

HOWARD COUNTY

Cresco, Iowa

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

HOWARD COUNTY, IOWA
Cresco, Iowa

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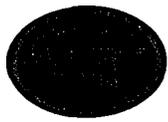
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HOWARD COUNTY
Cresco, Iowa

OFFICIALS

Don Burnikel.....	Board of Supervisors	January 2015
Janet McGovern	Board of Supervisors	January 2015
Mark Kubik.....	Board of Supervisors	January 2017
Julie Chapman.....	County Auditor.....	January 2017
Warren Steffen.....	County Treasurer	January 2015
Cherri Caffrey.....	County Recorder	January 2015
Morris Miner.....	County Sheriff.....	January 2017
Alex Koenigs	County Attorney.....	January 2015
Thomas Mullen	County Assessor.....	Appointed



Independent Auditor's Report

To the Officials of Howard County
Cresco, 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 Howard County, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements 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.

Auditor's 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Howard County, Iowa 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the schedule of funding progress for the retiree health plan on pages 5 – 11 and 48 – 51 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Howard County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2013 and the seven years ended June 30, 2011 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the year ended June 30, 2012 (which are not presented herein) were audited by other auditors in accordance with standards referred to in the third paragraph of this report who expressed an unmodified opinion on those financial statements. The supplementary information included in schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2015 on our consideration of Howard County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Howard County, Iowa's internal control over financial reporting and compliance.

Garland Thomsen, P.C.

Charles City, Iowa

March 25, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2014 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased slightly or approximately \$18,619 from fiscal 2013 to fiscal 2014. Operating and Capital Grants, Contributions and Restricted Interest decreased approximately \$831,362 while Tax Increment Financing increased approximately \$404,558 and Property Tax increased \$305,874.
- Program expenses of the County's governmental activities were 8.15% or approximately \$832,776 more in fiscal 2014 than in fiscal 2013. Roads and Transportation expense increased approximately \$610,344 and County Environment and Education expense increased \$601,926 while Administration expense decreased \$382,789.
- The County's net position increased 6.62%; approximately \$1,149,295 from June 30, 2013 to June 30, 2014.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Howard 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 Howard 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 the County acts solely as an agent or custodian for the benefit of those outside of the government (Agency Funds).

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

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

USING THIS ANNUAL REPORT (Continued)

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the 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 years.

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 non-program activities. Property taxes and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

Fund Financial Statements (Continued)

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The County's combined net position increased from \$17,359,779 to \$18,509,074. The analysis below focuses on net position and changes in net position of governmental activities.

Net Position of Governmental Activities
(Expressed in Thousands)

	June 30	
	2014	2013
Current and Other Assets	\$18,228	\$10,938
Capital Assets	18,388	17,435
Total Assets	<u>36,616</u>	<u>28,373</u>
Long-Term Debt Outstanding	11,630	6,258
Other Liabilities	375	237
Total Liabilities	<u>12,005</u>	<u>6,495</u>
Deferred Inflows of Resources	<u>6,102</u>	<u>4,518</u>
Net Position:		
Net Investment in Capital Assets	11,310	12,893
Restricted	4,839	2,315
Unrestricted	<u>2,360</u>	<u>2,152</u>
Total Net Position	<u>\$18,509</u>	<u>\$17,360</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net position of the County's governmental activities increased by approximately 6.62%, (from \$17.360 to \$18.509 Million). The largest portion of the County's net position is invested in capital assets (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, enabling legislation, or other legal requirements, increased from approximately \$2,152,129 at June 30, 2013 to approximately \$2,360,245 at the end of this year, an increase of 9.67%.

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

	Year Ended June 30,	
	2014	2013
Program Revenues:		
Charges for Service and Sales	\$ 926	\$ 1,022
Operating Grants and Contributions	3,395	2,902
Capital Grants and Contributions	982	2,307
General Revenues:		
Property Taxes	4,570	4,264
Penalty and Interest on Property Tax	36	33
State Tax Credits	242	194
Local Option Sales Tax	531	547
Tax Increment Financing	1,177	772
Unrestricted Investments Earnings	9	11
Loss on Sale of Capital Assets	(30)	(26)
Other General Revenues	359	190
Total Revenues	<u>12,197</u>	<u>12,216</u>
Program Expenses:		
Public Safety and Legal Services	1,334	1,302
Physical Health and Social Services	588	594
Mental Health	485	553
County Environment and Education	1,635	1,033
Roads and Transportation	5,459	4,849
Governmental Services to Residents	346	396
Administration	854	1,237
Non-Program	109	107
Interest on Long-Term Debt	238	144
Total Expenses	<u>11,048</u>	<u>10,215</u>
Increase in Net Position	1,149	2,001
Net Position Beginning of Year	<u>17,360</u>	<u>15,359</u>
Net Position End of Year	<u>\$18,509</u>	<u>\$17,360</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The County's revenue decreased slightly or \$18,619. The total cost of programs and services increased 8.15%, or \$832,776, with no new programs added this year.

The cost of all governmental activities this year was approximately \$11,047,644 compared to approximately \$10,214,868 last year. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities was \$5,744,018 because some of the cost was paid by those directly benefitted from the programs, (approximately \$926,489), or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,377,137). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal 2014 from approximately \$6,230,857 to approximately \$5,303,626, principally due to receiving infrastructure contributions from the Department of Transportation in the prior fiscal year.

INDIVIDUAL MAJOR FUND ANALYSIS

As Howard County completed the year, its governmental funds reported a combined fund balance of \$11,301,357, which is higher than last year's total by \$5,493,985. The following are the major reasons for the changes in fund balances from the prior year.

General fund revenues and expenditures increased when compared to the prior year. The ending fund balance showed an increase of \$267,323 to \$2,955,706.

The balance in the Mental Health Funds was slightly higher than 2013 as the County continues to look for ways to effectively manage the cost of mental health services.

The Rural Services fund revenue was higher and expenditures were significantly lower than 2013, resulting in an increase in ending fund balance of \$152,899 to \$511,928.

The Secondary Road fund revenues were approximately \$86,783 lower in 2014 and expenditures were approximately \$510,432 higher. Ending fund balance decreased \$189,448 to \$746,495.

The Wind Turbine Capital Project Fund was established during the fiscal year ended June 30, 2011 to account for the roadway construction projects financed with wind turbine tax increment debt. The County issued \$6,300,000 General Obligation Bonds to finance additional projects during this fiscal year.

