

**HAMILTON COUNTY
Webster City, Iowa**

**FINANCIAL STATEMENTS
June 30, 2014**

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HAMILTON COUNTY

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Wesley Sweedler	Board of Supervisors	December 2016
David Young	Board of Supervisors	December 2014
Doug Bailey	Board of Supervisors	December 2016
Kim Schaa	County Auditor	December 2016
Shari Vermett	County Treasurer	December 2014
Kim Anderson	County Recorder	December 2014
Denny Hagenson	County Sheriff	December 2016
Patrick Chambers	County Attorney	December 2014
Kevin Bahrenfuss	County Assessor	December 2015



INDEPENDENT AUDITORS' REPORT

Board of Directors
Hamilton County
Webster City, Iowa

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 Hamilton County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as 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 accounting principles generally accepted in the United States of America; 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 that 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 Hamilton County as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matters

As discussed in Note 15, to the financial statements, Hamilton County, Iowa restated the net position of the government-wide financial statements for unrecognized revenues presented as deferred inflows of resources on the fund financial statements not available to pay current period expenditures in accordance with GASB 34, as of June 30, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis), the Budgetary Comparison Schedule - Budget to GAAP Reconciliation, and the Schedule of Funding Progress for the Retiree Health Plan, as listed on the table of contents, 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 who 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 auditing standards generally accepted in the United States of America, 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hamilton County's basic financial statements. The nonmajor governmental funds combining balance sheet, the nonmajor governmental combining schedule of revenues, expenditures and changes in fund balances, the agency combining statement of changes in assets and liabilities and the schedule of revenues by source and expenditures by function – all governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The nonmajor governmental funds combining balance sheet, the nonmajor governmental combining schedule of revenues, expenditures and changes in fund balances, the agency combining statement of changes in assets and liabilities and the schedule of revenues by source and expenditures by function – all governmental funds, as listed and the Schedule of Expenditures of Federal Awards are 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 auditing standards generally accepted in the United States of America. In our opinion, the other 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 27, 2015, on our consideration of Hamilton County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 Hamilton County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
February 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Hamilton County provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014 (FY14). We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- Governmental activities revenue was approximately \$18.1 million in FY14, compared to \$16.9 million in FY13, as restated.
- Program expenses were approximately \$17.8 million, compared to \$15.6 million in FY13.
- Net position increased approximately \$300,000 for FY14.

USING THIS ANNUAL REPORT

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

- *Management's Discussion and Analysis* introduces the basic financial statements and provides an analytical overview of the government'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 Hamilton 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 Hamilton 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 Hamilton County acts solely as an agent or custodian for the benefit of those outside the government (Agency Funds).
- *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- *Required Supplementary Information* further explains and supports the financial statements with a comparison of the County's budget for the year as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- *Other Supplementary Information* provides detailed information about the nonmajor governmental funds and the individual agency funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The Statement of Net Position presents all of the County's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the event or 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 displayed 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 other non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

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

The financial statements required for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

The financial statements required for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

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

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Hamilton County's net position for FY14 totaled approximately \$29.92 million. This compares to FY13 at approximately \$29.62 million, as restated. The analysis that follows focuses on the changes of the net position for our governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)

	June 30, 2014	June 30, 2013
Current and other assets	\$ 48,811	\$ 50,139
Capital assets	<u>29,314</u>	<u>28,548</u>
Total assets	<u>78,125</u>	<u>78,687</u>
Long-term debt outstanding	39,728	40,353
Other liabilities	<u>1,052</u>	<u>1,268</u>
Total liabilities	<u>40,779</u>	<u>41,621</u>
Deferred inflows of resources	<u>7,422</u>	<u>7,442</u>
Net position:		
Net investment in capital assets	23,248	23,831
Restricted	3,960	3,926
Unrestricted	<u>2,716</u>	<u>1,867</u>
Total net position	<u>\$ 29,924</u>	<u>\$ 29,624</u>

FY14 net position of Hamilton County's governmental activities increased by \$300,000 from FY13. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net position represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements, is approximately \$2,716,000.

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

	<u>Year ended June 30,</u>	
	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Charges for service	\$ 3,213	\$ 3,590
Operating grants and contributions	5,653	4,974
Capital grants and contributions	359	6
General revenues:		
Property taxes	7,343	7,070
TIF collections	397	390
Local option sales tax	516	504
Investment earnings	253	(34)
Other general revenues	<u>387</u>	<u>365</u>
Total revenues	<u>18,121</u>	<u>16,865</u>
Program expenses:		
Public safety and legal services	2,768	2,692
Physical health and social services	1,524	1,669
Mental health	1,837	1,914
County environment and education	1,436	1,496
Roads and transportation	6,097	4,192
Government services to residents	506	485
Administration	1,274	1,310
Non-program	2,144	722
Interest on long-term debt	<u>235</u>	<u>1,108</u>
Total expenses	<u>17,821</u>	<u>15,588</u>
Increase (decrease) in net position	<u>\$ 300</u>	<u>\$ 1,277</u>

Hamilton County's county-wide levy rate decreased slightly from 10.13287 per \$1,000 of valuation in FY13 to 9.995756 in FY14. The rural assessed property taxable valuation increased by \$18.4 million for a total of \$556,538,396 and countywide assessed property valuation increased by \$0.8 million for a total of \$859,782,710.

INDIVIDUAL MAJOR FUND ANALYSIS

As Hamilton County completed the year, its governmental funds reported a combined fund balance of \$38,706,590, compared to \$39,726,143 combined fund balance for FY13, as restated. This is a decrease of \$1,019,553.

The General Fund, the operating fund for Hamilton County, ended FY14 with a fund balance totaling \$2,391,126 whereas FY13 ended with a \$1,812,984 balance, an increase of \$578,142. Taxable property valuations increased from \$858,951,665 in FY13 to \$859,782,710 in FY14, an increase of \$831,045. The levy rate decreased by .17531 to \$6.24766 for FY14.

The Mental Health Fund ended with a \$362,709 fund balance for FY14, whereas FY13 ended with a \$496,555, a decrease of \$133,846. The levy rate decreased from 1.03248 in FY13 to 0.83686 in FY14, a decrease of .19562. Hamilton County has continued to look for ways to effectively manage the cost of mental health services in the Mental Health Fund.

The Rural Service Fund ended with a \$425,277 fund balance for FY14 compared to the prior year balance of \$397,082, an increase of \$28,195. The levy rate remained consistent with the prior year at 3.70990 for FY14. Property valuations increased from \$538,120,534 in FY13 to \$556,538,396 in FY14. In evaluating the budgeted expenses and revenues, we feel it is justifiable for a portion of the expense related to Sheriff's Deputies to be paid by the rural service fund.

The Secondary Roads Fund ended FY14 with a \$2,425,082 fund balance compared to the prior year balance of \$2,758,383, a decrease of \$333,301. FY14 expenditures increased \$565,770 to \$5,058,205 from \$4,492,435 in FY13. In FY13, the Secondary Roads Department maintained 715 miles of aggregate-surfaced roads and 235 miles of paved roads during the year.

The Drainage Fund ended FY14 with a \$744,867 fund balance compared to the prior year balance of \$589,460, an increase of \$155,407.

The Hospital Debt Service Fund, in prior years, was designed for the purpose of flowing through payments collected from the Hospital to pay for debt and as such, was not intended to accumulate a fund balance. In FY13, the County executed a crossover refunding of the General Obligation Hospital Bonds, Series 2009 originally issued in the amount of \$21,820,000, with an outstanding balance of \$18,445,000 as of June 30, 2013. The County issued General Obligation County Purpose and Refunding Series 2012A, in the amount of \$7.8 million and General Obligation Refunding Bonds, Series 2013A, in the amount of \$6.525 million for refunding purposes. The crossover refunding results in the future refunding of the General Obligation Hospital Bonds, Series 2009 debt scheduled to occur during the FY17. As a result, the Hospital Debt Service Fund is currently reflecting a fund balance of \$31,398,095 for the FY14, restricted for debt service.

BUDGETARY HIGHLIGHTS

Hamilton County amended the budget twice on August 13, 2013 through Resolution 2013-30 and April 22, 2014 through resolution 2014-12 for the fiscal year ending June 30, 2014, as originally adopted February 27, 2013. The budgets amendment primarily resulted in an increase to general long-term debt proceeds of \$992,000, intergovernmental funds of \$341,000 and transfers of \$145,000 to fund a capital projects budget increase of \$1.3 million. The increase in the Capital Projects budget was to fund work within Conservation for the replacement of aged infrastructure.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY14, the County had approximately \$29.3 million invested in capital assets, compared to \$28.5 million for FY13. This is an increase of \$0.8 million from FY13.

Capital Assets, Net of Depreciation (Expressed in Thousands)

	<u>2014</u>	<u>2013</u>
Land	\$ 3,718	\$ 3,864
Construction in progress	1,016	243
Buildings and improvements	6,052	5,917
Machinery and Equipment	2,338	2,132
Infrastructure	<u>16,190</u>	<u>16,392</u>
Total	<u>\$ 29,314</u>	<u>\$ 28,548</u>

Long-Term Debt

At June 30, 2014, Hamilton County had approximately \$39.7 million in capital notes and other debt outstanding compared to \$40.4 million at June 30, 2013. The majority of the long term debt is Hospital general obligation bonds and TIF revenue bonds for the ethanol project.

Outstanding Long-term Obligations (Expressed in Thousands)

	<u>2014</u>	<u>2013</u>
General obligation bonds and notes	\$ 34,613	\$ 35,086
Urban renewal tax increment revenue bonds	2,489	2,752
Capital lease purchase agreements	258	371
Drainage warrants and improvement certificates	1,480	1,350
Compensated absences	495	463
Net OPEB	<u>394</u>	<u>331</u>
Total	<u>\$ 39,728</u>	<u>\$ 40,353</u>

Outstanding debt at June 30, 2014 includes \$14.8 million of refunding bonds. During the fiscal year ending June 30, 2013, the County issued this debt to accomplish a crossover refunding. Accordingly, the debt and the related refunding escrow investments are included in the County's financial statements at June 30, 2014.

The Constitution of the State of Iowa limits the general obligation debt a county can issue and have outstanding to five percent of the assessed value of all taxable property within the County's corporate limits. Hamilton County's outstanding general obligation debt is below this limit.

ECONOMIC FACTS AND NEXT YEAR'S BUDGETS AND RATES

Hamilton County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates, and fees that apply for the various County services. One of those factors is the economy. We also look very closely at the percentage of fund balance to expenditures.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Hamilton 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 Hamilton County Auditor's Office, 2300 Superior Street, Webster City, Iowa 50595.

HAMILTON COUNTY
Statement of Net Position
June 30, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 5,043,922
Investments	15,597,875
Receivables:	
Property tax:	
Delinquent	7,670
Succeeding year	7,422,118
Interest and penalty on property tax	28,704
Accounts	169,464
Accrued interest	55,516
Drainage assessments	1,069,870
Note	1,190,000
Due from other governments	251,199
Inventories	1,724,134
Prepaid insurance	160,649
Note receivable-long term	16,090,000
Capital assets not being depreciated	4,733,564
Capital assets being depreciated, net	24,580,504
Total assets	<u>78,125,189</u>
LIABILITIES	
Accounts payable	403,180
Accrued interest payable	86,240
Salaries and benefits payable	201,680
Due to other governments	352,926
Unearned revenue	7,000
Long-term liabilities:	
Due within one year	3,576,522
Due in more than one year	36,151,617
Total liabilities	<u>40,779,165</u>
DEFERRED INFLOWS OF RESOURCES	
Succeeding year property tax	<u>7,422,118</u>
NET POSITION	
Net investment in capital assets	23,247,362
Restricted	3,960,184
Unrestricted	<u>2,716,360</u>
TOTAL NET POSITION	<u>\$ 29,923,906</u>

The accompanying notes are an integral part of the financial statements.

