental Fund expenditures will increase due to the requirements of the Affordable Care Act, rising insurance costs, the placement of children at the Juvenile Home in Toledo and increasing costs of election administration. Monies are also being set aside to replace the existing voting equipment. Due to increasing technology the County's equipment will be functionally obsolete in the near future.
3. Delaware County will continue to levy for Debt Service until the Communications and the Lake Delhi Spillway General Obligation Notes are paid off. The Board also called for a bond referendum in November 2014 to renovate the jail and Sheriff's office. Although the issue failed to achieve the needed 60% to pass, the Board is determined to try again in the near future.
4. The County will look into new cost saving ideas for the Secondary Roads Department to help offset increased costs of construction and fuel.

5. In July 2010, a flood event breached the dam at Lake Delhi and drained the impoundment area. The devastation left behind has caused great expenditures for Delaware County in the areas of debris removal and the demolition of structures due to public health issues. The majority of these expenditures came from the Rural Services Fund. Since this fund does not normally carry a large fund balance, all reserves have been utilized to pay for the County's portion of these emergency expenditures. FEMA has denied a large portion of the expected reimbursement for the demolitions. The County has appealed this decision. Also within the Rural Services Basic Fund, the County was informed in August that the Solid Waste Commission was going to discontinue its annual appropriation of over \$50,000 to the County effective immediately. Between this loss of revenue and the reimbursement denial from FEMA, the County needed to secure an advance from its General Fund in the amount of \$100,000 to be repaid without interest in FY 2014-15.
6. The Board of Supervisors has also committed to expending \$10,000 per year for five (5) years to help fund the new Whitewater Park to be located on the Maquoketa River in Manchester, Iowa.
7. In conjunction with the reconstruction of the Lake Delhi Dam, the Board of Supervisors has entered into a 28E Agreement with the Lake Delhi Combined Recreational Facility and Water Quality District Trustees to enhance public access to the Lake within the Turtle Creek Cove. The County will be responsible for 50% of all costs associated with the project.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Delaware 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 Delaware County Auditor's Office at 301 E. Main Street, Room 210 in Manchester, Iowa.

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Basic Financial Statements

DELAWARE COUNTY
STATEMENT OF NET POSITION
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 8,762,379
Receivables:	
Property tax:	
Delinquent	650
Succeeding year	8,181,000
Interest and penalty on property tax	546
Accrued interest	6,107
Accounts	29,911
Due from other governments	441,931
Inventories	296,481
Capital assets, net of accumulated depreciation (note 5)	<u>37,011,915</u>
 Total assets	 <u>54,730,920</u>
Liabilities	
Accounts payable	454,096
Salaries and benefits payable	115,913
Accrued interest payable	27,701
Long-term liabilities (note 8):	
Portion due or payable within one year:	
Early retirement	10,800
Capital lease purchase agreements	40,799
General obligation notes	319,408
Compensated absences	170,900
Portion due or payable after one year:	
Early retirement	9,000
Capital lease purchase agreements	42,272
General obligation notes	3,002,361
Compensated absences	330,602
Net OPEB liability	<u>248,000</u>
 Total liabilities	 <u>4,771,852</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	<u>8,181,000</u>

DELAWARE COUNTY
STATEMENT OF NET POSITION
June 30, 2014

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	\$ 36,928,844
Restricted for:	
Supplemental levy purposes	481,192
Mental health purposes	247,112
Secondary roads purposes	2,544,201
Other special revenue purposes	83,615
Other purposes	100,250
Unrestricted	<u>1,392,854</u>
Total net position	<u>\$ 41,778,068</u>

See notes to financial statements.

DELAWARE COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	
Governmental Activities:					
Public safety and legal services	\$ 2,375,590	\$ 115,185	\$ 133,259	\$ -	\$ (2,127,146)
Physical health and social services	541,481	22,426	35,202	-	(483,853)
Mental health	1,289,779	19,677	560,884	-	(709,218)
County environment and education	1,292,331	214,274	125,504	67,900	(884,653)
Roads and transportation	6,818,251	74,225	3,575,755	1,188,545	(1,979,726)
Government services to residents	725,449	365,635	29,513	-	(330,301)
Administration	1,334,863	83,624	2,200	-	(1,249,039)
Non-program	29,998	1	-	-	(29,997)
Interest on long-term debt	42,092	-	-	-	(42,092)
Total	\$ 14,449,834	\$ 895,047	\$ 4,462,317	\$ 1,256,445	(7,836,025)
General Revenues:					
Property and other county tax levied for:					
General purposes					7,150,398
Debt service					68,611
Penalty and interest on property tax					45,305
State tax credits					371,298
Local option sales and services tax					971,532
Unrestricted investment earnings					68,018
Miscellaneous					80,246
Total general revenues					8,755,408
Change in net position					919,383
Net position beginning of year					40,858,685
Net position end of year					\$ 41,778,068

See notes to financial statements.

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DELAWARE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

		Special Revenue	
	General	Rural Services	Secondary Roads
Assets			
Cash and pooled investments	\$ 2,961,661	\$ 110,475	\$ 2,285,893
Receivables:			
Property tax:			
Delinquent	360	202	-
Succeeding year	4,768,000	2,222,000	-
Interest and penalty on property tax	546	-	-
Interfund (note 3)	100,000	-	-
Accrued interest	4,818	-	-
Accounts	29,312	-	85
Due from other governments	25,125	-	387,512
Inventories	-	-	296,481
Total assets	\$ 7,889,822	\$ 2,332,677	\$ 2,969,971

<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 2,992,017	\$ 412,333	\$ 8,762,379
-	88	650
-	1,191,000	8,181,000
-	-	546
-	-	100,000
1,283	6	6,107
-	514	29,911
-	29,294	441,931
-	-	296,481
<u>\$ 2,993,300</u>	<u>\$ 1,633,235</u>	<u>\$ 17,819,005</u>

DELAWARE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue		
	General	Rural Services	Secondary Roads
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Interfund payable (note 3)	\$ -	\$ 100,000	\$ -
Accounts payable	53,435	2,617	83,381
Salaries and benefits payable	72,219	1,980	39,369
Total liabilities	125,654	104,597	122,750
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	4,768,000	2,222,000	-
Other	685	158	-
Total deferred inflows of resources	4,768,685	2,222,158	-
Fund balances:			
Nonspendable:			
Inventories	-	-	296,481
Restricted for:			
Supplemental levy purposes	612,711	-	-
Prisoner room and board purposes	58,390	-	-
Reserve officer purposes	3,681	-	-
Mental health purposes	-	-	-
Rural services purposes	-	5,922	-
Secondary roads purposes	-	-	2,550,740
Conservation purposes	38,179	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Assigned:			
Conservation trust	30,711	-	-
Courthouse updates	300,000	-	-
Early retirement payouts	50,000	-	-
Unassigned	1,901,811	-	-
Total fund balances	2,995,483	5,922	2,847,221
Total liabilities, deferred inflows of resources and fund balances	\$ 7,889,822	\$ 2,332,677	\$ 2,969,971

See notes to financial statements.