BUDGETARY HIGHLIGHTS

The budget was amended on August 6, 2013. There was an increase in expenditures due to grants, capital project dollars for projects and miscellaneous expenses.

The budget was amended on February 10, 2014 with an increase to revenues due to bonding. There was an increase in expenditures due to capital projects from bonding.

The budget was amended on May 19, 2014 with an increase to revenues due to grants and miscellaneous revenues. There was an increase in expenditures due to health insurance adjustments, legal fees, grants, debt service and general county expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the County had \$26,300,414 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This amount represents a net increase (including additions and deletions) of approximately \$2,062,350 or 8.51% over last year.

Capital Assets at Year End of Governmental Activities

(Expressed in Thousands)

	Year Ended June 30,	
	2014	2013
Land	\$ 2,087	\$ 2,001
Buildings and Improvements	3,997	3,941
Equipment	5,227	4,684
Infrastructure	14,626	13,568
Construction in Progress	363	44
Total	<u>\$26,300</u>	<u>\$24,238</u>

This year's major additions include (expressed in thousands)

Infrastructure	\$1,058
Infrastructure – Construction in Progress	363
Secondary Roads Equipment	519
Conservation Land	86
Sheriff Vehicles	56
	<u>\$2,082</u>

The County had depreciation expense of \$1,214,333 for the year ended June 30, 2014 and total accumulated depreciation as of June 30, 2014 of \$7,911,999.

Debt Administration

At year end, the County had \$11,392,810 in debt compared to \$6,070,998 in notes and other debt last year as shown below.

Outstanding Debt at Year-End of Governmental Activities

	(Expressed in Thousands)	
	2014	2013
Bonds Payable	\$10,220	\$4,750
Notes Payable	760	898
Installments Purchases	23	80
Compensated Absences	390	343
	<u>\$11,393</u>	<u>\$6,071</u>

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below this \$41.5 million limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the County's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County begins the 2015 fiscal year with a balance of 57% when compared to expected expenditures. This balance indicates that the Board has bonded for infrastructure projects with Secondary Roads Department, Conservation Department and Courthouse maintenance and those projects are still in progress. Expenses remained fairly close to FY14 for FY15 as the Board did not allow an increase in expenses, with the exception of wages and benefits and only specific projects that each department cleared with the Board. The Board will be amending their FY15 budget for remaining infrastructure projects.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the 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 County Auditor's Office, 137 N Elm St., Cresco, IA 52136 or go to our website at www.co.howard.ia.us.

HOWARD COUNTY
Cresco, Iowa

STATEMENT OF NET POSITION
June 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash, Cash Equivalents and Pooled Investments	\$ 8,594,899
Receivables:	
Property Tax:	
Delinquent	2,668
Succeeding Year	6,102,320
Interest and Penalty On Property Tax	101
Accounts	135,204
Accrued Interest	927
Due From Other Governments	512,568
Inventories	322,502
Prepaid Infrastructure	2,556,439
Capital Assets (Net of Accumulated Depreciation)	18,388,415
TOTAL ASSETS	<u>36,616,043</u>
LIABILITIES	
Accounts Payable	269,449
Accrued Interest Payable	21,907
Salaries and Benefits Payable	75,041
Due to Other Governments	7,815
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
Installment Purchase	13,378
General Obligation Notes	139,520
General Obligation Bonds	1,150,000
Compensated Absences	389,830
Portion Due or Payable After One Year:	
Installment Purchase	9,758
General Obligation Notes	620,324
General Obligation Bonds	9,070,000
Net OPEB Liability	237,627
TOTAL LIABILITIES	<u>12,004,649</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable Property Tax Revenue	<u>6,102,320</u>

See Notes To Financial Statements

HOWARD COUNTY
Cresco, Iowa

STATEMENT OF NET POSITION
June 30, 2014

	<u>Governmental Activities</u>
NET POSITION	
Net Investment in Capital Assets	\$11,309,871
Restricted For:	
Supplemental Levy Purposes	591,033
Mental Health Purposes	149,344
Rural Services Purposes	512,169
Secondary Roads Purposes	547,647
Debt Service	166,708
Capital Projects	2,558,362
Other Purposes	313,695
Unrestricted	<u>2,360,245</u>
TOTAL NET POSITION	<u><u>\$18,509,074</u></u>

See Notes To Financial Statements

HOWARD COUNTY
Cresco, Iowa

STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Change in Net Position	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest		Capital Grants, Contributions and Restricted Interest
FUNCTIONS/PROGRAMS:					
Governmental Activities:					
Public Safety and Legal Services	\$ 1,333,584	\$208,059	\$ 4,329	\$ 0	\$(1,121,196)
Physical Health and Social Services	587,861	175,043	85,025	0	(327,793)
Mental Health	485,054	0	152,331	0	(332,723)
County Environment and Education	1,634,845	186,954	133,824	0	(1,314,067)
Roads and Transportation	5,459,126	44,244	2,452,287	982,239	(1,980,356)
Governmental Services to Residents Administration	346,421	95,035	0	0	(251,386)
	854,207	95,435	0	0	(758,772)
Non-Program	108,987	121,719	567,102	0	579,834
Interest on Long-Term Debt	237,559	0	0	0	(237,559)
Total	\$11,047,644	\$926,489	\$3,394,898	\$982,239	(5,744,018)
GENERAL REVENUES:					
Property and Other County Tax Levied For:					
General Purposes					4,437,598
Debt Service					132,501
Penalty and Interest on Property Tax					36,477
State Tax Credits					241,622
Local Option Sales Tax					531,451
Unrestricted Investment Earnings					8,500
Miscellaneous					358,592
Tax Increment Financing Revenue					1,176,592
Loss on Disposal of Capital Assets					(30,020)
TOTAL GENERAL REVENUES					6,893,313
CHANGE IN NET POSITION					1,149,295
NET POSITION, BEGINNING OF YEAR					17,359,779
NET POSITION, END OF YEAR					\$18,509,074