BASIC FINANCIAL STATEMENTS

HAMILTON COUNTY
Statement of Activities
Year Ended June 30, 2014

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental activities:					
Public safety and legal services	\$ 2,768,036	\$ 192,840	\$ 22,098	\$ 395	\$ (2,552,703)
Physical health and social services	1,523,585	189,466	1,111,904	-	(222,215)
Mental health	1,836,400	179,335	905,074	-	(751,991)
County environment and education	1,436,208	856,605	395,173	4,365	(180,065)
Roads and transportation	6,097,067	53,219	3,213,883	-	(2,829,965)
Governmental services to residents	506,193	296,814	-	-	(209,379)
Administration	1,274,139	38,941	5,148	-	(1,230,050)
Non-program	2,144,058	1,405,699	-	353,870	(384,489)
Interest on long-term debt	235,368	-	-	-	(235,368)
Total	\$ 17,821,054	\$ 3,212,919	\$ 5,653,280	\$ 358,630	(8,596,225)
 GENERAL REVENUES:					
Property tax levied for general purposes					7,343,177
Penalty and interest on property tax					43,004
State tax credits					304,945
Tax increment financing collections					397,026
Local option sales tax					516,392
Investment earnings					252,571
Gain on dispositions					38,552
Miscellaneous					249
Total general revenues					8,895,916
Change in net position					299,691
Net position, beginning of year, as restated					29,624,215
Net position, end of year					\$ 29,923,906

The accompanying notes are an integral part of the financial statements.

HAMILTON COUNTY
Balance Sheet
Governmental Funds
June 30, 2014

	<u>Special Revenue</u>							<u>Total</u>
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Drainage</u>	<u>Hospital Debt Service</u>	<u>Nonmajor</u>	
ASSETS								
Cash and cash equivalents	\$ 1,111,408	\$ 256,217	\$ 404,647	\$ 953,487	\$ 744,867	\$ -	\$ 1,254,486	\$ 4,725,112
Investments	1,479,780	-	-	-	-	14,118,095	-	15,597,875
Receivables:								
Property tax:								
Delinquent	5,843	925	659	-	-	-	243	7,670
Succeeding year	4,483,381	710,036	2,043,841	-	-	-	184,860	7,422,118
Interest and penalty on property tax	28,704	-	-	-	-	-	-	28,704
Accounts	23,241	141,728	-	3,854	-	-	641	169,464
Accrued interest	321	-	-	-	-	55,195	-	55,516
Drainage assessments	-	-	-	-	1,069,870	-	-	1,069,870
Note	-	-	-	-	-	17,280,000	-	17,280,000
Due from other governments	78,958	-	31,175	30,250	-	-	110,816	251,199
Inventories	-	-	-	1,724,134	-	-	-	1,724,134
Total assets	<u>\$ 7,211,636</u>	<u>\$ 1,108,906</u>	<u>\$ 2,480,322</u>	<u>\$ 2,711,725</u>	<u>\$ 1,814,737</u>	<u>\$ 31,453,290</u>	<u>\$ 1,551,046</u>	<u>\$ 48,331,662</u>
LIABILITIES								
Accounts payable	\$ 133,294	\$ 31,867	\$ 829	\$ 197,403	\$ -	\$ -	\$ 35,730	\$ 399,123
Salaries and benefits payable	129,533	3,406	9,751	58,990	-	-	-	201,680
Due to other governments	-	-	-	-	-	-	352,926	352,926
Unearned revenue	-	-	-	-	-	-	7,000	7,000
Total liabilities	<u>262,827</u>	<u>35,273</u>	<u>10,580</u>	<u>256,393</u>	<u>-</u>	<u>-</u>	<u>395,656</u>	<u>960,729</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	4,483,381	710,036	2,043,841	-	-	-	184,860	7,422,118
Unavailable revenue - other	74,302	888	624	30,250	1,069,870	55,195	11,096	1,242,225
Total deferred inflows of resources	<u>4,557,683</u>	<u>710,924</u>	<u>2,044,465</u>	<u>30,250</u>	<u>1,069,870</u>	<u>55,195</u>	<u>195,956</u>	<u>8,664,343</u>
FUND BALANCES (DEFICITS)								
Nonspendable for inventories	-	-	-	1,724,134	-	-	-	1,724,134
Restricted for:								
Supplemental levy purposes	621,624	-	-	-	-	-	-	621,624
Mental health purposes	-	362,709	-	-	-	-	-	362,709
Rural services purposes	-	-	425,277	-	-	-	-	425,277
Secondary roads purposes	-	-	-	700,948	-	-	-	700,948
Drainage warrants and certificates	-	-	-	-	744,867	-	-	744,867
Conservation land and capital improvements	27,618	-	-	-	-	-	-	27,618
Debt service	-	-	-	-	-	31,398,095	13,517	31,411,612
Other purposes	-	-	-	-	-	-	1,077,141	1,077,141
Unassigned	1,741,884	-	-	-	-	-	(131,224)	1,610,660
Total fund balances (deficits)	<u>2,391,126</u>	<u>362,709</u>	<u>425,277</u>	<u>2,425,082</u>	<u>744,867</u>	<u>31,398,095</u>	<u>959,434</u>	<u>38,706,590</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 7,211,636</u>	<u>\$ 1,108,906</u>	<u>\$ 2,480,322</u>	<u>\$ 2,711,725</u>	<u>\$ 1,814,737</u>	<u>\$ 31,453,290</u>	<u>\$ 1,551,046</u>	<u>\$ 48,331,662</u>

The accompanying notes are an integral part of the financial statements.

HAMILTON COUNTY
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2014

Total governmental fund balances \$ 38,706,590

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. 29,314,068

Long-term liabilities, including bonds payable, capital leases, accrued interest payable, compensated absences, other post employment benefits, and drainage warrants are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Notes, leases, bonds, warrants, other post employment benefits, and compensated absences (39,728,139)
Accrued interest payable (86,240)

Recognition of deferred inflows of resources as revenue on the government-wide financial statements:

Long-term interest receivable on pass through note receivable for pass through monies related to the general obligation hospital bonds 55,195
Drainage assessments earned by execution of the services performed. 1,069,870
Delinquent property taxes outstanding from previous years assessments. 36,374
Grant revenues earned upon expending the funding. 80,786

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 475,402

Net position of governmental activities **\$ 29,923,906**

The accompanying notes are an integral part of the financial statements.

HAMILTON COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2014

	<u>Special Revenue</u>						<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Drainage</u>	<u>Hospital Debt Service</u>		
Revenues:								
Property and other county tax	\$ 4,394,526	\$ 704,606	\$ 2,171,571	\$ -	\$ -	\$ -	\$ 581,318	\$ 7,852,021
Tax increment financing collections	-	-	-	-	-	-	397,026	397,026
Interest and penalty on property tax	43,192	-	-	-	-	-	-	43,192
Intergovernmental	1,804,946	459,474	74,233	3,183,633	353,870	-	351,130	6,227,286
Licenses and permits	11,930	-	-	7,890	-	-	-	19,820
Charges for services	1,388,907	19,286	-	291	1,244,738	-	98,206	2,751,428
Use of money and property	126,649	159,841	-	-	2,349	137,066	23,440	449,345
Miscellaneous	41,992	16,514	94	47,235	362,576	-	30,227	498,638
Total revenues	7,812,142	1,359,721	2,245,898	3,239,049	1,963,533	137,066	1,481,347	18,238,756
Expenditures:								
Current:								
Public safety and legal services	2,309,930	-	264,134	-	-	-	14,175	2,588,239
Physical health and social services	1,512,303	-	-	-	-	-	-	1,512,303
Mental health	306,994	1,493,567	-	-	-	-	-	1,800,561
County environment and education services	1,162,461	-	133,739	-	-	-	75,768	1,371,968
Roads and transportation	-	-	308,464	4,291,512	-	-	-	4,599,976
Governmental services to residents	497,110	-	-	-	-	-	529	497,639
Administration	1,197,337	-	34,211	-	-	-	57	1,231,605
Non-program	-	-	-	582	2,010,632	-	133,065	2,144,279
Debt service	13,000	-	-	-	2,211,196	2,145,536	701,471	5,071,203
Capital outlay	74,035	-	99,000	766,111	-	-	1,542,982	2,482,128
Total expenditures	7,073,170	1,493,567	839,548	5,058,205	4,221,828	2,145,536	2,468,047	23,299,901
Excess (deficiency) of revenues over expenditures	738,972	(133,846)	1,406,350	(1,819,156)	(2,258,295)	(2,008,470)	(986,700)	(5,061,145)
Other financing sources (uses):								
Transfers in	1,059,519	-	80,000	1,558,155	-	-	153,090	2,850,764
Transfers out	(1,222,760)	-	(1,458,155)	-	-	-	(169,849)	(2,850,764)
Proceeds from the sale of capital assets	2,411	-	-	59,500	-	-	-	61,911
Bond Proceeds	-	-	-	-	-	-	995,000	995,000
Premium on bond issuance	-	-	-	-	-	-	12,744	12,744
Payments received on long term receivable	-	-	-	-	-	690,035	-	690,035
Drainage warrant/drainage improvement certificates issued	-	-	-	-	2,413,702	-	-	2,413,702
Total other financing sources (uses)	(160,830)	-	(1,378,155)	1,617,655	2,413,702	690,035	990,985	4,173,392

The accompanying notes are an integral part of the financial statements.

HAMILTON COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2014

	<u>Special Revenue</u>							<u>Total</u>
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Drainage</u>	<u>Hospital Debt Service</u>	<u>Nonmajor</u>	
Net change in fund balances	\$ 578,142	\$ (133,846)	\$ 28,195	\$ (201,501)	\$ 155,407	\$ (1,318,435)	\$ 4,285	\$ (887,753)
Fund balances, beginning of year, as restated	1,812,984	496,555	397,082	2,758,383	589,460	32,716,530	955,149	39,726,143
Decrease in inventories	-	-	-	(131,800)	-	-	-	(131,800)
Fund balances, end of year	<u>\$ 2,391,126</u>	<u>\$ 362,709</u>	<u>\$ 425,277</u>	<u>\$ 2,425,082</u>	<u>\$ 744,867</u>	<u>\$ 31,398,095</u>	<u>\$ 959,434</u>	<u>\$ 38,706,590</u>

The accompanying notes are an integral part of the financial statements.

HAMILTON 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

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

Net change in fund balances - total governmental funds \$ (887,753)

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.

Expenditures for capital assets	2,441,075
Depreciation expense	(1,651,683)
Loss on disposal of capital assets	(23,359)

Revenues in the statement of activities that do not provide current financial resources are reported as revenues in the governmental funds (154,330)

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

Drainage certificates and warrants issued	(2,274,478)
Drainage coupons issued	(139,224)
Repayments of certificates and warrants	2,284,152
Long-term debt issued	(995,000)
Principal repayments of bonds, notes and capital leases	1,830,294
Premium on long-term debt	(12,744)

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:

Other postemployment benefits	(62,445)
Compensated absences	(31,931)
Accrued interest on long-term debt	5,217
Amortization of premium	26,137
Accrued interest on note receivable	(2,233)

Inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities reports these items as expenses in the period that the corresponding asset is exhausted. (131,800)

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. 79,796

Change in net position of governmental activities **\$ 299,691**

The accompanying notes are an integral part of the financial statements.