<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ -	\$ 100,000
269,904	44,759	454,096
-	2,345	115,913
<u>269,904</u>	<u>47,104</u>	<u>670,009</u>
-	1,191,000	8,181,000
-	61	904
-	<u>1,191,061</u>	<u>8,181,904</u>
-	-	296,481
-	-	612,711
-	-	58,390
-	-	3,681
-	303,463	303,463
-	-	5,922
-	-	2,550,740
-	27,754	65,933
-	7,992	7,992
2,723,396	-	2,723,396
-	55,861	55,861
-	-	30,711
-	-	300,000
-	-	50,000
-	-	1,901,811
<u>2,723,396</u>	<u>395,070</u>	<u>8,967,092</u>
<u>\$ 2,993,300</u>	<u>\$ 1,633,235</u>	<u>\$ 17,819,005</u>

DELAWARE COUNTY

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

June 30, 2014

Total fund balances of governmental funds	\$ 8,967,092
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. The cost of assets is \$51,590,937 and the accumulated depreciation is \$14,579,022.	37,011,915
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.	904
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(27,701)
Long-term liabilities, including early retirement, capital leases, notes payable, compensated absences payable, and net OPEB liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.	<u>(4,174,142)</u>
Net position of governmental activities	<u>\$ 41,778,068</u>

See notes to financial statements.

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DELAWARE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2014

	General	Special Revenue	
		Rural Services	Secondary Roads
Revenues:			
Property and other County tax	\$ 4,402,337	\$ 2,051,594	\$ 874,377
Interest and penalty on property tax	45,509	-	-
Intergovernmental	563,855	140,875	3,994,928
Licenses and permits	50	7,950	16,245
Charges for service	536,109	-	-
Use of money and property	147,331	-	-
Miscellaneous	193,104	-	61,272
Total revenues	<u>5,888,295</u>	<u>2,200,419</u>	<u>4,946,822</u>
Expenditures:			
Operating:			
Public safety and legal services	2,323,564	-	-
Physical health and social services	495,207	-	-
Mental health	10,018	-	-
County environment and education	643,377	242,909	-
Roads and transportation	-	-	5,458,669
Government services to residents	682,365	11,822	-
Administration	1,356,747	5,000	-
Non-program	29,998	-	-
Debt service	-	-	43,796
Capital projects	73,315	-	1,705,379
Total expenditures	<u>5,614,591</u>	<u>259,731</u>	<u>7,207,844</u>
Excess (deficiency) of revenues over (under) expenditures	273,704	1,940,688	(2,261,022)
Other financing sources (uses):			
Interfund transfers in (note 4)	-	-	2,014,145
Interfund transfers out (note 4)	-	(2,014,145)	-
General obligation notes issued	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(2,014,145)</u>	<u>2,014,145</u>

	Capital Projects	Nonmajor	Total
\$	-	\$ 862,810	\$ 8,191,118
	-	-	45,509
	-	621,012	5,320,670
	-	-	24,245
	-	3,407	539,516
	5,830	15,114	168,275
	-	4,642	259,018
	<u>5,830</u>	<u>1,506,985</u>	<u>14,548,351</u>
	-	-	2,323,564
	-	21,552	516,759
	-	1,243,684	1,253,702
	-	-	886,286
	-	-	5,458,669
	-	5,000	699,187
	-	-	1,361,747
	-	-	29,998
	-	72,279	116,075
	282,433	14,537	2,075,664
	<u>282,433</u>	<u>1,357,052</u>	<u>14,721,651</u>
	(276,603)	149,933	(173,300)
	-	-	2,014,145
	-	-	(2,014,145)
	2,999,999	-	2,999,999
	<u>2,999,999</u>	<u>-</u>	<u>2,999,999</u>

DELAWARE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2014

	<u>General</u>	<u>Special Revenue</u>	
		<u>Rural Services</u>	<u>Secondary Roads</u>
Net change in fund balances	\$ 273,704	\$ (73,457)	\$ (246,877)
Fund balances beginning of year	<u>2,721,779</u>	<u>79,379</u>	<u>3,094,098</u>
Fund balances end of year	<u>\$ 2,995,483</u>	<u>\$ 5,922</u>	<u>\$ 2,847,221</u>

See notes to financial statements.

<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 2,723,396	\$ 149,933	\$ 2,826,699
-	245,137	6,140,393
<u>\$ 2,723,396</u>	<u>\$ 395,070</u>	<u>\$ 8,967,092</u>

DELAWARE 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

Net change in fund balances - total governmental funds \$ 2,826,699

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

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

	Capital outlay expenditures	\$ 2,297,480	
Capital assets contributed by the Iowa Department of Transportation and other entities		837,272	
Depreciation expense		<u>(1,999,960)</u>	1,134,792

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	(577)	
Other		<u>(15,829)</u>	(16,406)

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 and does not affect the Statement of Activities. (2,999,999)

Repayment of long-term liabilities is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the Statement of
Net Position. 96,501

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

	Early retirement	(19,800)	
Compensated absences		(27,886)	
Net OPEB liability		(52,000)	
Interest on long-term debt		<u>(22,518)</u>	<u>(122,204)</u>

Change in net position of governmental activities \$ 919,383

See notes to financial statements.