See Notes To Financial Statements

HOWARD COUNTY
Cresco, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

ASSETS	Special Revenue		
	General	Mental Health	Rural Services
Cash, Cash Equivalents and Pooled Investments	\$2,747,566	\$111,408	\$ 453,617
Receivables:			
Property Tax:			
Delinquent	2,096	249	241
Succeeding Year	2,887,784	342,870	1,352,971
Interest and Penalty on Property Tax	101	0	0
Accounts	124,209	0	0
Accrued Interest	855	0	0
Due from Other Governments	188,878	40,438	99,022
Inventories	0	0	0
Prepaid Infrastructure	0	0	0
	\$5,951,489	\$494,965	\$1,905,851
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 65,176	\$ 150	\$ 33,366
Salaries and Benefits Payable	39,246	2,601	7,345
Due To Other Governments	1,579	0	0
Total Liabilities	106,001	2,751	40,711
Deferred Inflows of Resources:			
Unavailable Revenues:			
Succeeding Year Property Tax	2,887,784	342,870	1,352,971
Other	1,998	237	241
Total Deferred Inflows of Resources	2,889,782	343,107	1,353,212

See Notes To Financial Statements

<u>Special Revenue</u>			
<u>Secondary Roads</u>	<u>Wind Turbine Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$426,207	\$3,901,890	\$ 481,717	\$ 8,122,405
0	0	82	2,668
0	0	1,518,695	6,102,320
0	0	0	101
9,414	0	188	133,811
1	32	1	889
184,230	0	0	512,568
322,502	0	0	322,502
0	2,556,439	0	2,556,439
<u>\$942,354</u>	<u>\$6,458,361</u>	<u>\$2,000,683</u>	<u>\$17,753,703</u>
\$163,774	\$ 1,640	\$ 510	\$ 264,616
25,849	0	0	75,041
6,236	0	0	7,815
<u>195,859</u>	<u>1,640</u>	<u>510</u>	<u>347,472</u>
0	0	1,518,695	6,102,320
0	0	78	2,554
<u>0</u>	<u>0</u>	<u>1,518,773</u>	<u>6,104,874</u>

HOWARD COUNTY
Cresco, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue		
	General	Mental Health	Rural Services
Fund Balances:			
Nonspendable:			
Inventories	\$ 0	\$ 0	\$ 0
Prepaid Infrastructure	0	0	0
Restricted For:			
Supplemental Levy Purposes	590,395	0	0
Mental Health Purposes	0	149,107	0
Rural Services Purposes	0	0	511,928
Secondary Roads Purposes	0	0	0
Drainage Purposes	0	0	0
Conservation Land Acquisition Purposes	25,004	0	0
Debt Service	0	0	0
Capital Projects	0	0	0
Other Purposes	0	0	0
Assigned for County Security	2,873	0	0
Assigned for Building Maintenance	100,000	0	0
Assigned for Community Betterment Fund	25,000	0	0
Assigned for Conservation Special Projects	902,062	0	0
Assigned for Pennies for Poverty	719	0	0
Assigned for Special Equipment	3,298	0	0
Assigned for Veterans Affairs	1,795	0	0
Assigned for Historical Building	670	0	0
Unassigned	1,303,890	0	0
Total Fund Balances	<u>2,955,706</u>	<u>149,107</u>	<u>511,928</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$5,951,489</u>	<u>\$494,965</u>	<u>\$1,905,851</u>

See Notes To Financial Statements

Exhibit C (Continued)

<u>Special Revenue</u>			
<u>Secondary Roads</u>	<u>Wind Turbine Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$322,502	\$ 0	\$ 0	\$ 322,502
0	2,556,439	0	2,556,439
0	0	0	590,395
0	0	0	149,107
0	0	0	511,928
423,993	0	0	423,993
0	0	27,567	27,567
0	0	0	25,004
0	0	166,630	166,630
0	3,900,282	26,079	3,926,361
0	0	261,124	261,124
0	0	0	2,873
0	0	0	100,000
0	0	0	25,000
0	0	0	902,062
0	0	0	719
0	0	0	3,298
0	0	0	1,795
0	0	0	670
0	0	0	1,303,890
746,495	6,456,721	481,400	11,301,357
\$942,354	\$6,458,361	\$2,000,683	\$17,753,703

HOWARD COUNTY
Cresco, Iowa

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

Total Governmental Fund Balances (Page 18)	\$ 11,301,357
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$26,300,414 and the accumulated depreciation is \$7,911,999.	18,388,415
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows in the governmental funds.	2,554
The Internal Service Fund is used by management to charge the costs of funding 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.	469,092
Long-term liabilities, including installment purchases, bonds payable, notes payable, compensated absences payable, other postemployment benefits payable and accrued interest payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(11,652,344)</u>
Net Position of Governmental Activities (Page 13)	<u>\$ 18,509,074</u>

HOWARD COUNTY
Cresco, Iowa

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

	General	Special Revenue	
		Mental Health	Rural Services
REVENUES:			
Property and Other County Tax	\$2,797,245	\$346,420	\$ 1,294,471
Local Option Sales Tax	0	0	531,451
Interest and Penalty on Property Tax	36,477	0	0
Intergovernmental	1,045,314	171,047	66,072
Licenses and Permits	6,325	0	0
Charges for Services	524,489	0	0
Use of Money and Property	78,664	0	0
Miscellaneous	132,584	1,437	1,215
Total Revenues	4,621,098	518,904	1,893,209
EXPENDITURES:			
Operating:			
Public Safety and Legal Services	1,308,825	0	55,331
Physical Health and Social Services	557,943	0	0
Mental Health	0	495,169	0
County Environment and Education	739,412	0	254,893
Roads and Transportation	0	0	38,000
Governmental Services to Residents	329,359	0	3,020
Administration	864,706	0	0
Non-Program	0	0	0
Debt Service	30,578	0	0
Capital Projects	438,013	0	0
Total Expenditures	4,268,836	495,169	351,244
Excess (Deficiency) of Revenues Over (Under) Expenditures	352,262	23,735	1,541,965
Other Financing Sources (Uses):			
Sale of Capital Assets	0	0	1,255
Transfers In	0	0	0
Transfers Out	(84,939)	0	(1,390,321)
General Obligation Capital Loan Notes Issued	0	0	0
Premium on Issuance	0	0	0
Total Other Financing Sources (Uses)	(84,939)	0	(1,389,066)
Net Change in Fund Balances	267,323	23,735	152,899
Fund Balances – Beginning of Year	2,688,383	125,372	359,029
Increase in Reserve For Inventories	0	0	0
Fund Balances – End of Year	\$2,955,706	\$149,107	\$ 511,928