HAMILTON COUNTY
Statement of Net Position
Proprietary Fund
June 30, 2014

	Internal Service - Hamilton County PSF
ASSETS	
Cash and cash equivalents	\$ 318,810
Prepaid insurance	<u>160,649</u>
Total assets	479,459
LIABILITIES	
Accounts payable	<u>4,057</u>
NET POSITION	
Unrestricted	<u><u>\$ 475,402</u></u>

The accompanying notes are an integral part of the financial statements.

HAMILTON COUNTY
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year ended June 30, 2014

	<u>Internal Service - Hamilton County PSF</u>
OPERATING REVENUE:	
Intra-county reimbursements	<u>\$ 1,385,278</u>
OPERATING EXPENSES:	
Medical claims	1,292,955
Administrative fees	<u>12,527</u>
Total operating expenses	<u>1,305,482</u>
Operating income	79,796
NET POSITION, BEGINNING OF YEAR	<u>395,606</u>
NET POSITION, END OF YEAR	<u><u>\$ 475,402</u></u>

The accompanying notes are an integral part of the financial statements.

HAMILTON COUNTY
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2014

	<u>Internal Service - Hamilton County PSF</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,385,278
Cash paid to suppliers for services	<u>(1,348,265)</u>
Net cash provided by operating activities	37,013
Cash and cash equivalents, beginning of year	<u>281,797</u>
Cash and cash equivalents, end of year	<u>\$ 318,810</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 79,796
Increase in accounts payable	(1,345)
Increase in prepaid insurance	<u>(41,438)</u>
Net cash provided by operating activities	<u>\$ 37,013</u>

The accompanying notes are an integral part of these financial statements.

HAMILTON COUNTY
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

ASSETS

Cash and pooled investments	\$ 1,410,630
Receivables:	
Accounts receivable	41,189
Taxes receivable	20,483,084
Due from other governments	<u>282</u>
 Total assets	 <u><u>\$ 21,935,185</u></u>

LIABILITIES

Accounts payable	\$ 18,508
Salaries and benefits payable	4,297
Due to other governments	<u>21,912,380</u>
 Total liabilities	 <u><u>\$ 21,935,185</u></u>

The accompanying notes are an integral part of the financial statements.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hamilton 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 accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

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

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

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

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

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: County Assessor's Conference Board, County Emergency Management Commission, County Public Safety Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information about the government as a whole. These statements include all of the financial activity of the County except for the fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through property tax, intergovernmental revenues and other nonexchange revenues. The County does not report any business-type activities.

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 and contributions that are 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. Internally generated resources are reported as general revenues rather than program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which are considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net position/fund equity, revenues, and expenditure/expenses.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as other nonmajor funds. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities and deferred inflows of resources, revenues, or expenditures of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. Sub funds of the General Fund include General Supplemental, Supplemental Environmental Projects and Conservation Capital Projects Expense.

Special Revenue Funds:

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

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

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

The Drainage Fund is used to account for intergovernmental revenues and the issuance of drain warrants to fund the maintenance, repair, and improvement of drainage structures throughout the County.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

Debt Service Funds:

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

Additionally, the County reports the following governmental fund types:

Permanent Fund – The Friends of Conservation Trust is a private-purpose trust fund that accounts for contributions made on behalf of the Hamilton County Conservation Department for the purpose of improving and maintaining the designated conservation areas of the County.

The County reports the following nonmajor funds:

Special Revenue Funds

Recorder's Records Management
Drug Forfeiture
Prisoner Room and Board
Property Forfeiture
Hotel/Motel Tax
REAP
RSVP
Central Iowa Recovery
Local Option Sales Tax
Ag Partners TIF Projects
Public Health Hospice
Ethanol Plant
Conservation Legacy Endowment

Capital Projects Funds

Capital Projects
Van Diest TIF Project

Debt Service Funds

Debt Service
Ag Partners Debt Service
Parking Lot Debt Service
Red Bull Debt Service
Van Diest TIF Debt Service

Permanent Fund

Friends of Conservation Trust

Additionally, The County reports the following proprietary and fiduciary fund types:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis. The County uses this fund to account for its health insurance program.

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

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred or an economic asset is used, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property tax is recognized as revenue in the year for which it is levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

For the most part, the effect of interfund activity has been removed from these statements.

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 period. 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.

The County reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received before the County has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position

Cash, Cash Equivalents and Investments

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

Investments consist primarily of refunding escrow investments and are stated at fair value.

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

Property Tax Receivable

Property tax receivable is recognized in the 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.

Property tax revenue recognized in the funds become due and collectible in September and March of the current fiscal year with a 1 1/2% per month penalty for delinquent payment; 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.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position
(continued)

Interest and Penalty on Property Taxes Receivable

Interest and penalty on property taxes receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable

Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

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 and Prepaid Insurance

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.

Prepayments for insurance premiums reflect costs applicable to future periods and are recorded as prepaid insurance in the government-wide and fund financial statements.

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 government), are reported in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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 an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position
(continued)

Capital Assets (continued)

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

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. As of June 30, 2014, the County did not report any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments and a note receivable. These amounts are deferred and recognized as an inflow of resources in the periods that the amounts become available.

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.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position
(continued)

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 financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that 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.

Long-term Liabilities

In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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. Payments of principal and interest are reported as expenditures.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

Net Position Classifications

The government-wide and proprietary fund Statement of Net Position presents the County's assets and liabilities, 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 that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position
(continued)

Net Position Classifications (continued)

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

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

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

Unassigned - All amounts not included in other classifications.

It is the County's policy to use fund balance resources in the following manner: first, restricted, then committed, then assigned, and finally unassigned.

The net position of the Internal Service Fund is designated for catastrophic losses of the County related to employee health insurance.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, disbursements exceeded the amount budgeted for the following functional expense areas:

- Debt service

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 3 - CASH AND POOLED INVESTMENTS

Cash is presented in the financial statements as shown below:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Checking account	\$ 902,067	\$ 1,118,941
Money market and savings accounts	4,102,131	4,102,131
Certificates of deposit	625,000	625,000
Iowa Public Agency Trust	779,051	779,051
Cash on hand	<u>46,303</u>	
 Total	 <u>\$ 6,454,552</u>	

A reconciliation to the financial statements is shown below:

Statement of Net Position - governmental activities	\$ 5,043,922
Statement of Fiduciary Net Position	<u>1,410,630</u>
	<u>\$ 6,454,552</u>

Custodial Credit Risk. 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.

Investments are presented in the financial statements as shown below:

Investments in escrow for cross-over refunding	
US Treasury Securities	\$ 14,118,095
Drainage warrants	1,356,262
Drainage coupons	<u>123,518</u>
	<u>\$ 15,597,875</u>

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.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 3 - CASH AND POOLED INVESTMENTS (continued)

Custodial Credit Risk. The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$779,051 pursuant to Rule 2a-7 under the Investment Company Act of 1940. No single portfolio investment may exceed 397 days and the weighted average maturity of the portfolio may never exceed 60 days.

The County had investments in the Bankers Trust which are valued at an amortized cost of \$14,118,095. Investments in accounts held with Bankers Trust hold funds deposited in Escrow for the cross-over refunding of the General Obligation Hospital Bonds, Series 2009. Proceeds are allowed to be invested in risk adverse fixed incomes securities (US Treasuries), with interest rates, that do not exceed that of the refunding bonds issued.

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County. The US Treasury securities held in the refunding escrow account have maturities of less than one year for \$166,591 and one to five years of \$13,951,504.

Credit risk. The investments in the Iowa Public Agency Investment Trust and Drainage warrants are unrated. United States Treasury Securities currently hold a Standard and Poors rating of AA+.

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer. The County's investments in United States Treasury securities are 91% of total investments.

HAMILTON 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:

	Transfers In					Total
	General Fund	Rural Services Fund	Secondary Roads Fund	Prisoner Room and Board	Debt Service Funds	
Transfers out						
General Fund	\$ 1,015,960	\$ 80,000	\$ 100,000	\$ 18,260	\$ 8,540	\$ 1,222,760
Rural Services Fund	-	-	1,458,155	-	-	1,458,155
Nonmajor Funds						
Local Options Sales Tax	39,516	-	-	-	67,000	106,516
RSVP	4,043	-	-	-	-	4,043
Ag Partners TIF Projects	-	-	-	-	59,290	59,290
	<u>\$ 1,059,519</u>	<u>\$ 80,000</u>	<u>\$ 1,558,155</u>	<u>\$ 18,260</u>	<u>\$ 134,830</u>	<u>\$ 2,850,764</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the year ending June 30, 2014, the County made the following significant transfers:

The General fund and Rural Services fund made transfers to Secondary Roads fund in accordance with state statutes and through authorization of the Board of Supervisors as included in the approved budget and amendments in the amount of \$1,558,155.

The transfers made internally in the General fund are done so between the individual sub-funds, which collectively comprise the combined General fund of Hamilton County, for the purposes of Public Health and Conservation activities. For the purposes of the financial statement, these transfers of \$1,015,960 are considered to be eliminating in the General fund with no impact on the corresponding fund balance of the fund.

The various transfers totaling \$134,830 to the Debt service fund were for the purpose of funding the payment of interest and principal on the County's general long-term debt, except for those obligations required to be paid from other funds.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 5 - CAPITAL ASSETS

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

	Balance, Beginning of Year	Increases	Decreases	Balance, End of Year
Capital assets not being depreciated:				
Land	\$ 3,863,696	\$ -	\$ 145,687	\$ 3,718,009
Construction in progress	<u>242,913</u>	<u>1,524,745</u>	<u>752,103</u>	<u>1,015,555</u>
Total capital assets not being depreciated	<u>4,106,609</u>	<u>1,524,745</u>	<u>897,790</u>	<u>4,733,564</u>
Capital assets being depreciated:				
Buildings and building improvements	8,435,815	289,804	31,200	8,694,419
Buildings under capital lease	1,211,583	-	-	1,211,583
County equipment	1,746,041	303,384	168,959	1,880,466
County equipment under capital lease	51,130	56,917	-	108,047
Secondary roads equipment	7,480,381	299,662	182,531	7,597,512
Secondary roads office equipment	191,536	17,594	25,136	183,994
Infrastructure	<u>37,379,729</u>	<u>846,759</u>	<u>-</u>	<u>38,226,488</u>
Total capital assets being depreciated	<u>56,496,215</u>	<u>1,814,120</u>	<u>407,826</u>	<u>57,902,509</u>
Less accumulated depreciation for:				
Buildings and building improvements	3,730,758	154,926	31,200	3,854,484
County equipment	1,283,240	157,130	145,600	1,294,770
Secondary roads equipment	5,888,079	281,651	182,531	5,987,199
Secondary roads office equipment	165,715	9,307	25,136	149,886
Infrastructure	<u>20,986,997</u>	<u>1,048,669</u>	<u>-</u>	<u>22,035,666</u>
Total accumulated depreciation	<u>32,054,789</u>	<u>1,651,683</u>	<u>384,467</u>	<u>33,322,005</u>
Total capital assets being depreciated, net	<u>24,441,426</u>	<u>162,437</u>	<u>23,359</u>	<u>24,580,504</u>
Governmental activities capital assets, net	<u>\$28,548,035</u>	<u>\$1,687,182</u>	<u>\$ 921,149</u>	<u>\$29,314,068</u>

Depreciation expense was charged to the governmental functions of the County as follows:

Public safety and legal services	\$ 159,504
Physical health and social services	12,088
Mental health	24,232
County environment and education	56,991
Roads and transportation	1,346,672
Administration	<u>52,196</u>
Total depreciation expense - governmental activities	<u>\$1,651,683</u>

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

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 is as follows:

<u>Fund</u>	<u>Amount</u>
Nonmajor Funds	
Conservation Legacy Endowment	\$ <u>352,926</u>
 Total for governmental funds	 \$ <u><u>352,926</u></u>
 Agency:	
County offices	
Recorder	60,343
Sheriff	5,740
Township	341,975
Corporation	4,908,049
District Schools	12,054,045
Area Schools	796,332
County Assessor	1,156,273
County Agricultural Extension	213,949
County Hospital	1,802,696
Auto Registration and Use Tax	374,510
E911 Surcharge	131,215
All Others	<u>67,253</u>
	 <u><u>\$ 21,912,380</u></u>

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 7 - LONG-TERM LIABILITIES

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

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due within One Year
General obligation bonds					
General obligation bonds	\$ 34,755,000	\$ 995,000	\$ 1,455,000	\$ 34,295,000	\$ 1,545,000
Premium on general obligation bonds	331,067	12,744	26,137	317,674	26,137
General obligation bonds, net	<u>\$ 35,086,067</u>	<u>\$ 1,007,744</u>	<u>\$ 1,481,137</u>	<u>\$ 34,612,674</u>	<u>\$ 1,571,137</u>
Urban renewal Tax increment revenue bond	2,751,440	-	262,675	2,488,765	219,667
Drainage warrants and drainage improvement certificates	1,350,228	2,413,702	2,284,152	1,479,778	1,373,930
Capital leases purchase agreements	370,967	-	112,619	258,348	116,741
Compensated absences	463,038	292,876	260,945	494,969	295,047
OPEB liability	<u>331,161</u>	<u>64,827</u>	<u>2,383</u>	<u>393,605</u>	<u>-</u>
Total	<u>\$ 40,352,901</u>	<u>\$ 3,779,149</u>	<u>\$ 4,403,911</u>	<u>\$ 39,728,139</u>	<u>\$ 3,576,522</u>

Long-term Debt Payable

The details of the County's outstanding debt are as follows:

Type	Date of Issue	Interest Rate	Principal Payable	Interest Payable	Original Amount	Outstanding Balance
General obligation debt						
Hospital bonds, series 2009	6/11/2009	2.00-4.55%	06/01/11 - 06/01/26	06/01 & 12/01	21,820,000	\$17,280,000
County purpose and refunding, series 2012A	12/27/2012	1.00-2.00%	06/01/13 - 06/01/26	06/01 & 12/01	10,000,000	9,495,000
Refunding bonds, series 2013A	02/28/2013	1.50-2.00%	06/01/18 - 06/01/22	06/01 & 12/01	6,525,000	6,525,000
Highway improvement bonds, series 2013B	10/9/2013	1.05-4.00%	06/01/16 - 06/01/32	06/01 & 12/01	995,000	995,000
Premium of general obligation debt						<u>317,674</u>
						34,612,674
Urban Renewal Tax Increment revenue bond	8/8/2006	2.35%	12/01/07 - 6/1/25	6/01 & 12/01	4,300,000	<u>2,488,765</u>
Total governmental activities						<u>\$37,101,439</u>

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 7 - LONG-TERM LIABILITIES (continued)

Long-term Debt Payable (continued)

Payments to maturity on the County's June 30, 2014 indebtedness is as follows:

Year Ending	General Obligation Bonds		Tax Increment Financing Bonds	
	Principal	Interest	Principal	Interest
June 30				
2015	\$ 1,545,000	\$ 975,240	\$ 219,667	\$ 57,203
2016	1,615,000	940,750	224,859	52,011
2017	15,035,000	900,785	230,174	46,695
2018	1,645,000	303,700	235,616	41,254
2019	1,665,000	279,875	241,185	35,685
2020-2024	8,785,000	967,500	1,337,264	90,164
2025-2029	3,785,000	185,600	-	-
2030-2032	220,000	17,800	-	-
	<u>\$ 34,295,000</u>	<u>\$ 4,571,250</u>	<u>\$ 2,488,765</u>	<u>\$ 323,012</u>

Conduit Debt

In 2009, the County issued \$21,820,000 in General Obligation Bonds less a discount of \$218,200 to be paid off in 2026. Proceeds from the bonds were used by the County to loan such proceeds to the Hamilton County Hospital which was used, together with other monies of the Hospital, to finance the costs of the acquisition, construction, equipping and furnishing of an approximately 86,000 square foot acute care hospital. The Bonds maturing on June 1, 2018 and thereafter are callable at the option of the issuer on June 1, 2017 and on any date thereafter, in whole or in part, at par, plus accrued interest. The amount outstanding at year end is the same amount as the corresponding note receivable, including the same terms. The bonds stated rates varies between 1.30% to 4.55%.

During the fiscal year 2013, the County issued General Obligation County Purpose and Refunding Bonds, Series 2012A in the amount of \$10,000,000 and General Obligation Refunding Bonds, Series 2013A in the amount of \$6,525,000. The County utilized the proceeds of the two issuances to crossover refund \$13,615,000 of the outstanding principal remaining on the General Obligation Hospital Bonds, Series 2009. The crossover refunding is structured, in a manner that the County will continue to pay the principal and interest of the General Obligation Hospital Bonds, Series 2009 until they become callable on June 1, 2017. The General Obligation County Purpose and Refunding Bonds, Series 2012A and the General Obligation Refunding Bonds, Series 2013A debt service will be paid out the funds held in escrow, until the General Obligation Hospital Bonds, Series 2009 becomes callable on June 1, 2017. At the call date, the crossover refunding proceeds held in escrow will be utilized to refund the 2009 debt in full.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 7 - LONG-TERM LIABILITIES (continued)

Debt Limitation

The debt limit in accordance with the Code of Iowa includes all amounts for which the County is obligated in any manner. The debt limit as of June 30, 2014 is as follows:

Assessed value	<u>\$ 1,639,629,437</u>
Debt limit - 5% of assessed value	\$ 81,981,472
Debt outstanding	<u>17,032,280</u>
Debt margin	<u>\$ 64,949,192</u>

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease a building with a historical cost of \$1,211,583. Accumulated depreciation on the building as of June 30, 2014 is \$189,671. The following is a schedule of the future minimum lease payments, including interest at rates ranging from 3.6% to 6.25% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2014:

Year ending June 30,

2015	\$ 124,128
2016	124,128
2017	<u>20,686</u>
Total minimum lease payments	268,942
Less amount representing interest	<u>(10,594)</u>
Present value of net minimum lease payments	<u>\$ 258,348</u>

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 7 - LONG-TERM LIABILITIES (continued)

Drainage Warrants/Drainage Improvement Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates.

Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest paid to the bearer of the certificate upon receipt of the installment payment plus interest, from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The County offers medical benefits for retirees and their spouses through its insurance plan. There are 111 active and 9 retired members in the plan. Participants must be age 55 and older at retirement.

The medical coverage is provided through a fully-insured plan with Wellmark. Upon retirement, the retired participant can continue his/her health coverage and assumes 100% of the required premium. 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 offers the retiree a benefit plan to continue his/her health coverage. The County makes no explicit contributions.

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

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

Annual required contribution	\$ 106,641
Interest on net OPEB obligation	8,279
Adjustment to annual required contribution	<u>(50,093)</u>
Annual OPEB cost	64,827
Contributions made	<u>(2,383)</u>
Increase in net OPEB obligation	62,444
Net OPEB obligation, beginning of year	<u>331,161</u>
Net OPEB obligation, end of year	<u><u>\$ 393,605</u></u>

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

For the year ended June 30, 2014, the County does not explicitly contribute to the medical plan. Plan members eligible for benefits contributed 100% of the premium costs.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	80,277	11%	261,783
June 30, 2013	73,587	6%	331,161
June 30, 2014	64,827	4%	393,605

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2014, the actuarial accrued liability was \$759,674, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$759,674. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, 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, 2008 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$588 per month for retirees less than age 65. The UAAL is being amortized as a level dollar cost on an open basis over 30 years.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 9 - NET POSITION

Net position at June 30, 2014 consists of the following:

Net Investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 29,314,068
Less outstanding long term debt	(37,101,439)
Debt not related to capital assets	<u>31,034,733</u>
Net investment in capital assets	<u>23,247,362</u>
Restricted	
Supplemental levy	621,624
Conservation land acquisition / capital improvements	362,709
Mental health	425,277
Rural services	700,948
Secondary roads	744,867
Drainage warrants and certificates	27,618
Other	<u>1,077,141</u>
Total restricted	<u>3,960,184</u>
Unrestricted	<u>2,716,360</u>
Total Governmental Activities Net Position	<u><u>\$ 29,923,906</u></u>

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, PO Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.78% of their annual covered salary and the County is required to contribute 8.67% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$536,261, \$535,389, \$465,266, respectively, equal to the required contributions for each year.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 11 - RISK MANAGEMENT

Hamilton County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2014 were \$153,489.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 11 - RISK MANAGEMENT (continued)

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$500,000, 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 - EMPLOYEE HEALTH INSURANCE PLAN

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

Monthly payments of service fees and plan contributions to the Hamilton County PSF Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payment of service fees and claims processed are paid to Blue-Cross Blue-Shield and Group Services from the Hamilton County PSF Fund. The County's contribution for the year ended June 30, 2014 was \$1,385,278.

Amounts payable from the Hamilton County PSF Fund at June 30, 2014 total \$4,057, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$395,606 at June 30, 2014.

A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 12 - EMPLOYEE HEALTH INSURANCE PLAN (continued)

A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

	2014	2013
Unpaid claims, beginning of year	\$ 5,402	\$ 74,830
Incurred claims and changes in estimates	1,292,955	1,254,430
Claims paid	(1,294,300)	(1,323,858)
Unpaid claims, end of year	\$ 4,057	\$ 5,402

NOTE 13 - CONSTRUCTION COMMITMENT

The County has entered into various contracts totaling \$937,798 for bridge and roadway construction projects and the renovation and restoration of Conservation cabins. As of June 30, 2014, costs of \$668,950 on the projects have been incurred. The balance of \$268,848 remaining on the contracts at June 30, 2014 will be paid as work on the project progresses.

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

Hamilton County Solid Waste Commission

Hamilton County participates in the Hamilton County Solid Waste Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Being a member of this Commission, Hamilton County will be obligated for its share of the closure and postclosure care costs associated with the cost to place a final cover on the Commission's landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. During 2008, the County was notified that the landfill financial assurances are completed and approved by the IDNR. Costs are fully funded.

Central Iowa Recovery

Hamilton County participates in the Central Iowa Recovery (CIR), a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. The program incorporated the Intensive Psychiatric Rehabilitation (IPR), Community Support Services (CCS), and Peer Support Services. Future objectives of the joint venture include crisis stabilization, transitional programs, or other components, as feasible and funding allows. CIR is under the direction and control of a Board of Directors ("Board"). The Board shall include a Supervisor, or their designee, of each participating county.

Being a member of this joint venture, Hamilton County paid an initial membership fee of \$25,000 intended to cover the costs of the start-up phase of implementing this agreement. On an ongoing basis, expenses and financial profit/loss shall be determined by the Board and shared equally among the participating counties. The Board is responsible for the preparation and adoption of an annual budget for the operations of CIR.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 14 - JOINTLY GOVERNED ORGANIZATION (continued)

Central Iowa Recovery (continued)

During the fiscal year ending June 30, 2014, Central Iowa Recovery became a self sustaining entity and discontinued its operations within the scope of the Hamilton County government. Hamilton County acted as the fiscal agent and operating agent of the Central Iowa Recovery as the fund was maintained on their accounts. The Central Iowa Fund was appropriately closed.