DELAWARE COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Private - Purpose Trust Funds	Agency Funds
Assets		
Cash and pooled investments:		
County Treasurer	\$ -	\$ 6,481,090
Other County officials	249,044	2,562
Receivables:		
Property tax:		
Delinquent	-	1,302
Succeeding year	-	21,751,000
Accounts	-	18,066
Accrued interest	-	4,621
Due from other governments	-	867,601
Prepaid expenses	-	64,384
	249,044	29,190,626
Liabilities		
Accounts payable	-	128,596
Salaries and benefits payable	-	5,006
Due to other governments (note 6)	-	28,900,211
Trusts payable	-	123,685
Compensated absences	-	33,128
	-	29,190,626
Net Position		
Restricted for:		
Trust principal - Spangler (note 14)	128,000	-
Trust principal - Corell (note 14)	12,162	-
Unrestricted	108,882	-
	249,044	-
Total net position	\$ 249,044	\$ -

See notes to financial statements.

DELAWARE COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
Year Ended June 30, 2014

	<u>Private - Purpose Trust Funds</u>
Revenues:	
Interest on investments	\$ <u>2,088</u>
Expenses:	
Vision care	381
Supplies	2,499
Equipment	<u>4,050</u>
Total expenses	<u>6,930</u>
Change in net position	(4,842)
Net position beginning of year	<u>253,886</u>
Net position end of year	\$ <u><u>249,044</u></u>

See notes to financial statements.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies

Delaware 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, Delaware 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. The County has no component units which meet the Governmental Accounting Standards Board criteria.

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: Delaware County Assessor's Conference Board, Delaware County Emergency Management Commission, and Delaware County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

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

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, 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.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following fiduciary funds:

The Private-purpose Trust Fund is used to account for assets held by the County under trust agreements which require income earned to be used to benefit individuals in various ways.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current 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 liabilities and acquisitions under capital leases are reported as other financing sources.

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

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

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.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Property Tax Receivable - Property tax receivable is recognized in the governmental funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 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 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.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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

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

<u>Asset Class</u>	<u>Amount</u>
Intangibles	\$ 100,000
Infrastructure	150,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

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

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

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

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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.

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 and fiduciary fund financial statements. A liability for these amounts is recorded in the governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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 consists of the succeeding year 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 the succeeding year property tax receivable that will not be recognized as revenue 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 preceding classifications.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, disbursements exceeded the amount budgeted in the debt service function. Departmental disbursements did not exceed the amounts appropriated.

Note 2. Cash 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's funds are all deposited in financial institution depository accounts.

Note 3. Interfund Receivables/Payables

The detail of amounts due from and due to other funds at June 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue:	
	Rural Services	\$ <u>100,000</u>

This balance is due to a short-term financing arrangement between these funds. These balances are not included on the government-wide Statement of Net Position.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 4. Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ <u>2,014,145</u>

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

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 591,102	\$ 67,900	\$ -	\$ 659,002
Construction in progress	204,970	3,035	188,115	19,890
Total capital assets not being depreciated	796,072	70,935	188,115	678,892
Capital assets being depreciated:				
Buildings	4,404,666	263,640	-	4,668,306
Machinery and equipment	7,680,747	749,758	61,072	8,369,433
Infrastructure	35,635,772	2,238,534	-	37,874,306
Total capital assets being depreciated	47,721,185	3,251,932	61,072	50,912,045
Less accumulated depreciation for:				
Buildings	2,351,039	93,209	-	2,444,248
Machinery and equipment	4,822,203	632,796	61,072	5,393,927
Infrastructure	5,466,892	1,273,955	-	6,740,847
Total accumulated depreciation	12,640,134	1,999,960	61,072	14,579,022
Total capital assets being depreciated, net	35,081,051	1,251,972	-	36,333,023
Governmental activities capital assets, net	\$ 35,877,123	\$ 1,322,907	\$ 188,115	\$ 37,011,915

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 5. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services	\$	127,517
Physical health and social services		22,997
Mental health		26,881
County environment and education		65,667
Roads and transportation		1,700,578
Government services to residents		7,851
Administration		<u>48,469</u>
Total depreciation expense - governmental activities	\$	<u><u>1,999,960</u></u>

Note 6. Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Agency:		
County Assessor	Collections	\$ 1,088,312
Townships		443,840
Corporations		4,662,410
Schools		13,294,033
Area Schools		885,487
County Hospital		1,275,487
Auto License and Use Tax		521,673
Lake Delhi Combined Recreational Facility and Water Quality District		311,521
Lake Delhi Debt Service		478,511
Lake Delhi Capital Projects		5,585,132
All Other		<u>353,805</u>
Total for agency funds		\$ <u><u>28,900,211</u></u>

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 7. Short-Term Interfund Financing

The County has several projects and obligations occurring throughout the year that require funding at specific times. Due to cash flow differences, monies may not be available in the required fund but are available in other funds. To address these cash flow problems, the County approved the following short-term interfund loans:

General Basic to Rural Services, \$150,000 interest-free loan, approved July 8, 2013 and repaid June 23, 2014.

General Basic to Rural Services, \$100,000 interest-free loan, approved June 23, 2014, to be repaid in fiscal year 2015.

Note 8. Long-Term Liabilities

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

	Early Retirement	Capital Lease Purchase Agreements	General Obligation Notes	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ -	\$ 122,449	\$ 378,893	\$ 473,616	\$ 196,000	\$ 1,170,958
Increases	19,800	-	2,999,999	186,395	52,000	3,258,194
Decreases	-	39,378	57,123	158,509	-	255,010
Balance end of year	<u>\$ 19,800</u>	<u>\$ 83,071</u>	<u>\$ 3,321,769</u>	<u>\$ 501,502</u>	<u>\$ 248,000</u>	<u>\$ 4,174,142</u>
Due within one year	<u>\$ 10,800</u>	<u>\$ 40,799</u>	<u>\$ 319,408</u>	<u>\$ 170,900</u>	<u>\$ -</u>	<u>\$ 541,907</u>

Early Retirement

The County occasionally offers a voluntary early retirement plan to all employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of service to the County. Employees who wish to avail themselves of this plan but have fewer than ten years of service to the County may participate at a reduced benefit rate based on the number of actual years served divided by ten. Employees must complete an application which is required to be approved by the Board of Supervisors.