See Notes To Financial Statements

Special Revenue			
Secondary Roads	Wind Turbine Capital Projects	Nonmajor	Total
\$ 0	\$ 0	\$1,309,121	\$ 5,747,257
0	0	0	531,451
0	0	0	36,477
2,481,561	0	29,693	3,793,687
6,571	0	0	12,896
1	0	4,453	528,943
7	4,682	12	83,365
133,850	0	29,138	298,224
2,621,990	4,682	1,372,417	11,032,300
0	0	0	1,364,156
0	0	9,006	566,949
0	0	0	495,169
0	0	187,554	1,181,859
4,320,197	0	0	4,358,197
0	0	0	332,379
0	0	10,333	875,039
0	0	1,093	1,093
0	19,500	1,121,675	1,171,753
10,851	1,158,729	27,643	1,635,236
4,331,048	1,178,229	1,357,304	11,981,830
(1,709,058)	(1,173,547)	15,113	(949,530)
0	0	0	1,255
1,475,260	107,554	88,859	1,671,673
0	0	(196,413)	(1,671,673)
0	6,300,000	0	6,300,000
0	97,910	0	97,910
1,475,260	6,505,464	(107,554)	6,399,165
(233,798)	5,331,917	(92,441)	5,449,635
935,943	1,124,804	573,841	5,807,372
44,350	0	0	44,350
\$ 746,495	\$ 6,456,721	\$ 481,400	\$11,301,357

HOWARD COUNTY
Cresco, Iowa

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

Change in Fund Balances - Total Governmental Funds (Page – 21) \$ 5,449,635

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

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

Expenditures for Capital Assets	\$ 1,221,152	
Capital Assets Contributed by the Iowa Department of Transportation	977,556	
Depreciation Expense	<u>(1,214,333)</u>	984,375

In the Statements of Activities, the loss on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale an increase in financial resources. (31,275)

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

Property Taxes		(567)
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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. Current year issuances exceeded repayments as follows:

Issued	(6,300,000)	
Repaid	<u>1,025,398</u>	(5,274,602)

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

Compensated Absences	(47,210)	
Other Postemployment Benefits	(50,702)	
Interest on Long-Term Debt	<u>(10,429)</u>	(108,341)

See Notes to Financial Statements

HOWARD COUNTY
Cresco, Iowa

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

Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net position is exhausted.	\$ 44,350
The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.	<u>85,720</u>
Change in Net Position of Governmental Activities (Page – 14)	<u><u>\$1,149,295</u></u>

HOWARD COUNTY
Cresco, Iowa

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2014

	<u>Internal Service Employee Group Health</u>
ASSETS	
Cash, Cash Equivalents and Pooled Investments	\$472,494
Receivables:	
Accounts	1,393
Accrued Interest	<u>38</u>
TOTAL ASSETS	<u><u>\$473,925</u></u>
LIABILITIES	
Accounts Payable	<u>4,833</u>
NET POSITION	
Unrestricted	<u><u>\$469,092</u></u>

HOWARD COUNTY
Cresco, Iowa

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2014

	Internal Service Employee Group Health
OPERATING REVENUES:	
Reimbursements From Operating Funds	\$763,359
Reimbursements From Employees	100,388
Insurance Reimbursements	26,048
Total Operating Revenues	<u>889,795</u>
OPERATING EXPENSES:	
Medical Claims	43,071
Insurance Premiums	749,559
Administrative Fees	6,429
Miscellaneous	5,443
Total Operating Expenses	<u>804,502</u>
Operating Income	<u>85,293</u>
NON-OPERATING REVENUES:	
Interest on Investments	<u>427</u>
Net Income	85,720
Net Position Beginning of Year	<u>383,372</u>
Net Position End of Year	<u><u>\$469,092</u></u>

See Notes To Financial Statements

HOWARD COUNTY
Cresco, Iowa

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2014

	Internal Service Employee Group Health
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received From Operating Fund Reimbursements	\$ 763,359
Cash Received From Employees and Others	125,042
Cash Paid to Suppliers for Services	(802,539)
Net Cash Provided by Operating Activities	85,862
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Investments	420
Net Increase in Cash, Cash Equivalents and Pooled Investments	86,282
Cash, Cash Equivalents and Pooled Investments at Beginning of Year	386,212
Cash, Cash Equivalents and Pooled Investments at End of Year	\$ 472,494
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$ 85,293
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase in Accounts Receivable	(1,393)
Increase in Accounts Payable	1,962
Net Cash Provided by Operating Activities	\$ 85,862

HOWARD COUNTY
Cresco, Iowa

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2014

ASSETS

Cash, Cash Equivalents and Pooled Investments:	
County Treasurer	\$ 956,583
Other County Officials	9,075
Receivables:	
Property Tax:	
Delinquent	533
Succeeding Year	9,511,266
Accounts	18,673
Accrued Interest	1
TOTAL ASSETS	<u>10,496,131</u>

LIABILITIES

Accounts Payable	30,431
Salaries and Benefits Payable	5,427
Due To Other Governments	10,425,303
Trusts Payable	9,728
Compensated Absences	25,242
TOTAL LIABILITIES	<u>10,496,131</u>

NET POSITION	<u>\$ 0</u>
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See Notes To Financial Statements

HOWARD COUNTY
Cresco, Iowa

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

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

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

A. REPORTING ENTITY

For financial reporting purposes, Howard 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 Howard 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 that 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.

Seven 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 Howard 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 Howard County Auditor's Office.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

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

B. BASIS OF PRESENTATION

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

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Net position is reported in three categories.

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

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

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The Wind Turbine Capital Project Fund is used to account for the roadway construction projects financed with wind turbine tax increment financing debt.

Additionally, the County reports the following funds:

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.

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY

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

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

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2013.

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY (CONTINUED)

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$50,000
Land, Buildings and Improvements	25,000
Intangibles	25,000
Equipment and Vehicles	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-65
Building Improvements	20-50
Infrastructure	30-50
Intangibles	5-20
Equipment	2-20
Vehicles	3-10

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY (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, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absence 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 and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year-end.

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

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY (CONTINUED)

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.

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

E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, disbursements exceeded amounts budgeted in the Debt Service function.