The accounts of CIR are required to be audited and verified by a certified public accountant within one hundred fifty days of each fiscal year. A copy of the audited financial statements can be obtained from the Hamilton County Auditor's Office at 2300 Superior St., Webster City, Iowa 50595.

Central Iowa Community Services

Hamilton County participates in the Central Iowa Community Services, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa on June 28, 2014. The member counties entered into the agreement to create a mental health and disability service region as described in the Iowa Code Section 331.438E (2012) to provide local access to mental health and disability services as defined in the regional management plan and to engage in any other related activity in which an Iowa 28E organization may lawfully be engaged.

Beginning in the fiscal year 2015, Hamilton County will contribute, along with the other member counties, the member county's maximum maintenance of effort under the Mental Health and Disability (fund 10) property tax levy or alternative levels established by state law unless otherwise specified by the Governing Board. The County has not contributed any funds to the Central Iowa Community Services as of June 30, 2014.

County Community Services Case Management

Hamilton County participates in the County Community Services Case Management (CCSCM), a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa on June 10, 2014. Hamilton County participates in the agreement with the counties of Boone and Madison. The joint venture has been established for the purpose of providing Case Management Services to Member Counties' residents. The Board of Supervisors for each of the Member Counties shall each appoint one County Supervisor member of designee to serve as the Case Management Board, to serve as the oversight of the joint venture's activities.

The Board is responsible for deciding what level of staffing is necessary in each Member County and shall indicate that to Member Counties. Each Member County is responsible for retaining the necessary staff and paying all costs associated with the employment of such individuals, including but not limited to wages, employment taxes, and benefits. Benefits shall be provided consistent with the employment policies of their employing Member County. During the fiscal year ending June 30, 2014, Hamilton County is responsible for staffing the case management worker.

The activity will be reported as an agency fund in the financial statements of the County for the year ending June 30. A copy of Boone County's financial statements can be obtained from the Office of the Auditor of the State website or from Boone County at 201 State Street, Boone, Iowa 50036.

HAMILTON COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 15 - RESTATEMENT

The County did not appropriately recognize drainage assessments, delinquent taxes, and intergovernmental revenues presented as deferred inflows of resources on the fund financial statements not available to pay current-period expenditures in accordance with GASB 34. The result of the misstatement is as follows:

Net position, beginning of year, prior year financial statements	\$ 28,282,855
Restatement for recognition deferred inflows of resources previously unrecognized as revenue in accordance with GASB 34	<u>1,341,360</u>
Net position, beginning of year, as restated	<u>\$ 29,624,215</u>

The County did not appropriately recognize revenue related to the Hospital Notes Receivable, in accordance with GASB 33, at the origination of the agreement. The result was a misstatement of the June 30, 2014 fund balance of the Hospital Debt Service fund. The result of the misstatement is as follows:

Fund balance, beginning of year, prior year financial statements	\$ 14,271,530
Restatement for recognition of notes receivable revenue previously unrecognized in accordance with GASB 33	<u>18,445,000</u>
Fund balance, end of year, as restated	<u>\$ 32,716,530</u>

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

HAMILTON 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

	Cash Basis		Less Funds Not Required to Be Budgeted	Budgeted Amounts		Final to Net Variance - Positive/ (Negative)
	Fund Types	Actual		Original	Final	
		Actual	Net	Original	Final	
RECEIPTS:						
Property and other county tax	\$ 8,240,635	\$ -	\$ 8,240,635	\$ 8,164,858	\$ 8,175,290	\$ 65,345
Interest and penalty on property tax	43,047	-	43,047	26,500	26,500	16,547
Intergovernmental	6,051,706	353,870	5,697,836	5,787,356	5,953,247	(255,411)
Licenses and permits	18,950	-	18,950	18,475	18,475	475
Charges for services	2,853,097	1,383,962	1,469,135	1,250,171	1,269,255	199,880
Use of money and property	449,402	2,349	447,053	99,201	217,058	229,995
Miscellaneous	944,886	718,795	226,091	1,952,404	2,064,222	(1,838,131)
Total receipts	<u>18,601,723</u>	<u>2,458,976</u>	<u>16,142,747</u>	<u>17,298,965</u>	<u>17,724,047</u>	<u>(1,581,300)</u>
DISBURSEMENTS:						
Public safety and legal services	2,585,553	-	2,585,553	2,824,385	2,830,754	245,201
Physical health and social services	1,531,430	-	1,531,430	1,807,682	1,759,852	228,422
Mental health	2,062,771	-	2,062,771	2,346,206	2,594,511	531,740
County environment and education services	1,363,997	-	1,363,997	1,374,584	1,872,518	508,521
Roads and transportation	4,408,715	-	4,408,715	4,542,450	4,492,450	83,735
Governmental services to residents	495,214	-	495,214	556,497	559,008	63,794
Administration	1,202,360	-	1,202,360	1,345,561	1,424,188	221,828
Non-program	2,303,569	2,303,569	-	-	-	-
Debt service	2,821,036	-	2,821,036	2,485,720	2,807,537	(13,499)
Capital projects	2,595,005	-	2,595,005	1,348,631	2,661,499	66,494
Total disbursements	<u>21,369,650</u>	<u>2,303,569</u>	<u>19,066,081</u>	<u>18,631,716</u>	<u>21,002,317</u>	<u>1,936,236</u>
EXCESS OF DISBURSEMENTS OVER RECEIPTS	(2,767,927)	155,407	(2,923,334)	(1,332,751)	(3,278,270)	354,936

HAMILTON 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

	Cash Basis	Less Funds	Net	Budgeted Amounts		Final to Net Variance - Positive/ (Negative)
	Fund Types Actual	Not Required to Be Budgeted		Original	Final	
OTHER FINANCING SOURCES, NET	\$ 1,684,469	\$ -	\$ 1,684,469	\$ 8,000	\$ 1,000,023	\$ 684,446
EXCESS OF DISBURSEMENTS OVER RECEIPTS AND OTHER FINANCING SOURCES	(1,083,458)	155,407	(1,238,865)	(1,324,751)	(2,278,247)	1,039,382
BALANCES, BEGINNING OF YEAR	<u>20,241,445</u>	<u>589,460</u>	<u>19,651,985</u>	<u>3,972,510</u>	<u>19,755,787</u>	<u>(103,802)</u>
BALANCES, END OF YEAR	<u>\$ 19,157,987</u>	<u>\$ 744,867</u>	<u>\$ 18,413,120</u>	<u>\$ 2,647,759</u>	<u>\$ 17,477,540</u>	<u>\$ 935,580</u>

HAMILTON COUNTY
Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information
Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Modified Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 18,601,723	\$ (362,967)	\$ 18,238,756
Expenditures	<u>21,369,650</u>	<u>1,930,251</u>	<u>23,299,901</u>
Net change	(2,767,927)	(2,293,218)	(5,061,145)
Other financing sources, net	1,684,469	2,488,923	4,173,392
Beginning fund balances	20,241,445	19,484,698	39,726,143
Decrease in inventories	<u>-</u>	<u>(131,800)</u>	<u>(131,800)</u>
Ending fund balances	<u>\$ 19,157,987</u>	<u>\$ 19,548,603</u>	<u>\$ 38,706,590</u>

HAMILTON COUNTY
Notes to Required Supplementary Information -
Budgetary Reporting
Year Ended June 30, 2014

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds and expendable trust funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements and other financing uses by \$2,453,644, increased budget revenues, other financing sources by \$1,562,107 and increased the beginning fund balance by \$15,783,277. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2014, disbursements exceeded the amount budgeted in the following functions:

- Debt service

HAMILTON COUNTY
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

Year Ended	Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<u>June 30,</u>	<u>Date</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
2014	July 1, 2011	-	705,000	705,000	0%	N/A	N/A
2013	July 1, 2011	-	705,000	705,000	0%	N/A	N/A
2012	July 1, 2011	-	759,674	759,674	0%	N/A	N/A

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

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

- Recorder's Record Management
- Drug Forfeitures
- Prisoner Room & Board
- Property Forfeiture
- Hotel/Motel Tax
- REAP
- RSVP
- Central Iowa Recovery Fund
- Local Options Sales Tax
- AG Partners TIF Projects
- Public Health Hospice
- Ethanol Plant
- Friends of Conservation Trust

Capital Projects

The capital projects funds account for resources designated to construct or acquire general capital assets, major improvements, vehicles, and equipment. Revenues are derived primarily from the sale of general obligation bonds and notes, intergovernmental revenues, transfers from other funds and earnings on investments.

- Capital Projects
- Van Diest TIF Capital Projects

Debt Service Funds

The debt service funds account for the payment of interest and principal on general obligation bonds and notes. Debt service revenues and principally derived from property taxes, special assessments and other operating revenues. These accounts are restricted in accordance with bond covenants.

- Debt Service
- Ag Partners Debt Service
- Parking Lot Debt Service
- Red Bull Debt Service
- Van Diest Debt Services

Permanent Fund

The permanent fund is used to report resources that are legally restricted to the extent that only earning, not principal, may be used for purposes that support the government's programs.

- Conservation Legacy Endowment

HAMILTON COUNTY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds					
	<u>Recorder's Records Management</u>	<u>Drug Forfeiture</u>	<u>Prisoner Room & Board</u>	<u>Property Forfeiture</u>	<u>Hotel/ Motel Tax</u>	<u>REAP</u>
ASSETS						
Cash and cash equivalents	\$ 21,109	\$ 10,158	\$ 13,467	\$ 23,251	\$ 34,981	\$ 56,366
Receivables:						
Property tax:						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Due from other governments	282	-	-	-	6,148	9,862
Total assets	<u>\$ 21,391</u>	<u>\$ 10,158</u>	<u>\$ 13,467</u>	<u>\$ 23,251</u>	<u>\$ 41,129</u>	<u>\$ 66,228</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,340	\$ 1,718
Due to other governments	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,340</u>	<u>1,718</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	-
Unavailable revenue - other	-	-	-	-	-	9,862
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,862</u>
FUND BALANCES (DEFICITS)						
Restricted for:						
Debt service	-	-	-	-	-	-
Other purposes	21,391	10,158	13,467	23,251	39,789	54,648
Unassigned	-	-	-	-	-	-
Total fund balances	<u>21,391</u>	<u>10,158</u>	<u>13,467</u>	<u>23,251</u>	<u>39,789</u>	<u>54,648</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 21,391</u>	<u>\$ 10,158</u>	<u>\$ 13,467</u>	<u>\$ 23,251</u>	<u>\$ 41,129</u>	<u>\$ 66,228</u>