The early retirement incentive consists of two options for each employee. Employees between the ages of 55 and 61 may elect to continue participation in the County's group health insurance program with the County contributing \$275 per month towards that cost, with the employee covering any remaining difference in cost, until the employee becomes Medicare eligible. The alternative benefit for those employees aged 55 to 61 who opt out of continuation in the County's group health insurance plan is a monthly contribution of \$275 to a health savings plan which will be administered by Delaware County. Employees over age 61 have the same options as noted above, but the monthly benefit is increased to \$450.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 8. Long-Term Liabilities (continued)

Early Retirement (continued)

At June 30, 2014, the County had obligations to two participants with a total liability of \$19,800. The County had no early retirement expenditures for the year ended June 30, 2014. Early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

Capital Lease Purchase Agreements

During the year ended June 30, 2012, the County entered into a capital lease purchase agreement for the purchase of a motor grader. The lease had an initial value of \$204,456, required a \$44,000 initial payment, and calls for four annual lease payments of \$43,797, including interest. The lease has an annual percentage rate of 3.55% and is payable through the year ending June 30, 2016.

Details of the County's June 30, 2014 capital lease purchase indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Motor Graders</u>
2015	\$ 43,797
2016	<u>43,797</u>
Total minimum lease payments	87,594
Less amount representing interest	<u>(4,523)</u>
Present value of net minimum lease payments	\$ <u><u>83,071</u></u>

Payments under capital lease purchase agreements for the year ended June 30, 2014 totaled \$43,797. The County had capitalized equipment purchased under capital leases valued at \$204,456 at June 30, 2014.

General Obligation Notes

During the year ended June 30, 2014, the District issued \$2,999,999 in general obligation capital loan notes. The notes, dated December 20, 2013, are payable through the year ending June 30, 2024 and have an interest rate of 1.52%. The proceeds will be used for County grants to the Lake Delhi Combined Recreational Facility and Water Quality District for the reconstruction and remediation of the Lake Delhi dam and spillway.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 8. Long-Term Liabilities (continued)

General Obligation Notes (continued)

Details of the County's June 30, 2014 general obligation note indebtedness are as follows:

Year Ending June 30,	General Obligation Emergency Services Communication Notes dated October 8, 2008			General Obligation Capital Loan Notes dated December 20, 2013			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2015	4.00 %	\$ 59,408	\$ 12,871	1.52 %	\$ 260,000	\$ 65,993	\$ 319,408	\$ 78,864
2016	4.00	61,784	10,494	1.52	285,000	41,648	346,784	52,142
2017	4.00	64,255	8,023	1.52	290,000	37,316	354,255	45,339
2018	4.00	66,825	5,453	1.52	295,000	32,908	361,825	38,361
2019	4.00	69,498	2,780	1.52	300,000	28,424	369,498	31,204
2020-2024	-	-	-	1.52	1,569,999	72,200	1,569,999	72,200
		<u>\$ 321,770</u>	<u>\$ 39,621</u>		<u>\$ 2,999,999</u>	<u>\$ 278,489</u>	<u>\$ 3,321,769</u>	<u>\$ 318,110</u>

Note 9. Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 91 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage plan is administered by Alliance Select. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

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	\$	89,327
Interest on net OPEB obligation		7,840
Adjustment to annual required contribution		7,790
Annual OPEB cost		<u>89,377</u>
Contributions made		<u>37,377</u>
Increase in net OPEB obligation		52,000
Net OPEB obligation beginning of year		<u>196,000</u>
Net OPEB obligation end of year	\$	<u><u>248,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the County contributed \$37,377 to the medical plan.

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

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 77,554	43.3%	\$ 134,000
2013	84,841	26.9%	196,000
2014	89,377	41.8%	248,000

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$826,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$826,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,350,000 and the ratio of the UAAL to covered payroll was 19.0%. As of June 30, 2014, there were no trust fund assets.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced .5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Mortality Table and are fully generational projected using Scale AA.

Projected claim costs of the medical plan are \$675 per month for retirees between ages 55 and 59 and \$850 per month for retirees aged 60 to 64. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 10. 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 \$397,327, \$360,706 and \$346,097, respectively, equal to the required contributions for each year.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 11. Risk Management

Delaware County is exposed to various risks of loss related to tort; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The County also carries commercial insurance for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$200,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 12. Construction Commitment

The County has entered into contracts totaling \$1,111,838 for various roadway improvement projects. As of June 30, 2014, no costs had been incurred against the contracts. The balance of \$1,111,838 on the contracts at June 30, 2014 will be paid as work on the projects progresses.

Note 13. Subsequent Event

On September 15, 2014, the County approved a bridge replacement project totaling \$435,002.

Note 14. Private-Purpose Trust Funds

James E. Corell Trust

A portion of the estate of James E. Corell was left to Delaware County, Iowa. The Board of Supervisors is to invest the principal portion and use the interest earned to assist the needy residents of the county to obtain eye care.

H.C. Spangler Trust

A 160-acre farm was left to Delaware County, Iowa by Grace R. Spangler. The Board of Supervisors were appointed trustees and the net proceeds from the farm were to be used to assist in improving conditions for poor persons receiving aid from Delaware County, Iowa. Further, on March 18 of each year, a dinner, the Spangler Dinner, is to be held for such poor people and their guests and an annual financial statements is to be published. In 1973, the Board of Supervisors received permission from the Court to sell the Spangler Farm.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 15. Lake Delhi Combined Recreational Facility and Water Quality District General Obligation Lake Improvement Bonds

The Lake Delhi Combined Recreational Facility and Water Quality District (the District) was formed by special public election in July 1990, under Section 357E of the Code of Iowa, for the purpose of monitoring and maintaining the Lake Delhi dam and associated recreational area. On December 12, 2011, the County entered into an agreement with the District whereby the County became the financial administrator for the District in relation to the transactions required for the issuance of bonds and construction activities associated with the betterment of the District's facilities. As a result, the County will record the District's financial activities in an Agency Fund and will report those activities as such.

Section 357E.11A of the Code of Iowa authorizes the District to issue general obligation debt in the District's name and to levy for debt service for repayment of that debt. On June 19, 2012 the District issued \$6,090,000 in General Obligation Lake Improvement Bonds for the purpose of reconstruction of the Lake Delhi dam and spillway, and restoration and betterment of the lake and recreational area. The bonds have an interest rate of 4.25% and are payable through the year ending June 30, 2031.