Note 2: Cash, Cash Equivalents and Pooled Investments

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

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$5,000, pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

Notes to Financial Statements (Continued)

Note 3: Interfund Transfers

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

Transfer To	Transfer From	Amount
Special Revenue:		
Secondary Roads	General Basic	\$ 84,939
Secondary Roads	Special Revenue: Rural Services	1,390,321
Debt Service:		
Secondary Roads Debt Service \$400,000	Debt Service	47,740
Secondary Roads Debt Service \$25,000	Debt Service	5,679
Courthouse Repairs Debt Service	Debt Service	35,440
Capital Projects:	Capital Projects:	
Wind Turbine Capital Project	Wind Turbine Interest	107,554
Total		<u>\$1,671,673</u>

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

Note 4: 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
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 2,000,641	\$ 86,365	\$ 0	\$ 2,087,006
Construction in Progress	44,898	363,020	44,898	363,020
Total Capital Assets, Not Being Depreciated	<u>2,045,539</u>	<u>449,385</u>	<u>44,898</u>	<u>2,450,026</u>
Capital Assets, Being Depreciated				
Buildings	2,341,951	56,482	0	2,398,433
Improvements Other Than Buildings	1,598,720	0	0	1,598,720
Machinery and Equipment	4,684,088	679,598	136,358	5,227,328
Infrastructure	13,567,766	1,058,141	0	14,625,907
Total Capital Assets, Being Depreciated	<u>22,192,525</u>	<u>1,794,221</u>	<u>136,358</u>	<u>23,850,388</u>
Less Accumulated Depreciation For:				
Buildings	912,159	41,823	0	953,982
Improvements Other Than Buildings	260,258	74,036	0	334,294
Machinery and Equipment	2,499,563	305,765	105,083	2,700,245
Infrastructure	3,130,769	792,709	0	3,923,478
Total Accumulated Depreciation	<u>6,802,749</u>	<u>1,214,333</u>	<u>105,083</u>	<u>7,911,999</u>
Total Capital Assets Being Depreciated, Net	<u>15,389,776</u>	<u>579,888</u>	<u>31,275</u>	<u>15,938,389</u>
Governmental Activities Capital Assets, Net	<u>\$17,435,315</u>	<u>\$1,029,273</u>	<u>\$ 76,173</u>	<u>\$18,388,415</u>

Notes to Financial Statements (Continued)

Note 4: Capital Assets (Continued)

Depreciation expense was charged to the following functions:

Public Safety and Legal Services	\$ 39,603
Physical Health and Social Services	4,360
Mental Health	6,456
County Environment and Education	112,644
Roads and Transportation	1,025,602
Governmental Services to Residents	14,008
Administration	<u>11,660</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,214,333</u>

Note 5: Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ <u>1,579</u>
Special Revenue:		
Secondary Roads	Services	<u>6,236</u>
		<u>\$ 7,815</u>
Agency:		
Agricultural Extension	Collections	\$ 143,220
Assessor		670,342
Schools		5,725,020
Community Colleges		478,345
Corporations		2,258,915
Auto License and Use Tax		199,691
All Others		<u>949,770</u>
Total for Agency Funds		<u>\$10,425,303</u>

Notes to Financial Statements (Continued)

Note 6: Changes in Long-Term Liabilities

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

	Installment Purchase	Compensated Absences	Capital Loan Notes	General Obligation Bonds	Total
Beginning Balance	\$80,136	\$342,620	\$898,242	\$ 4,750,000	\$ 6,070,998
Increases	0	389,830	0	6,300,000	6,689,830
Decreases	57,000	342,620	138,398	830,000	1,368,018
Ending Balance	\$23,136	\$389,830	\$759,844	\$10,220,000	\$11,392,810
Due Within One Year	\$13,378	\$389,830	\$139,520	\$ 1,150,000	\$ 1,692,728

Notes Payable

During the fiscal year ended June 30, 2007, the County issued \$400,000 of General Obligation Capital Loan Notes. The notes were issued to provide funds to pay costs of improvements at the Howard County Secondary Roads Shop. Semiannual payments, June 1 and December 1, commencing December 1, 2006 are required through June 1, 2016. Interest payments are semiannual at a fixed rate of 4.15% per annum. The following is a schedule of future payments in effect at June 30, 2014:

Year Ending June 30,	Principal	Interest	Total
2015	\$46,520	\$3,418	\$49,938
2016	47,324	1,468	48,792
	\$93,844	\$4,886	\$98,730

During the fiscal year ended June 30, 2009, the County issued \$250,000 of General Obligation Capital Loan Notes, series 2009A. The notes were issued to pay the costs of construction of a new bridge serving Lake Hendrichs Park with an 8 foot pedestrian crossing. Semiannual payments, June 1 and December 1, commencing June 1, 2010 are required through June 1, 2019 for interest at a rate of 3.65%. Annual principal payments are due on June 1, 2010 through June 1, 2019. The following is a schedule of future payments in effect at June 30, 2014:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 25,000	\$ 5,184	\$ 30,184
2016	27,000	4,270	31,270
2017	28,500	3,285	31,785
2018	29,500	2,245	31,745
2019	32,000	1,168	33,168
	\$142,000	\$16,152	\$158,152

Notes to Financial Statements (Continued)

Note 6: Changes in Long-Term Liabilities (Continued)

During the year ended June 30, 2009, the County issued \$100,000 of General Obligation Capital Loan Notes, series 2009B. The notes were issued for the purpose of paying the costs of acquisition of a snow plow truck for the Secondary Road Department. Semiannual payments, June 1 and December 1, commencing June 1, 2010 are required through June 1, 2019 for interest at a rate of 3.65%. Annual principal payments are due on June 1, 2010 through June 1, 2019. The following is a schedule of future payments in effect at June 30, 2014:

Year Ending June 30,	Principal	Interest	Total
2015	\$10,000	\$2,081	\$12,081
2016	10,750	1,716	12,466
2017	11,500	1,323	12,823
2018	12,000	903	12,903
2019	12,750	465	13,215
	<u>\$57,000</u>	<u>\$6,488</u>	<u>\$63,488</u>

During the year ended June 30, 2009, the County issued \$25,000 of General Obligation Capital Loan Notes, series 2009C. The notes were issued for the purpose of paying the costs of the acquisition of a pickup truck for the Secondary Road Department. Semiannual payments, June 1 and December 1, commencing June 1, 2010 are required through June 1, 2014 for interest at a rate of 3.25%. Annual principal payments are due on June 1, 2010 through June 1, 2014. This debt was paid in full during the fiscal year ended June 30, 2014.