HAMILTON COUNTY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds					Capital Project Fund
	Local Option Sales Tax	Ag Partners TIF Projects	Public Health Hospice	Friends of Conservation Trust	Total Special Revenue	Van Diest TIF Capital Projects
ASSETS						
Cash and cash equivalents	\$ 383,098	\$ 45,534	\$ 70,755	\$ 56,842	\$ 715,561	\$ 298,927
Receivables:						
Property tax:						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
Accounts	-	-	-	641	641	-
Due from other governments	93,524	-	-	-	109,816	-
Total assets	<u>\$ 476,622</u>	<u>\$ 45,534</u>	<u>\$ 70,755</u>	<u>\$ 57,483</u>	<u>\$ 826,018</u>	<u>\$ 298,927</u>
LIABILITIES						
Accounts payable	\$ 4,001	\$ -	\$ -	\$ 3,194	\$ 10,253	\$ 20,689
Due to other governments	-	-	-	-	-	-
Unearned revenue	-	-	-	7,000	7,000	-
Total liabilities	<u>4,001</u>	<u>-</u>	<u>-</u>	<u>10,194</u>	<u>17,253</u>	<u>20,689</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	-
Unavailable revenue - other	-	-	-	-	9,862	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,862</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Restricted for:						
Debt service	-	-	-	-	-	-
Other purposes	472,621	45,534	70,755	47,289	798,903	278,238
Unassigned	-	-	-	-	-	-
Total fund balances	<u>472,621</u>	<u>45,534</u>	<u>70,755</u>	<u>47,289</u>	<u>798,903</u>	<u>278,238</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 476,622</u>	<u>\$ 45,534</u>	<u>\$ 70,755</u>	<u>\$ 57,483</u>	<u>\$ 826,018</u>	<u>\$ 298,927</u>

HAMILTON COUNTY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	<u>Debt Service Funds</u>					<u>Permanent Funds</u>	<u>Total</u>
	<u>Debt Service</u>	<u>Parking Lot Debt Service</u>	<u>Red Bull Debt Service</u>	<u>Van Diest TIF Debt Service</u>	<u>Total Debt Service</u>	<u>Conservation Legacy Endowment</u>	
ASSETS							
Cash and cash equivalents	\$ 1,313	\$ 7,038	\$ 4,711	\$ 446	\$ 13,508	\$ 226,490	\$ 1,254,486
Receivables:							
Property tax:							
Delinquent	33	126	84	-	243	-	243
Succeeding year	184,860	-	-	-	184,860	-	184,860
Accounts	-	-	-	-	-	-	641
Due from other governments	-	-	-	-	-	1,000	110,816
Total assets	<u>\$ 186,206</u>	<u>\$ 7,164</u>	<u>\$ 4,795</u>	<u>\$ 446</u>	<u>\$ 198,611</u>	<u>\$ 227,490</u>	<u>\$ 1,551,046</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,788	\$ 35,730
Due to other governments	-	-	-	-	-	352,926	352,926
Unearned revenue	-	-	-	-	-	-	7,000
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,714</u>	<u>395,656</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	184,860	-	-	-	184,860	-	184,860
Unavailable revenue - other	32	121	81	-	234	1,000	11,096
Total deferred inflows of resources	<u>184,892</u>	<u>121</u>	<u>81</u>	<u>-</u>	<u>185,094</u>	<u>1,000</u>	<u>195,956</u>
FUND BALANCES (DEFICITS)							
Restricted for:							
Debt service	1,314	7,043	4,714	446	13,517	-	13,517
Other purposes	-	-	-	-	-	-	1,077,141
Unassigned	-	-	-	-	-	(131,224)	(131,224)
Total fund balances	<u>1,314</u>	<u>7,043</u>	<u>4,714</u>	<u>446</u>	<u>13,517</u>	<u>(131,224)</u>	<u>959,434</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 186,206</u>	<u>\$ 7,164</u>	<u>\$ 4,795</u>	<u>\$ 446</u>	<u>\$ 198,611</u>	<u>\$ 227,490</u>	<u>\$ 1,551,046</u>

HAMILTON COUNTY
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2014

	Special Revenue							
	Recorder's Records Management	Drug Forfeiture	Prisoner Room & Board	Property Forfeiture	Hotel/ Motel Tax	REAP	RSVP	Central Iowa Recovery
Revenues:								
Property tax and other county tax	\$ -	\$ -	\$ -	\$ -	\$ 22,446	\$ -	\$ -	\$ -
Tax increment financing collections	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	27,033	-	48,721
Charges for services	3,096	-	-	-	-	-	-	-
Use of money and property	2	-	-	2	3	6	-	-
Miscellaneous	-	-	-	-	-	1,047	-	-
Total revenues	3,098	-	-	2	22,449	28,086	-	48,721
Expenditures:								
Public safety and legal services	-	-	14,175	-	-	-	-	-
County environment and education	-	-	-	-	13,656	26,607	-	-
Government services to residents	529	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-	-
Non-program	-	-	-	-	-	-	-	133,065
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total expenditures	529	-	14,175	-	13,656	26,607	-	133,065
Excess (deficiency) of revenues over expenditures	2,569	-	(14,175)	2	8,793	1,479	-	(84,344)
Other financing sources (uses):								
Transfers in	-	-	18,260	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(4,043)	-
Bond proceeds	-	-	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	18,260	-	-	-	(4,043)	-
Net change in fund balances	2,569	-	4,085	2	8,793	1,479	(4,043)	(84,344)
Fund balances, beginning of year	18,822	10,158	9,382	23,249	30,996	53,169	4,043	84,344
Fund balances, end of year	\$ 21,391	\$ 10,158	\$ 13,467	\$ 23,251	\$ 39,789	\$ 54,648	\$ -	\$ -

HAMILTON COUNTY
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2014

	<u>Special Revenue</u>					<u>Capital Project Funds</u>			
	<u>Local Option Sales Tax</u>	<u>Ag Partners TIF Projects</u>	<u>Public Health Hospice</u>	<u>Ethanol Plant</u>	<u>Friends of Conservation Trust</u>	<u>Total Special Revenue</u>	<u>Capital Projects</u>	<u>Van Diest TIF Capital Projects</u>	<u>Total Capital Projects</u>
Revenues:									
Property tax and other county tax	\$ 385,832	\$ -	\$ -	\$ -	\$ -	\$ 408,278	\$ -	\$ -	\$ -
Tax increment financing collections	-	70,939	-	326,087	-	397,026	-	-	-
Intergovernmental	5,473	-	-	-	-	81,227	-	-	-
Charges for services	-	-	-	-	7,110	10,206	-	-	-
Use of money and property	30	-	7	-	5	55	-	-	-
Miscellaneous	-	-	-	-	8,297	9,344	-	-	-
Total revenues	<u>391,335</u>	<u>70,939</u>	<u>7</u>	<u>326,087</u>	<u>15,412</u>	<u>906,136</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:									
Public safety and legal services	-	-	-	-	-	14,175	-	-	-
County environment and education	-	-	-	-	19,203	59,466	-	200	200
Government services to residents	-	-	-	-	-	529	-	-	-
Administration	57	-	-	-	-	57	-	-	-
Non-program	-	-	-	-	-	133,065	-	-	-
Debt service	-	-	-	326,087	-	326,087	-	39,667	39,667
Capital projects	<u>71,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,772</u>	<u>429,146</u>	<u>689,639</u>	<u>1,118,785</u>
Total expenditures	<u>71,829</u>	<u>-</u>	<u>-</u>	<u>326,087</u>	<u>19,203</u>	<u>605,151</u>	<u>429,146</u>	<u>729,506</u>	<u>1,158,652</u>
Excess (deficiency) of revenues over expenditures	319,506	70,939	7	-	(3,791)	300,985	(429,146)	(729,506)	(1,158,652)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	18,260	-	-	-
Transfers out	(106,516)	(59,290)	-	-	-	(169,849)	-	-	-
Bond proceeds	-	-	-	-	-	-	-	995,000	995,000
Premium on bond issuance	-	-	-	-	-	-	-	12,744	12,744
Total other financing sources (uses)	<u>(106,516)</u>	<u>(59,290)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(151,589)</u>	<u>-</u>	<u>1,007,744</u>	<u>1,007,744</u>
Net change in fund balances	212,990	11,649	7	-	(3,791)	149,396	(429,146)	278,238	(150,908)
Fund balances, beginning of year	<u>259,631</u>	<u>33,885</u>	<u>70,748</u>	<u>-</u>	<u>51,080</u>	<u>649,507</u>	<u>429,146</u>	<u>-</u>	<u>429,146</u>
Fund balances, end of year	<u>\$ 472,621</u>	<u>\$ 45,534</u>	<u>\$ 70,755</u>	<u>\$ -</u>	<u>\$ 47,289</u>	<u>\$ 798,903</u>	<u>\$ -</u>	<u>\$ 278,238</u>	<u>\$ 278,238</u>

HAMILTON COUNTY
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2014

	<u>Debt Service Funds</u>					<u>Permanent Fund</u>		<u>Total</u>
	<u>Debt Service</u>	<u>Ag Partners Debt Service</u>	<u>Parking Lot Debt Service</u>	<u>Red Bull Debt Service</u>	<u>Van Diest TIF Debt Service</u>	<u>Total Debt Service</u>	<u>Conservation Legacy Endowment</u>	
Revenues:								
Property tax and other county tax	\$ 19,636	\$ -	\$ 92,043	\$ 61,361	\$ -	\$ 173,040	\$ -	\$ 581,318
Tax increment financing collections	-	-	-	-	-	-	-	397,026
Intergovernmental	839	-	3,938	2,626	-	7,403	262,500	351,130
Charges for services	-	-	-	-	-	-	88,000	98,206
Use of money and property	-	-	-	-	-	-	23,385	23,440
Miscellaneous	-	-	-	-	20,883	20,883	-	30,227
Total revenues	<u>20,475</u>	<u>-</u>	<u>95,981</u>	<u>63,987</u>	<u>20,883</u>	<u>201,326</u>	<u>373,885</u>	<u>1,481,347</u>
Expenditures:								
Public safety and legal services	-	-	-	-	-	-	-	14,175
County environment and education	-	-	-	-	-	-	16,102	75,768
Government services to residents	-	-	-	-	-	-	-	529
Administration	-	-	-	-	-	-	-	57
Non-program	-	-	-	-	-	-	-	133,065
Debt service	96,240	59,290	95,850	63,900	20,437	335,717	-	701,471
Capital projects	-	-	-	-	-	-	352,425	1,542,982
Total expenditures	<u>96,240</u>	<u>59,290</u>	<u>95,850</u>	<u>63,900</u>	<u>20,437</u>	<u>335,717</u>	<u>368,527</u>	<u>2,468,047</u>
Excess (deficiency) of revenues over expenditures	(75,765)	(59,290)	131	87	446	(134,391)	5,358	(986,700)
Other financing sources (uses):								
Transfers in	75,540	59,290	-	-	-	134,830	-	153,090
Transfers out	-	-	-	-	-	-	-	(169,849)
Bond proceeds	-	-	-	-	-	-	-	995,000
Premium on bond issuance	-	-	-	-	-	-	-	12,744
Total other financing sources (uses)	<u>75,540</u>	<u>59,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,830</u>	<u>-</u>	<u>990,985</u>
Net change in fund balances	(225)	-	131	87	446	439	5,358	4,285
Fund balances, beginning of year	<u>1,539</u>	<u>-</u>	<u>6,912</u>	<u>4,627</u>	<u>-</u>	<u>13,078</u>	<u>(136,582)</u>	<u>955,149</u>
Fund balances, end of year	<u>\$ 1,314</u>	<u>\$ -</u>	<u>\$ 7,043</u>	<u>\$ 4,714</u>	<u>\$ 446</u>	<u>\$ 13,517</u>	<u>\$ (131,224)</u>	<u>\$ 959,434</u>

AGENCY FUNDS

Agency funds are clearing accounts that account for funds collected by the County on the behalf of individuals and other governmental entities.