The bonds are a general obligation of the Lake Delhi Combined Recreational Facility and Water Quality District and will be paid with revenues raised through a debt service levy placed on all associated properties. The District paid \$224,000 of principal and \$250,113 of interest on the bonds for the year ended June 30, 2014. Delaware County has not included these bonds as a liability in the County's financial statements because the County has no direct or contingent liability relating to these bonds.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 15. Lake Delhi Combined Recreational Facility and Water Quality District General Obligation Lake Improvement Bonds (continued)

Details of the Lake Delhi Combined Recreational Facility and Water Quality District's general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	4.25 %	\$ 234,000	\$ 240,593	\$ 474,593
2016	4.25	244,000	230,647	474,647
2017	4.25	254,000	220,277	474,277
2018	4.25	265,000	209,483	474,483
2019	4.25	276,000	198,220	474,220
2020	4.25	288,000	186,490	474,490
2021	4.25	300,000	174,250	474,250
2022	4.25	313,000	161,500	474,500
2023	4.25	326,000	148,198	474,198
2024	4.25	340,000	134,342	474,342
2025	4.25	354,000	119,893	473,893
2026	4.25	370,000	104,847	474,847
2027	4.25	385,000	89,122	474,122
2028	4.25	402,000	72,760	474,760
2029	4.25	419,000	55,675	474,675
2030	4.25	436,000	37,868	473,868
2031	4.25	455,000	19,337	474,337
		<u>\$ 5,661,000</u>	<u>\$ 2,403,502</u>	<u>\$ 8,064,502</u>

Note 16. Prospective Accounting Change

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

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Required Supplementary Information

DELAWARE 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	Budgeted Amounts		Final to Actual Variance
		Original	Final	
RECEIPTS:				
Property and other County tax	\$ 8,189,168	\$ 8,153,249	\$ 8,105,525	\$ 83,643
Interest and penalty on property tax	45,877	30,700	30,700	15,177
Intergovernmental	5,406,278	5,152,585	5,197,104	209,174
Licenses and permits	25,900	22,050	22,050	3,850
Charges for service	540,455	414,020	430,020	110,435
Use of money and property	167,343	166,160	166,160	1,183
Miscellaneous	273,493	220,506	270,803	2,690
Total receipts	<u>14,648,514</u>	<u>14,159,270</u>	<u>14,222,362</u>	<u>426,152</u>
DISBURSEMENTS:				
Public safety and legal services	2,328,309	2,372,568	2,438,746	110,437
Physical health and social services	520,803	681,898	621,898	101,095
Mental health	1,743,270	1,550,998	1,933,898	190,628
County environment and education	878,292	924,126	928,917	50,625
Roads and transportation	5,734,975	5,307,385	6,458,973	723,998
Government services to residents	699,124	788,479	783,659	84,535
Administration	1,397,658	1,467,914	1,523,414	125,756
Non-program	29,998	37,900	40,400	10,402
Debt service	116,075	73,000	73,000	(43,075)
Capital projects	1,810,116	2,044,633	2,320,059	509,943
Total disbursements	<u>15,258,620</u>	<u>15,248,901</u>	<u>17,122,964</u>	<u>1,864,344</u>
Deficiency of receipts under disbursements	(610,106)	(1,089,631)	(2,900,602)	2,290,496
Other financing sources, net	<u>2,999,999</u>	-	<u>2,999,999</u>	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements	2,389,893	(1,089,631)	99,397	2,290,496
Balance beginning of year	<u>6,372,486</u>	<u>4,572,175</u>	<u>6,372,486</u>	-
Balance end of year	<u>\$ 8,762,379</u>	<u>\$ 3,482,544</u>	<u>\$ 6,471,883</u>	<u>\$ 2,290,496</u>

See accompanying independent auditor's report.

DELAWARE 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	\$ 14,648,514	\$ (100,163)	\$ 14,548,351
Expenditures	15,258,620	(536,969)	14,721,651
Net	(610,106)	436,806	(173,300)
Other financing sources, net	2,999,999	-	2,999,999
Beginning fund balances	6,372,486	(232,093)	6,140,393
Ending fund balances	<u>\$ 8,762,379</u>	<u>\$ 204,713</u>	<u>\$ 8,967,092</u>

See accompanying independent auditor's report.

DELAWARE 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, internal service funds, and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,874,063. These 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 E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2014, disbursements exceeded the amount budgeted in the debt service function. Disbursements did not exceed the amounts appropriated by department.

DELAWARE COUNTY

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2014

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 606	\$ 606	0.0%	\$ 3,666	16.5%
2011	July 1, 2009	-	652	652	0.0%	3,871	16.8%
2012	July 1, 2009	-	701	701	0.0%	4,099	17.1%
2013	July 1, 2012	-	734	734	0.0%	4,033	18.2%
2014	July 1, 2012	-	826	826	0.0%	4,350	19.0%

See note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

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Supplementary Information

DELAWARE COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2014

	Special Revenue			
	Mental Health	County Recorder's Records Management	Resource Enhancement and Protection	McGee Discretionary Trust
Assets				
Cash and pooled investments	\$ 320,740	\$ 17,561	\$ 27,752	\$ 38,296
Receivables:				
Property tax:				
Delinquent	60	-	-	-
Succeeding year	783,000	-	-	-
Accrued interest	-	4	2	-
Accounts	514	-	-	-
Due from other governments	29,294	-	-	-
	<u>\$ 1,133,608</u>	<u>\$ 17,565</u>	<u>\$ 27,754</u>	<u>\$ 38,296</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 44,759	\$ -	\$ -	-
Salaries and benefits payable	2,345	-	-	-
Total liabilities	<u>47,104</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenues:				
Succeeding year property tax	783,000	-	-	-
Other	41	-	-	-
Total deferred inflows of resources	<u>783,041</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted for:				
Mental health purposes	303,463	-	-	-
Records management purposes	-	17,565	-	-
Conservation purposes	-	-	27,754	-
Public betterment purposes	-	-	-	38,296
Debt service	-	-	-	-
Total fund balances	<u>303,463</u>	<u>17,565</u>	<u>27,754</u>	<u>38,296</u>
	<u>\$ 1,133,608</u>	<u>\$ 17,565</u>	<u>\$ 27,754</u>	<u>\$ 38,296</u>

See accompanying independent auditor's report.