During the year ended June 30, 2010, the County issued three \$100,000 General Obligation Capital Loan Notes for the purpose of paying costs of the acquisition of road maintenance trucks for the Lime Springs area, the Cresco area and the Elma area. Semiannual interest payments are due commencing June 1, 2010 at rates of 3.0% to 3.9% over the duration of the notes. Annual principal payments are due commencing June 1, 2011, maturing on June 1, 2020. The following is a schedule of future payments in effect at June 30, 2014 for the three notes combined:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 30,000	\$ 7,662	\$ 37,662
2016	30,000	6,642	36,642
2017	33,000	5,577	38,577
2018	36,000	4,374	40,374
2019	37,500	3,024	40,524
2020	40,500	1,578	42,078
	<u>\$207,000</u>	<u>\$28,857</u>	<u>\$235,857</u>

Notes to Financial Statements (Continued)

Note 6: Changes in Long-Term Liabilities (Continued)

During the year ended June 30, 2011, the County issued \$300,000 General Obligation Capital Loan Notes for the purpose of renovating the courthouse. Semiannual interest payments are due commencing December 1, 2011 at 1.20% to 3.00% over the duration of the notes. Annual principal payments are due commencing June 1, 2014, maturing on June 1, 2022. The following is a schedule of future payments in effect at June 30, 2014:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 28,000	\$ 8,022	\$ 36,022
2016	29,000	7,447	36,447
2017	30,000	6,751	36,751
2018	32,000	5,942	37,942
2019	33,000	4,982	37,982
2020 – 2022	108,000	7,997	115,997
	<u>\$260,000</u>	<u>\$41,141</u>	<u>\$301,141</u>

Bonds Payable

During the year ended June 30, 2011, the County issued \$5,100,000 General Obligation bonds for the purpose of paying costs of construction, reconstruction, improvements and repairs of roads, bridges and culverts. Semiannual interest payments are due commencing June 1, 2011 at rates of 1.20% to 3.00% over the duration of the bonds. Annual principal payments are due commencing June 1, 2013, maturing on June 1, 2020. The following is a schedule of future payments in effect at June 30, 2014:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 650,000	\$ 95,960	\$ 745,960
2016	660,000	85,560	745,560
2017	675,000	73,020	748,020
2018	690,000	58,170	748,170
2019	710,000	40,920	750,920
2020	725,000	21,750	746,750
	<u>\$4,110,000</u>	<u>\$375,380</u>	<u>\$4,485,380</u>

During the year ended June 30, 2014, the County issued \$6,300,000 General Obligation Capital Loan Notes for the purpose of paying costs of construction, reconstruction, improvements and repairs of roads, bridges and culverts. Semi annual interest payments are due commencing June 1, 2014 at rates of 2.00% to 2.75% over the duration of the notes. Annual principal payments are due commencing June 1, 2014, maturing on June 1, 2025. The following is a schedule of future payments in effect at June 30, 2014:

Notes to Financial Statements (Continued)

Note 6: Changes in Long-Term Liabilities (Continued)

Year Ending June 30,	Principal	Interest	Total
2015	\$ 500,000	\$140,075	\$ 640,075
2016	510,000	130,075	640,075
2017	520,000	119,875	639,875
2018	530,000	109,475	639,475
2019	540,000	98,875	638,875
2020-2024	2,885,000	310,500	3,195,500
2025	625,000	17,188	642,188
	<u>\$6,110,000</u>	<u>\$926,063</u>	<u>\$7,036,063</u>

Installment Purchase

During the year ended June 30, 2013, the County entered into an agreement to purchase voting equipment for \$80,136. This is an interest free obligation. The following is a schedule of future payments in effect at June 30, 2014.

Year Ending June 30,	Principal
2015	\$13,378
2016	9,758
	<u>\$23,136</u>

Township Tax Revenue Bonds

During the year ended June 30, 2010, the County issued \$32,700 and \$29,700 of Limited Tax Anticipation Bonds on behalf of Vernon Springs Township and Howard Center, respectively. The bonds were issued for the purpose of paying costs of the purchase of new fire equipment. The bonds represent liabilities of the County, however payments will be made with township tax revenue. Semiannual interest payments are due commencing December 1, 2009 at a rate of 4.25%, annual principal payments commence June 1, 2010, maturing on June 1, 2016 and June 1, 2019, respectively. The following is a schedule of future payments in effect at June 30, 2014:

Year Ending June 30	Vernon Springs Township Bond			Howard County Township Bond		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$4,600	\$412	\$ 5,012	\$ 2,900	\$ 646	\$ 3,546
2016	5,100	217	5,317	2,900	523	3,423
2017	0	0	0	2,900	400	3,300
2018	0	0	0	2,900	276	3,176
2019	0	0	0	3,600	153	3,753
	<u>\$9,700</u>	<u>\$629</u>	<u>\$10,329</u>	<u>\$15,200</u>	<u>\$1,998</u>	<u>\$17,198</u>

Notes to Financial Statements (Continued)

Note 7: Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The County's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$284,398, \$272,183, and \$246,001, respectively, equal to the required contributions for each year.

Note 8: Risk Management

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

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

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of a 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 contribution 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 \$29,247.

Notes to Financial Statements (Continued)

Note 8: Risk Management (Continued)

The Pool uses reinsurance and excess risk sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

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 losses can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal upon withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$3,000,000 and \$20,000, respectively, with an additional \$30,000 for the Treasurer's employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9: Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of deductibles of the County's health insurance benefit plan. This plan is funded by both employee and County contributions and is administered through a service agreement with Midwest Group Benefits.

Notes to Financial Statements (Continued)

Note 9: Employee Health Insurance Plan (Continued)

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative service agreement, monthly payments of service fees and claims processed are paid to Midwest Group Benefits from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2014 were \$763,359.

Amounts payable from the Employee Group Health Fund at June 30, 2014 total \$4,833, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. That reserve had a balance of \$469,092 at June 30, 2014 and is reported as a designation of the Internal Service, Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years.

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

Unpaid Claims – Beginning of Year	\$ 2,871
Incurred Claims	45,033
Payments on Claims	<u>43,071</u>
Unpaid Claims – End of Year	<u>\$ 4,833</u>

Note 10: Other Postemployment Benefits (OPEB)

Plan Description The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 80 active and 1 retired member in the plan. Employees must be age 55 or older at retirement.