- County Offices
- Township
- Corporation
- District Schools
- Area Schools
- County Assessor
- County Agricultural Extension
- County Hospital
- Motor Vehicle Trust
- E911 Surcharge
- Other

HAMILTON COUNTY
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
COUNTY OFFICES:				
ASSETS:				
Cash and cash equivalents	\$ 70,172	\$ 524,914	\$ 532,775	\$ 62,311
Accounts receivable	<u>2,517</u>	<u>3,772</u>	<u>2,517</u>	<u>3,772</u>
TOTAL ASSETS	<u>\$ 72,689</u>	<u>\$ 528,686</u>	<u>\$ 535,292</u>	<u>\$ 66,083</u>
LIABILITIES:				
Due to other governments	\$ 72,689	\$ 66,083	\$ 72,689	\$ 66,083
TOTAL LIABILITIES	<u>\$ 72,689</u>	<u>\$ 66,083</u>	<u>\$ 72,689</u>	<u>\$ 66,083</u>
	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
TOWNSHIP:				
ASSETS:				
Cash and cash equivalents	\$ 3,287	\$ 354,421	\$ 354,957	\$ 2,751
Taxes receivable	<u>340,185</u>	<u>339,224</u>	<u>340,185</u>	<u>339,224</u>
TOTAL ASSETS	<u>\$ 343,472</u>	<u>\$ 693,645</u>	<u>\$ 695,142</u>	<u>\$ 341,975</u>
LIABILITIES:				
Due to other governments	\$ 343,472	\$ 341,975	\$ 343,472	\$ 341,975
TOTAL LIABILITIES	<u>\$ 343,472</u>	<u>\$ 341,975</u>	<u>\$ 343,472</u>	<u>\$ 341,975</u>
	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
CORPORATION:				
ASSETS:				
Cash and cash equivalents	\$ 53,344	\$ 4,815,389	\$ 4,826,795	\$ 41,938
Taxes receivable	<u>4,760,967</u>	<u>4,866,111</u>	<u>4,760,967</u>	<u>4,866,111</u>
TOTAL ASSETS	<u>\$ 4,814,311</u>	<u>\$ 9,681,500</u>	<u>\$ 9,587,762</u>	<u>\$ 4,908,049</u>
LIABILITIES:				
Due to other governments	\$ 4,814,311	\$ 4,908,049	\$ 4,814,311	\$ 4,908,049
TOTAL LIABILITIES	<u>\$ 4,814,311</u>	<u>\$ 4,908,049</u>	<u>\$ 4,814,311</u>	<u>\$ 4,908,049</u>

HAMILTON COUNTY
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
DISTRICT SCHOOLS:				
ASSETS:				
Cash and cash equivalents	\$ 119,085	\$ 11,906,158	\$ 11,926,803	\$ 98,440
Taxes receivable	<u>11,662,253</u>	<u>11,955,605</u>	<u>11,662,253</u>	<u>11,955,605</u>
TOTAL ASSETS	<u>\$ 11,781,338</u>	<u>\$ 23,861,763</u>	<u>\$ 23,589,056</u>	<u>\$ 12,054,045</u>
LIABILITIES:				
Due to other governments	\$ 11,781,338	\$ 12,054,045	\$ 11,781,338	\$ 12,054,045
TOTAL LIABILITIES	<u>\$ 11,781,338</u>	<u>\$ 12,054,045</u>	<u>\$ 11,781,338</u>	<u>\$ 12,054,045</u>
	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
AREA SCHOOLS:				
ASSETS:				
Cash and cash equivalents	\$ 7,364	\$ 799,926	\$ 800,664	\$ 6,626
Taxes receivable	<u>783,191</u>	<u>789,706</u>	<u>783,191</u>	<u>789,706</u>
TOTAL ASSETS	<u>\$ 790,555</u>	<u>\$ 1,589,632</u>	<u>\$ 1,583,855</u>	<u>\$ 796,332</u>
LIABILITIES:				
Due to other governments	\$ 790,555	\$ 796,332	\$ 790,555	\$ 796,332
TOTAL LIABILITIES	<u>\$ 790,555</u>	<u>\$ 796,332</u>	<u>\$ 790,555</u>	<u>\$ 796,332</u>
	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
COUNTY ASSESSOR:				
ASSETS:				
Cash and cash equivalents	\$ 561,466	\$ 550,843	\$ 465,618	\$ 646,691
Taxes receivable	<u>539,308</u>	<u>527,913</u>	<u>539,308</u>	<u>527,913</u>
TOTAL ASSETS	<u>\$ 1,100,774</u>	<u>\$ 1,078,756</u>	<u>\$ 1,004,926</u>	<u>\$ 1,174,604</u>
LIABILITIES:				
Accounts payable	\$ 72	\$ 14,034	\$ 72	\$ 14,034
Salaries and benefits payable	4,734	4,297	4,734	4,297
Due to other governments	<u>1,095,968</u>	<u>1,156,273</u>	<u>1,095,968</u>	<u>1,156,273</u>
TOTAL LIABILITIES	<u>\$ 1,100,774</u>	<u>\$ 1,174,604</u>	<u>\$ 1,100,774</u>	<u>\$ 1,174,604</u>

HAMILTON COUNTY
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
COUNTY AGRICULTURAL EXTENSION:				
ASSETS:				
Cash and cash equivalents	\$ 1,960	\$ 168,694	\$ 169,258	\$ 1,396
Taxes receivable	165,236	212,553	165,236	212,553
TOTAL ASSETS	<u>\$ 167,196</u>	<u>\$ 381,247</u>	<u>\$ 334,494</u>	<u>\$ 213,949</u>
LIABILITIES:				
Due to other governments	\$ 167,196	\$ 213,949	\$ 167,196	\$ 213,949
TOTAL LIABILITIES	<u>\$ 167,196</u>	<u>\$ 213,949</u>	<u>\$ 167,196</u>	<u>\$ 213,949</u>
	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
COUNTY HOSPITAL:				
ASSETS:				
Cash and cash equivalents	\$ 8,995	\$ 1,635,525	\$ 1,630,984	\$ 13,536
Taxes receivable	1,601,879	1,789,160	1,601,879	1,789,160
TOTAL ASSETS	<u>\$ 1,610,874</u>	<u>\$ 3,424,685</u>	<u>\$ 3,232,863</u>	<u>\$ 1,802,696</u>
LIABILITIES:				
Due to other governments	\$ 1,610,874	\$ 1,802,696	\$ 1,610,874	\$ 1,802,696
TOTAL LIABILITIES	<u>\$ 1,610,874</u>	<u>\$ 1,802,696</u>	<u>\$ 1,610,874</u>	<u>\$ 1,802,696</u>
	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
MOTOR VEHICLE TRUST:				
ASSETS:				
Cash and cash equivalents	\$ 423,762	\$ 4,864,831	\$ 4,914,083	\$ 374,510
TOTAL ASSETS	<u>\$ 423,762</u>	<u>\$ 4,864,831</u>	<u>\$ 4,914,083</u>	<u>\$ 374,510</u>
LIABILITIES:				
Due to other governments	\$ 423,762	\$ 374,510	\$ 423,762	\$ 374,510
TOTAL LIABILITIES	<u>\$ 423,762</u>	<u>\$ 374,510</u>	<u>\$ 423,762</u>	<u>\$ 374,510</u>

HAMILTON COUNTY
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
E911 SURCHARGE:				
ASSETS:				
Cash and cash equivalents	\$ 41,321	\$ 174,692	\$ 118,180	\$ 97,833
Accounts Receivable	-	37,417	-	37,417
TOTAL ASSETS	<u>\$ 41,321</u>	<u>\$ 212,109</u>	<u>\$ 118,180</u>	<u>\$ 135,250</u>
LIABILITIES:				
Accounts payable	\$ 50,552	\$ 4,035	\$ 50,552	\$ 4,035
Due to other governments	(9,231)	131,215	(9,231)	131,215
TOTAL LIABILITIES	<u>\$ 41,321</u>	<u>\$ 135,250</u>	<u>\$ 41,321</u>	<u>\$ 135,250</u>
	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
OTHER:				
ASSETS:				
Cash and cash equivalents	\$ 73,266	\$ 320,493	\$ 329,161	\$ 64,598
Taxes receivable	2,840	2,812	2,840	2,812
Due from other governments	-	282	-	282
TOTAL ASSETS	<u>\$ 76,106</u>	<u>\$ 323,587</u>	<u>\$ 332,001</u>	<u>\$ 67,692</u>
LIABILITIES:				
Accounts payable	\$ 11,561	\$ 439	\$ 11,561	\$ 439
Due to other governments	64,896	67,253	64,896	67,253
TOTAL LIABILITIES	<u>\$ 76,457</u>	<u>\$ 67,692</u>	<u>\$ 76,457</u>	<u>\$ 67,692</u>
TOTAL:				
ASSETS:				
Cash and cash equivalents	\$ 1,364,022	\$ 26,115,886	\$ 26,069,278	\$ 1,410,630
Accounts receivable	2,517	41,189	2,517	41,189
Taxes receivable	19,855,859	20,483,084	19,855,859	20,483,084
Due from other governments	-	282	-	282
TOTAL ASSETS	<u>\$ 21,222,398</u>	<u>\$ 46,640,441</u>	<u>\$ 45,927,654</u>	<u>\$ 21,935,185</u>
LIABILITIES:				
Accounts payable	\$ 62,185	\$ 18,508	\$ 62,185	\$ 18,508
Salaries and benefits payable	4,734	4,297	4,734	4,297
Due to other governments	21,155,830	21,912,380	21,155,830	21,912,380
TOTAL LIABILITIES	<u>\$ 21,222,749</u>	<u>\$ 21,935,185</u>	<u>\$ 21,222,749</u>	<u>\$ 21,935,185</u>

STATISTICAL SECTION

The statistical section of the County's financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the County's overall financial health.

Schedule of Revenues by Source and Expenditures by Function - This schedule provides trend information to show how the County's financial performance, on a modified accrual basis, has changed over the past ten years.

Source: The information in this schedule is derived from the financial statements for the relevant year.

HAMILTON COUNTY
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
REVENUES										
Property and other county tax	\$ 7,852,021	\$ 7,565,039	\$ 7,627,527	\$ 6,628,446	\$ 6,628,446	\$ 6,368,944	\$ 6,120,736	\$ 6,225,587	\$ 6,664,672	\$ 6,388,172
Tax increment financing collections	397,026	389,485	434,488	487,480	487,480	393,648	297,291	-	-	-
Interest and penalty on property tax	43,192	43,020	46,452	41,454	41,454	39,948	36,925	43,245	38,692	49,598
Intergovernmental	6,227,286	5,400,962	6,442,144	6,713,275	6,713,275	6,998,897	5,872,894	6,491,387	6,277,899	5,467,793
Licenses and permits	19,820	18,246	17,013	68,960	68,960	8,355	12,790	7,980	9,635	7,755
Charges for services	2,751,428	1,837,064	1,324,354	1,138,600	1,138,600	1,074,161	1,063,306	1,040,163	1,164,288	1,114,385
Use of money and property	449,345	10,957	98,688	105,659	105,659	169,893	370,256	415,349	267,804	180,264
Fines, forfeitures and defaults	-	-	-	-	-	-	-	-	1,011	610
Miscellaneous	498,638	260,167	165,415	43,058	43,058	186,678	167,983	203,584	184,337	223,643
Total	<u>\$ 18,238,756</u>	<u>\$ 15,524,940</u>	<u>\$ 16,156,081</u>	<u>\$ 15,226,932</u>	<u>\$ 15,226,932</u>	<u>\$ 15,240,524</u>	<u>\$ 13,942,181</u>	<u>\$ 14,427,295</u>	<u>\$ 14,608,338</u>	<u>\$ 13,432,220</u>
EXPENDITURES										
Current:										
Public safety and legal services	\$ 2,588,239	\$ 2,545,608	\$ 2,596,698	\$ 2,417,356	\$ 2,415,889	\$ 2,386,472	\$ 2,258,805	\$ 2,112,944	\$ 2,005,919	\$ 1,852,983
Physical health and social services	1,512,303	1,676,473	1,616,685	1,882,099	2,029,093	1,918,313	2,100,019	2,168,916	2,037,501	2,059,738
Mental health	1,800,561	1,858,462	1,703,978	2,152,328	1,891,221	2,070,701	2,170,686	2,307,235	2,136,414	2,067,400
County environment and education	1,371,968	1,432,046	1,203,227	1,230,025	1,161,085	1,216,662	1,094,572	3,599,042	1,034,581	1,046,435
Roads and transportation	4,599,976	4,412,815	4,394,559	4,581,173	4,136,876	4,140,465	4,422,287	3,589,441	3,671,252	4,118,873
Governmental services to residents	497,639	475,938	422,847	406,190	403,950	403,740	375,852	356,504	496,744	390,064
Administration	1,231,605	1,286,608	1,253,877	1,141,661	1,179,107	1,145,339	1,101,284	1,219,890	1,025,400	934,016
Non-program	2,144,279	1,421,741	1,634,522	932,632	797,475	601,438	455,675	251,714	223,777	281,763
Debt service	5,071,203	4,939,273	2,881,721	2,504,497	1,315,053	1,171,449	415,656	339,399	1,377,342	669,180
Capital projects	2,482,128	1,280,425	1,160,924	798,292	1,796,991	1,401,766	369,008	1,093,478	1,716,244	1,793,367
Total	<u>\$ 23,299,901</u>	<u>\$ 21,329,389</u>	<u>\$ 18,869,038</u>	<u>\$ 18,046,253</u>	<u>\$ 17,126,740</u>	<u>\$ 16,456,345</u>	<u>\$ 14,763,844</u>	<u>\$ 17,038,563</u>	<u>\$ 15,725,174</u>	<u>\$ 15,213,819</u>