<u>Debt Service</u>	<u>Total</u>
\$ 7,984	\$ 412,333
28	88
408,000	1,191,000
-	6
-	514
-	29,294
<u>\$ 416,012</u>	<u>\$ 1,633,235</u>

\$ -	\$ 44,759
-	2,345
<u>-</u>	<u>47,104</u>

408,000	1,191,000
20	61
<u>408,020</u>	<u>1,191,061</u>

-	303,463
-	17,565
-	27,754
-	38,296
7,992	7,992
<u>7,992</u>	<u>395,070</u>

<u>\$ 416,012</u>	<u>\$ 1,633,235</u>
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DELAWARE COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2014

	Special Revenue			
	Mental Health	County Recorder's Records Management	Resource Enhancement and Protection	McGee Discretionary Trust
Revenues:				
Property and other County tax	\$ 794,210	\$ -	\$ -	-
Intergovernmental	602,078	-	15,480	-
Charges for service	-	3,407	-	-
Use of money and property	15,035	49	30	-
Miscellaneous	4,642	-	-	-
Total revenues	<u>1,415,965</u>	<u>3,456</u>	<u>15,510</u>	-
Expenditures:				
Operating:				
Physical health and social services	-	-	-	21,552
Mental health	1,243,684	-	-	-
Government services to residents	-	5,000	-	-
Debt service	-	-	-	-
Capital projects	-	-	14,537	-
Total expenditures	<u>1,243,684</u>	<u>5,000</u>	<u>14,537</u>	<u>21,552</u>
Excess (deficiency) of revenues over (under) expenditures	172,281	(1,544)	973	(21,552)
Fund balances beginning of year	<u>131,182</u>	<u>19,109</u>	<u>26,781</u>	<u>59,848</u>
Fund balances end of year	<u>\$ 303,463</u>	<u>\$ 17,565</u>	<u>\$ 27,754</u>	<u>\$ 38,296</u>

See accompanying independent auditor's report.

	<u>Debt Service</u>	<u>Total</u>
\$	68,600	\$ 862,810
	3,454	621,012
	-	3,407
	-	15,114
	-	4,642
	<u>72,054</u>	<u>1,506,985</u>
	-	21,552
	-	1,243,684
	-	5,000
	72,279	72,279
	-	14,537
	<u>72,279</u>	<u>1,357,052</u>
	(225)	149,933
	<u>8,217</u>	<u>245,137</u>
\$	<u><u>7,992</u></u>	<u><u>\$ 395,070</u></u>

DELAWARE COUNTY
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 June 30, 2014

	County Offices		County	Emergency	Brucellosis and Tuberculosis Eradication
	County Recorder	County Sheriff	Assessor	Management	
ASSETS					
Cash and pooled investments:					
County Treasurer	\$ -	\$ -	\$ 527,007	\$ 40,224	\$ 41
Other County officials	563	1,999	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	44	-	1
Succeeding year	-	-	584,000	-	3,000
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
 Total assets	 <u>\$ 563</u>	 <u>\$ 1,999</u>	 <u>\$ 1,111,051</u>	 <u>\$ 40,224</u>	 <u>\$ 3,042</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 5,080	\$ 1,037	\$ -
Salaries and benefits payable	-	-	5,006	-	-
Due to other governments	563	-	1,088,312	18,712	3,042
Trusts payable	-	1,999	-	-	-
Compensated absences	-	-	12,653	20,475	-
 Total liabilities	 <u>\$ 563</u>	 <u>\$ 1,999</u>	 <u>\$ 1,111,051</u>	 <u>\$ 40,224</u>	 <u>\$ 3,042</u>

<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>	<u>Area Schools</u>	<u>City Special Assessments</u>	<u>Agricultural Extension Education</u>	<u>County Hospital</u>
\$ 5,798	\$ 55,306	\$ 176,097	\$ 11,422	\$ 17,077	\$ 2,771	\$ 16,393
-	-	-	-	-	-	-
42	104	936	65	-	16	94
438,000	4,607,000	13,117,000	874,000	-	206,000	1,259,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 443,840</u>	<u>\$ 4,662,410</u>	<u>\$ 13,294,033</u>	<u>\$ 885,487</u>	<u>\$ 17,077</u>	<u>\$ 208,787</u>	<u>\$ 1,275,487</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
443,840	4,662,410	13,294,033	885,487	17,077	208,787	1,275,487
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 443,840</u>	<u>\$ 4,662,410</u>	<u>\$ 13,294,033</u>	<u>\$ 885,487</u>	<u>\$ 17,077</u>	<u>\$ 208,787</u>	<u>\$ 1,275,487</u>

DELAWARE COUNTY
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 June 30, 2014

	Auto License and Use Tax	Tax Sale Redemption	Advance Tax Collection	E-911
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ 521,673	\$ 57,845	\$ 63,841	\$ 135,070
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	18,066
Accrued interest	-	-	-	51
Due from other governments	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 521,673</u>	<u>\$ 57,845</u>	<u>\$ 63,841</u>	<u>\$ 153,187</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	59,411
Salaries and benefits payable	-	-	-	-
Due to other governments	521,673	-	-	93,776
Trusts payable	-	57,845	63,841	-
Compensated absences	-	-	-	-
Total liabilities	<u>\$ 521,673</u>	<u>\$ 57,845</u>	<u>\$ 63,841</u>	<u>\$ 153,187</u>

See accompanying independent auditor's report.