The medical/prescription drug benefits, which is a premium based medical plan, is administered by Midwest Group Benefits. Retirees under age 65 pay the same medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

Notes to Financial Statements (Continued)

Note 10: Other Postemployment Benefits (OPEB) (Continued)

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

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

Annual Required Contribution	\$ 59,494
Interest on Net OPEB Obligation	4,673
Adjustment to Annual Required Contribution	(11,438)
Annual OPEB Cost	<u>52,729</u>
Contributions Made	<u>(2,027)</u>
Increase in Net OPEB Obligation	50,702
Net OPEB Obligation – Beginning of Year	<u>186,925</u>
Net OPEB Obligation – End of the Year	<u><u>\$237,627</u></u>

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

For the fiscal year 2014, the County contributed \$2,027 to the medical plan. Plan members receiving benefits contributed \$13,937, or 87.30% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$49,655	0.63%	\$136,386
2013	52,182	2.95	186,925
2014	59,494	3.41	237,627

Funded Status and Funding Progress As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$445,496 with no actuarial value of assets, resulting in an unfunded actuarial liability (UAAL) of \$445,496. The covered payroll (annual payroll of active employees covered by the plan) was \$3,138,220, and the ratio of the UAAL to the covered payroll was 14.20%. As of June 30, 2014, there were no trust fund assets.

Notes to Financial Statements (Continued)

Note 10: Other Postemployment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality, and the healthcare 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, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial date, the Frozen Entry Age Actuarial Cost method was used. The actuarial assumptions included a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 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 Valuation Report as of June 30, 2010 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$500 per month for retirees. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 11: Tax Increment Financing

On June 21, 1993, Howard County entered into a Development and Assessment Agreement with Featherlite Manufacturing. In the agreement, the County agreed to loan Featherlite Manufacturing \$400,000 for the construction of a corporate headquarters building in the County. The loan was to be repaid with 7% interest over a twenty year period using the incremental tax revenues generated by property taxes on the new facilities. The final payment for this agreement was received during the fiscal year ended June 30, 2014.

Notes to Financial Statements (Continued)

Note 12: Closure and Postclosure Care Cost

Howard County has contracted with the Winneshiek County Area Solid Waste Agency. The purpose of the Agency is to provide for the economic disposal or collection and disposal of all solid waste produced or generated within each member. In performing its duties, the Agency may contract with and expend funds from federal, state and local agencies and private individuals and corporations.

State and Federal laws and regulations require the Agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, state laws require the Agency to submit a closure and postclosure plan detailing the schedule for the methods by which the operator will meet the conditions for proper closure and postclosure. The Agency is in compliance with this requirement. On June 30, 2014, Howard County did not anticipate any additional assessment for closure and postclosure costs.

Note 13: Business Transactions

Business transactions between the County and County officials or employees were noted.

Note 14: Construction Commitment

The County has entered into contracts totaling \$4,872,077 for roadway construction and improvements. As of June 30, 2014, costs of \$363,020 have been incurred. The balance of \$4,509,057 remaining on the contract will be paid as work progresses.

The County has deposited funds into their Farm to Market account with the Iowa Department of Transportation to be used for two infrastructure projects. Payments will be made from this account as work on the projects progresses. At June 30, 2014, the balance in this account was \$2,556,439.

Note 15: Prospective Accounting Change

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

Note 16: Subsequent Events

Management evaluated subsequent events through March 25, 2015, the date the financial statements were available to be issued.

HOWARD COUNTY
Cresco, Iowa

BUDGETARY COMPARISON SCHEDULE OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN BALANCES
BUDGET AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2014

	Actual	Less Funds Not Required to be Budgeted	Net	Budgeted Amounts		Final to Net Variance
				Original	Final	
RECEIPTS:						
Property and Other County Tax	\$ 6,266,958	\$ 0	\$ 6,266,958	\$ 6,034,218	\$ 6,275,470	\$ (8,512)
Interest and Penalty on Property Tax	36,954	0	36,954	0	13,495	23,459
Intergovernmental	3,872,949	0	3,872,949	3,690,933	3,836,709	36,240
Licenses and Permits	12,771	0	12,771	4,550	5,550	7,221
Charges for Services	487,957	2,386	485,571	529,637	546,457	(60,886)
Use of Money and Property	83,313	0	83,313	96,030	97,910	(14,597)
Miscellaneous	250,302	0	250,302	228,412	434,748	(184,446)
Total Receipts	11,011,204	2,386	11,008,818	10,583,780	11,210,339	(201,521)
DISBURSEMENTS:						
Public Safety and Legal Services	1,344,182	0	1,344,182	1,412,948	1,447,874	103,692
Physical Health and Social Services	556,144	0	556,144	789,968	721,377	165,233
Mental Health	494,451	0	494,451	712,679	522,929	28,478
County Environment and Education	1,166,897	0	1,166,897	1,484,245	1,622,961	456,064
Roads and Transportation	4,269,279	0	4,269,279	3,765,779	4,290,779	21,500
Governmental Services to Residents	333,684	0	333,684	437,477	442,845	109,161
Administration	791,682	0	791,682	1,063,218	1,174,287	382,605
Non-Program	1,093	1,093	0	11,000	10,000	10,000
Debt Service	1,171,753	0	1,171,753	899,009	1,152,968	(18,785)
Capital Projects	4,201,485	0	4,201,485	392,714	8,068,072	3,866,587
Total Disbursements	14,330,650	1,093	14,329,557	10,969,037	19,454,092	5,124,535
Excess (Deficiency) of Receipts Under Disbursements	(3,319,446)	1,293	(3,320,739)	(385,257)	(8,243,753)	4,923,014
Other Financing Sources, Net	6,496,666	0	6,496,666	30	6,380,040	116,626
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	3,177,220	1,293	3,175,927	(385,227)	(1,863,713)	5,039,640
Balance Beginning of Year	4,945,185	26,274	4,918,911	3,601,911	4,918,915	(4)
Balance End of Year	\$ 8,122,405	\$ 27,567	\$ 8,094,838	\$ 3,216,684	\$ 3,055,202	\$ 5,039,636

See Accompanying Independent Auditor's Report

HOWARD COUNTY
Cresco, Iowa

BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$11,011,204	\$ 21,096	\$11,032,300
Expenditures	14,330,650	(2,348,820)	11,981,830
Net	(3,319,446)	2,369,916	(949,530)
Other Financing Sources, Net	6,496,666	(97,501)	6,399,165
Beginning Fund Balances	4,945,185	862,187	5,807,372
Increase in Reserve For Inventories	0	44,350	44,350
Ending Fund Balances	\$ 8,122,405	\$ 3,178,952	\$11,301,357

See Accompanying Independent Auditor's Report

Howard County
Cresco, Iowa

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

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, the Internal Service Fund 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 and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$8,485,055. 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 amounts budgeted in the Debt Service function.