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

Hamilton County Officials
Hamilton County
Webster City, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hamilton County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Hamilton County's basic financial statements, and have issued our report thereon dated February 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hamilton County's internal control over financial reporting (internal control) to determine the audit procedures that are 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 Hamilton County's internal control. Accordingly, we do not express an opinion on the effectiveness of Hamilton County's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as items 2014-4 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hamilton County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Hamilton County's Responses to Findings

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

Cedar Rapids, Iowa
February 27, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hamilton County Officials
Hamilton County
Webster City, Iowa

Report on Compliance for Each Major Federal Program

We have audited Hamilton County, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Hamilton County, Iowa's major federal program for the year ended June 30, 2014. Hamilton County, Iowa's major federal program is identified in the summary of auditors' results section 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 grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Hamilton County, Iowa's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 noncompliance 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 Hamilton County, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
February 27, 2015

HAMILTON COUNTY, IOWA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Grantor/Program	CFDA Number	Total Federal Expenditures For Fiscal Year 2014
DEPARTMENT OF TRANSPORTATION		
Passed through Iowa Department of Transportation:		
Highway Planning and Construction - Hegland's Bridge Replacement	20.HPCC	\$ 353,805
State and Community Highway Safety Grant	20.HSC	<u>23,613</u>
Total Department of Transportation		<u>377,418</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through Iowa Department of Human Services:		
Public Health Emergency Preparedness	93.074	9,712
Immunization Services	93.268	6,398
Expansion of Maternal, Infant, Early Childhood Home Visiting	93.505	71,515
Immunization Billing Implementation	93.539	<u>37,713</u>
Total Department of Health and Human Services		<u>125,338</u>
DEPARTMENT OF HOMELAND SECURITY		
Passed through Iowa Department of Public Defense:		
Emergency Management Performance Grant	97.042	<u>16,875</u>
Total Department of Homeland Security		<u>16,875</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 519,631</u>

See notes to schedule of expenditures of federal awards.

HAMILTON COUNTY
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting records for the grant programs are maintained on the modified accrual basis of accounting.

NOTE 3 - SUBRECIPIENTS

There were no payments passed through to subrecipient agencies during the year ended June 30, 2014.

NOTE 4 - PROGRAM CLUSTERS

The County reported the following programs as clusters in the schedule:

- Hegland's Bridge Replacement Project funded by Highway Planning and Construction (20.205) as a part of Highway Planning and Construction Cluster.
- Alcohol Impaired Driving Countermeasures Incentive Grants I (20.601) as a part of the Highway Safety Cluster.

HAMILTON COUNTY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No
Identification of major program	

CFDA Number

Name of Federal Program or Cluster

20.HPCC	Highway Planning and Construction Cluster
---------	---

Dollar threshold used to distinguish between Type A and type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	No

HAMILTON COUNTY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section II - Financial Statement Findings

2014-001 - Audit Adjustments - Material Weakness

Criteria:

The County should have adequate procedures to provide for the accuracy and reliability of the accounting records supporting the financial statements.

Condition:

During the course of the audit, journal entries were made to record year end accrual amounts to present the financial statements on the modified accrual basis of accounting in the governmental funds in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cause:

The County has relied on the independent auditor to some degree to provide assurance that the financial statements are not materially misstated.

Effect:

As a result of this condition, there is a higher risk that misstatements that are more than inconsequential to the financial statements could occur and not be detected.

Recommendation:

We recommend that the County establish internal procedures to adjust all account balances at year end.

Management Response:

Management will review financial statements and correct necessary accounts prior to the audit.

Conclusion:

Response accepted.

HAMILTON COUNTY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section II - Financial Statement Findings (continued)

2014-002 - Preparation of Financial Statements - Material Weakness

Criteria:

County management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Condition:

As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements.

Cause:

The County has a limited number of personnel with limited financial reporting experience.

Effect:

The design of the controls over the financial reporting process would affect the ability of the City to report their financial data consistently with the assertions of management in the financial statements.

Recommendation:

We recommend that the County be aware of the requirements for fair presentation of the financial statements in accordance with GAAP. Should the County elect, based upon an analysis of costs and benefits, to establish the full oversight of the financial statement preparation at an appropriate level, we suggest management establish effective review policies and procedures including but not limited to the following functions: reconciling general ledger amounts to the draft financial statements; review of all supporting documentation and explanations for journal entries proposed by us and approve the entries; review the adequacy of financial statement disclosures by completing a disclosure checklist; review and approval of schedules and calculations supporting the amounts included in the notes to the financial statements; apply analytic procedures considered necessary by management.

Management Response:

The County will explore the options and cost effective feasibility of training existing personnel, or hiring/contracting additional personnel, to adequately prepare financial statements for the prevention or detection of a material misstatement in the annual financial statements of the County.

Conclusion:

Response accepted.

HAMILTON COUNTY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section II - Financial Statement Findings (continued)

2014-003 - Maintenance of County Cash - Material Weakness

Criteria:

The Board of Supervisors has delegated the maintenance of all the County cash and investment accounts to the Treasurer's Office.

Condition:

The County has not implemented procedures, to the degree necessary, to ensure the internal control structure that has been implemented over the cash accounts held in custody of the County Treasurer's Office are extended over the accounts held in the custody of the County by the various departments.

Cause:

The County has relied on the independent auditor to some degree to provide assurance that the financial statements, including disclosures, are not materially misstated.

Effect:

As a result of this condition, there is a higher risk that financial statement omissions or other errors could occur and not be detected.

Recommendation:

We recommend that the Treasurer's Office maintain all cash and investment accounts of the County. By doing so, the County will have made the related activity subject to the existing controls to ensure the completeness and accuracy of the information as presented.

Management Response:

The County will work to have the accounts held outside the custody of the County closed. Any cash balance that exists in the accounts will be receipted into the Treasurer's Office. The activity that historically occurred in these accounts will then be subject to the existing controls of the County.

Conclusion:

Response accepted.

HAMILTON COUNTY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section II - Financial Statement Findings (continued)

2014-004 - Segregation of Duties - Significant Deficiency

Criteria:

Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Condition:

The Payroll Administrator has access rights to perform all functions of the payroll process. These rights allow her to add new employees, enter time, approve payroll checks, and record, and reconcile the payroll reports.

Cause:

Size and budget constraints limiting the number of personnel within the Auditor's Office.

Effect:

The design of the internal control over payroll function that could adversely affect the ability to initiate, authorize, record, process, summarize and report financial data consistent with the assertion of management in the financial statements. This could include the lack of the ability to prevent or detect fraud or misappropriation of assets in a timely manner.

Recommendation:

The areas should be reviewed periodically and consideration given to improving the segregation of duties related to the payroll function.

Management Response:

The County will work to implement procedures that incorporate specific controls to ensure that there is more than one individual involved in the maintenance, processing and review of the payroll function of the County.

Conclusion:

Response accepted.

HAMILTON COUNTY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section III - Federal Award Findings and Questioned Costs

There were no findings or questioned costs reported in the current year related to federal awards.

Section IV - Findings Related to Required State Statutory Reporting

- A. **IV-A-14 Certified Budget** - Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted in the debt service function. Disbursements in certain departments exceeded the amount appropriated.

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

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

Response - We will amend the budget when required and appropriations will be watched more closely by the departments.

- B. **IV-B-14 Questionable Expenditures** - We noted no expenditures for parties, banquets, or other entertainment for employees during the year ended June 30, 2014 that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- C. **IV-C-14 Travel Expense** - No expenditures of County money for travel expenses of spouses of County officials or employees were noted for the year ended June 30, 2014.
- D. **IV-D-14 Business Transactions** - We noted the rental of space by the County Attorney from his sister totaling \$5,400.

Recommendation - The County should perform a competitive bid in accordance with Chapter 331.342(9) and (10) of the Code of Iowa.

Chapter 331.342(9) states "a contract made by competitive bid, publicly invited and opened, in which a member of a county board, commission, or administrative agency has an interest, if the member is not authorized by law to participate in the awarding of the contract. The competitive bid qualification of this subsection does not apply to a contract for professional services not customarily awarded by competitive bid."

Chapter 331.342(10) states "Contracts not otherwise permitted by this section, for the purchase of goods or services by a county, which benefit a county officer or employee, if the purchases benefiting that officer or employee do not exceed a cumulative total purchase price of one thousand five hundred dollars in a fiscal year.

HAMILTON COUNTY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section IV - Findings Related to Required State Statutory Reporting (continued)

IV-D-14 Business Transactions (continued)

Response - We will take the appropriate steps to ensure compliance with Chapter 331.342(9) and 331.342(10) of the Code of Iowa relating to the purchase of services that pose a potential conflict of interest.

- E. **IV-E-14 Bond Coverage** - Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- F. **IV-F-14 Board Minutes** - No transactions were found that we believe should have been approved in the Board minutes but were not.
- G. **IV-G-14 Deposits and Investments** - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- H. **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).
- I. **IV-I-14 Solid Waste Fees Retained** - During the year ended June 30, 2014, the County used or retained fees in accordance with Chapter 455E.11(2),(11),(13) and (15) of the Code of Iowa. No instances of noncompliance were noted with respect to the administration of these activities.
- J. **IV-J-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.
- K. **IV-K-14 Tax Increment Financing (TIF)** - For the year ended June 30, 2014, the County Auditor prepared reconciliations in accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa.
- L. **IV-L-14 Annual Urban Renewal Report** - The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

HAMILTON COUNTY, IOWA
Schedule of Prior Audit Findings
Year Ended June 30, 2014

Findings Related to the Basic Financial Statements

2013-01

Finding has been carried forward as 2014-001.

2013-02

Finding has been carried forward as 2014-002.

Findings Related to Federal Awards

There were no findings reported for the year ended June 30, 2013.