<u>Fire District</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Lake Delhi Combined Recreational Facility and Water Quality District</u>	<u>Lake Delhi Debt Service</u>	<u>Lake Delhi Capital Projects</u>	<u>Total</u>
\$ 279	\$ 569	\$ 117,362	\$ 21,506	\$ 4,710,809	\$ 6,481,090
-	-	-	-	-	2,562
-	-	-	-	-	1,302
11,000	-	195,000	457,000	-	21,751,000
-	-	-	-	-	18,066
-	-	10	5	4,555	4,621
-	-	-	-	867,601	867,601
-	-	-	-	64,384	64,384
<u>\$ 11,279</u>	<u>\$ 569</u>	<u>\$ 312,372</u>	<u>\$ 478,511</u>	<u>\$ 5,647,349</u>	<u>\$ 29,190,626</u>
\$ -	\$ -	\$ 851	\$ -	\$ 62,217	\$ 128,596
-	-	-	-	-	5,006
11,279	569	311,521	478,511	5,585,132	28,900,211
-	-	-	-	-	123,685
-	-	-	-	-	33,128
<u>\$ 11,279</u>	<u>\$ 569</u>	<u>\$ 312,372</u>	<u>\$ 478,511</u>	<u>\$ 5,647,349</u>	<u>\$ 29,190,626</u>

DELAWARE COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2014

	County Offices		County Assessor	Emergency Management	Brucellosis and Tuberculosis Eradication
	County Recorder	County Sheriff			
ASSETS AND LIABILITIES					
Balances beginning of year	\$ 2,474	\$ 9,201	\$ 1,095,089	\$ 39,083	\$ 3,039
Additions:					
Property and other County tax	-	-	583,655	-	2,979
State tax credits	-	-	24,617	-	155
Payments in lieu of taxes	-	-	55	-	-
Reimbursements from other governments	-	-	-	121,028	-
Office fees and collections	316,066	108,664	-	-	-
Auto license, use tax, drivers license and postage	-	-	-	-	-
E-911 surcharge	-	-	-	-	-
Trusts	-	258,468	-	-	-
Assessments	-	-	-	-	-
Interest on investments	-	-	-	-	-
Miscellaneous	-	-	179	-	-
Total additions	316,066	367,132	608,506	121,028	3,134
Deductions:					
Agency remittances:					
To other funds	117,170	104,638	-	-	-
To other governments	200,807	4,026	592,544	119,887	3,131
Trusts paid out	-	265,670	-	-	-
Total deductions	317,977	374,334	592,544	119,887	3,131
Balances end of year	\$ 563	\$ 1,999	\$ 1,111,051	\$ 40,224	\$ 3,042

<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>	<u>Area Schools</u>	<u>City Special Assessments</u>	<u>Agricultural Extension Education</u>	<u>County Hospital</u>
\$ 422,671	\$ 4,905,406	\$ 12,902,800	\$ 847,743	\$ 15,955	\$ 205,682	\$ 1,212,947
438,872	4,619,996	13,116,314	874,430	-	205,614	1,259,697
20,498	218,809	657,113	42,861	-	10,486	62,041
69	-	1,449	94	-	23	138
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	127,482	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
459,439	4,838,805	13,774,876	917,385	127,482	216,123	1,321,876
-	-	-	-	-	-	-
438,270	5,081,801	13,383,643	879,641	126,360	213,018	1,259,336
-	-	-	-	-	-	-
438,270	5,081,801	13,383,643	879,641	126,360	213,018	1,259,336
\$ 443,840	\$ 4,662,410	\$ 13,294,033	\$ 885,487	\$ 17,077	\$ 208,787	\$ 1,275,487

DELAWARE COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

Year Ended June 30, 2014

	Auto License and Use Tax	Tax Sale Redemption	Advance Tax Collection	E-911
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 411,402	\$ 15,113	\$ 59,848	\$ 157,968
Additions:				
Property and other County tax	-	-	-	-
State tax credits	-	-	-	-
Payments in lieu of taxes	-	-	-	-
Reimbursements from other governments	-	-	-	-
Office fees and collections	-	-	-	-
Auto license, use tax, drivers license and postage	6,350,917	-	-	-
E-911 surcharge	-	-	-	213,947
Trusts	-	153,962	64,786	-
Assessments	-	-	-	-
Interest on investments	-	-	-	722
Miscellaneous	-	-	-	-
Total additions	<u>6,350,917</u>	<u>153,962</u>	<u>64,786</u>	<u>214,669</u>
Deductions:				
Agency remittances:				
To other funds	249,707	-	-	-
To other governments	5,990,939	-	-	219,450
Trusts paid out	-	111,230	60,793	-
Total deductions	<u>6,240,646</u>	<u>111,230</u>	<u>60,793</u>	<u>219,450</u>
Balances end of year	<u>\$ 521,673</u>	<u>\$ 57,845</u>	<u>\$ 63,841</u>	<u>\$ 153,187</u>

See accompanying independent auditor's report.

<u>Fire District</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Lake Delhi Combined Recreational Facility and Water Quality District</u>	<u>Lake Delhi Debt Service</u>	<u>Lake Delhi Capital Projects</u>	<u>Total</u>
\$ 11,171	\$ 752	\$ 265,299	\$ 480,794	\$ 5,801,685	\$ 28,866,122
10,646	-	195,408	459,782	-	21,767,393
728	-	3,984	11,423	-	1,052,715
-	-	-	-	-	1,828
-	-	-	-	906,344	1,027,372
-	3,407	-	-	-	428,137
-	-	-	-	-	6,350,917
-	-	-	-	-	213,947
-	-	-	-	-	477,216
-	-	-	-	-	127,482
-	-	99	625	64,111	65,557
-	-	473	-	-	652
<u>11,374</u>	<u>3,407</u>	<u>199,964</u>	<u>471,830</u>	<u>970,455</u>	<u>31,513,216</u>
-	-	-	-	-	471,515
11,266	3,590	152,891	474,113	1,124,791	30,279,504
-	-	-	-	-	437,693
<u>11,266</u>	<u>3,590</u>	<u>152,891</u>	<u>474,113</u>	<u>1,124,791</u>	<u>31,188,712</u>
\$ <u>11,279</u>	\$ <u>569</u>	\$ <u>312,372</u>	\$ <u>478,511</u>	\$ <u>5,647,349</u>	\$ <u>29,190,626</u>

DELAWARE COUNTY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis			
	2014	2013	2012	2011
Revenues:				
Property and other County tax	\$ 8,191,118	\$ 7,952,638	\$ 8,322,672	\$ 7,360,244
Interest and penalty on property tax	45,509	48,068	52,200	47,162
Intergovernmental	5,320,670	5,306,810	6,469,035	6,394,803
Licenses and permits	24,245	24,584	26,640	18,590
Charges for service	539,516	580,587	553,906	534,877
Use of money and property	168,275	146,940	149,622	156,597
Miscellaneous	259,018	324,443	279,414	402,707
Total	\$ 14,548,351	\$ 14,384,070	\$ 15,853,489	\$ 14,914,980
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,323,564	\$ 2,185,941	\$ 2,132,213	\$ 1,974,680
Physical health and social services	516,759	457,824	431,423	457,161
Mental health	1,253,702	1,376,533	3,290,955	2,912,774
County environment and education	886,286	828,816	988,670	995,823
Roads and transportation	5,458,669	4,674,758	5,186,906	5,163,254
Government services to residents	699,187	641,150	610,267	551,992
Administration	1,361,747	1,462,263	1,329,628	1,210,382
Non-program	29,998	19,516	13,930	26,204
Debt service	116,075	72,278	72,278	72,277
Capital projects	2,075,664	1,527,418	2,209,916	164,293
Total	\$ 14,721,651	\$ 13,246,497	\$ 16,266,186	\$ 13,528,840

See accompanying independent auditor's report.

	2010	2009	2008	2007	2006	2005
\$	7,185,299	\$ 6,655,873	\$ 6,367,692	\$ 6,179,275	\$ 5,325,886	\$ 5,200,393
	62,985	50,380	44,443	36,929	40,788	43,597
	5,625,939	6,306,788	5,790,202	5,539,705	5,791,503	5,426,274
	18,942	15,860	13,910	13,235	17,588	12,621
	523,036	505,696	480,542	468,702	479,998	462,858
	184,206	198,580	220,273	211,076	105,223	132,772
	334,633	454,537	280,094	141,404	115,864	100,070
\$	<u>13,935,040</u>	<u>14,187,714</u>	<u>13,197,156</u>	<u>12,590,326</u>	<u>11,876,850</u>	<u>11,378,585</u>
\$	1,799,661	\$ 1,832,913	\$ 1,760,399	\$ 1,660,015	\$ 1,455,562	\$ 1,426,663
	490,341	584,058	452,747	431,955	382,510	357,859
	2,769,047	2,690,644	2,847,779	2,596,198	2,148,717	2,064,158
	768,425	813,116	683,691	702,506	638,930	559,200
	4,171,369	4,247,873	4,286,608	3,187,373	3,702,804	4,420,188
	575,096	523,637	488,992	444,250	619,518	530,774
	1,134,450	1,316,496	1,068,861	967,030	916,670	922,012
	32,375	30,445	6,812	32,991	12,055	12,072
	72,276	-	-	-	-	-
	2,077,786	2,358,669	1,279,193	1,840,978	3,239,706	1,896,531
\$	<u>13,890,826</u>	<u>14,397,851</u>	<u>12,875,082</u>	<u>11,863,296</u>	<u>13,116,472</u>	<u>12,189,457</u>

DELAWARE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Grantor/Program	CFDA Number	Pass-through Grantor Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	LAE SFY14	\$ <u>4,368</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	DDIR-IA-13-02-28-01	28,025
Highway Planning and Construction	20.205	BROS 28(72)	12,973
Highway Planning and Construction	20.205	BROS 28(76)	15,268
Highway Planning and Construction	20.205	BROS 28(77)	18,798
Highway Planning and Construction	20.205	BROS 28(80)	199,527
Highway Planning and Construction	20.205	BROS 28(81)	<u>144,582</u>
			<u>419,173</u>
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	13-03 (Task 142)	<u>4,360</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5883BT28	9,448
Public Health Emergency Preparedness	93.069	5884BT19	<u>28,332</u>
			<u>37,780</u>
Iowa Department of Human Services:			
Refugee and Entrant Assistance - State Administered Programs	93.566	LAE SFY14	<u>9</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	LAE SFY14	<u>1,272</u>
Foster Care - Title IV-E	93.658	LAE SFY14	<u>1,675</u>
Adoption Assistance	93.659	LAE SFY14	<u>567</u>
Social Services Block Grant	93.667	LAE SFY14	<u>1,379</u>
Children's Health Insurance Program	93.767	LAE SFY14	<u>18</u>
Medical Assistance Program	93.778	LAE SFY14	<u>7,257</u>

DELAWARE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4126DR IA	\$ 91,817
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4135DRIA	<u>115,873</u>
			<u>207,690</u>
Iowa Department of Homeland Security and Emergency Management:			
Emergency Management Performance Grants	97.042	EMPG-FY 14	<u>26,090</u>
Total			<u>\$ 711,638</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Delaware County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with 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.

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

To the Officials of Delaware County:

We have audited 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 Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Delaware 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 23, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance

As part of obtaining reasonable assurance about whether Delaware 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 that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

Delaware County's Responses to Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Delaware 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.

Hunt & Associates, P.C.

Oskaloosa, Iowa
February 23, 2015

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

To the Officials of Delaware County:

Report on Compliance for Each Major Federal Program

We have audited Delaware 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. Delaware 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 Delaware 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 Delaware 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 Delaware County's compliance.

Opinion on the Major Federal Program

In our opinion, Delaware 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

In planning and performing our audit of compliance, we considered Delaware 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 Delaware County's internal control over compliance.

A deficiency in internal control over compliance 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 non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance 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 is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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.

Hunt & Associates, P.C.

Oskaloosa, Iowa
February 23, 2015

DELAWARE 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 all opinion units.
- (b) No material weaknesses in internal control over financial reporting were reported.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were reported.
- (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 as follows:
 - 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) Delaware County did not qualify as a low-risk auditee.

DELAWARE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

DELAWARE 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 reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

DELAWARE 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 exceeded the amount budgeted in the debt service function. Departmental disbursements did not exceed the amounts appropriated.

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

Response – We will amend the budget when required in the future.

Conclusion – Response accepted.

IV-B-14 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

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

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Carla Becker, County Auditor Mother owns Becker Electric	Electrical repairs and services	\$3,821

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transaction does not represent a conflict of interest since the employee was not directly involved in the procurement or preparation of any part of the contract.

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

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

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

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).

DELAWARE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

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

IV-I-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.