**Howard County
Cresco, Iowa**

REQUIRED SUPPLEMENTARY INFORMATION

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$0	\$381	\$381	0%	\$2,366	16.10%
2011	July 1, 2009	0	381	381	0%	2,525	15.09%
2012	July 1, 2009	0	381	381	0%	2,953	12.90%
2013	July 1, 2012	0	468	468	0%	3,058	16.01%
2014	July 1, 2012	0	468	468	0%	3,136	14.20%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB costs and Net OPEB Obligation, and the funded status and funding progress.

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See Accompanying Independent Auditor's Report

HOWARD COUNTY
Cresco, Iowa

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue				
	County Recorder's Record Management	Forfeiture Fund	Resource Enhancement and Protection	Wapsi Great Western Trail	Webster's Additions LMI
ASSETS					
Cash, Cash Equivalents and Pooled Investments	\$11,448	\$1,142	\$38,854	\$81,157	\$115,037
Receivables:					
Property Tax:					
Delinquent	0	0	0	0	0
Succeeding Year	0	0	0	0	0
Accounts	188	0	0	0	0
Accrued Interest	0	0	0	1	0
Total Assets	\$11,636	\$1,142	\$38,854	\$81,158	\$115,037
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Deferred Inflows of Resources:					
Succeeding Year Property Tax	0	0	0	0	0
Other	0	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0	0
Fund Balances:					
Restricted For:					
Drainage	0	0	0	0	0
Debt Service	0	0	0	0	0
Capital Projects	0	0	0	0	0
Other Purposes	11,636	1,142	38,854	81,158	115,037
Total Fund Balances	11,636	1,142	38,854	81,158	115,037
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$11,636	\$1,142	\$38,854	\$81,158	\$115,037

See Accompanying Independent Auditor's Report

Schedule 1

<u>Special Revenue</u>								
Well Program	Drainage Districts	Debt Service	Secondary Roads Debt Service \$400,000	Secondary Roads Debt Service \$25,000	Wind Turbine Debt Service	Courthouse Repairs Capital Projects	County Jail Capital Projects	Total
\$13,807	\$27,567	\$ 4,169	\$143	\$32	\$ 162,282	\$22,548	\$3,531	\$ 481,717
0	0	82	0	0	0	0	0	82
0	0	127,943	0	0	1,390,752	0	0	1,518,695
0	0	0	0	0	0	0	0	188
0	0	0	0	0	0	0	0	1
<u>\$13,807</u>	<u>\$27,567</u>	<u>\$132,194</u>	<u>\$143</u>	<u>\$32</u>	<u>\$1,553,034</u>	<u>\$22,548</u>	<u>\$3,531</u>	<u>\$2,000,683</u>
\$ 510	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 510
0	0	127,943	0	0	1,390,752	0	0	1,518,695
0	0	78	0	0	0	0	0	78
0	0	128,021	0	0	1,390,752	0	0	1,518,773
0	27,567	0	0	0	0	0	0	27,567
0	0	4,173	143	32	162,282	0	0	166,630
0	0	0	0	0	0	22,548	3,531	26,079
13,297	0	0	0	0	0	0	0	261,124
<u>13,297</u>	<u>27,567</u>	<u>4,173</u>	<u>143</u>	<u>32</u>	<u>162,282</u>	<u>22,548</u>	<u>3,531</u>	<u>481,400</u>
<u>\$13,807</u>	<u>\$27,567</u>	<u>\$132,194</u>	<u>\$143</u>	<u>\$32</u>	<u>\$1,553,034</u>	<u>\$22,548</u>	<u>\$3,531</u>	<u>\$2,000,683</u>

HOWARD COUNTY
Cresco, Iowa

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2014**

	Special Revenue					
	County Recorder's Record Management	Forfeiture Fund	Tax Increment Financing	Resource Enhancement and Protection	Wapsi Great Western Trail	Webster's Additions LMI
REVENUES:						
Property and Other County Tax	\$ 0	\$ 0	\$197,887	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	0	12,881	0	0
Charges for Services	2,067	0	0	0	0	0
Use of Money and Property	1	0	0	3	8	0
Miscellaneous	0	0	0	0	0	28,838
Total Revenues	<u>2,068</u>	<u>0</u>	<u>197,887</u>	<u>12,884</u>	<u>8</u>	<u>28,838</u>
EXPENDITURES:						
Operating:						
Physical Health and Social Services	0	0	0	0	0	0
County Environment and Education	0	0	187,554	0	0	0
Administration	0	0	10,333	0	0	0
Non-program	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>197,887</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,068</u>	<u>0</u>	<u>0</u>	<u>12,884</u>	<u>8</u>	<u>28,838</u>
Other Financing Sources (Uses):						
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	2,068	0	0	12,884	8	28,838
Fund Balances – Beginning of Year	9,568	1,142	0	25,970	81,150	86,199
Fund Balances – End of Year	<u>\$11,636</u>	<u>\$1,142</u>	<u>\$ 0</u>	<u>\$38,854</u>	<u>\$81,158</u>	<u>\$115,037</u>

See Accompanying Independent Auditor's Report

Schedule 2

<u>Special Revenue</u>										
Well Program	Drainage Districts	Debt Service	Secondary Roads Debt Service \$400,000	Secondary Roads Debt Service \$25,000	Wind Turbine Debt Service	Courthouse Repairs Debt Service	Courthouse Repairs Capital Projects	Wind Turbine Interest Capital Projects	County Jail Capital Projects	Total
\$ 0	\$ 0	\$132,529	\$ 0	\$ 0	\$978,705	\$ 0	\$ 0	\$ 0	\$ 0	\$1,309,121
10,350	0	6,462	0	0	0	0	0	0	0	29,693
0	2,386	0	0	0	0	0	0	0	0	4,453
0	0	0	0	0	0	0	0	0	0	12
300	0	0	0	0	0	0	0	0	0	29,138
10,650	2,386	138,991	0	0	978,705	0	0	0	0	1,372,417
9,006	0	0	0	0	0	0	0	0	0	9,006
0	0	0	0	0	0	0	0	0	0	187,554
0	0	0	0	0	0	0	0	0	0	10,333
0	1,093	0	0	0	0	0	0	0	0	1,093
0	0	49,938	47,740	5,679	982,878	35,440	0	0	0	1,121,675
0	0	0	0	0	0	0	27,643	0	0	27,643
9,006	1,093	49,938	47,740	5,679	982,878	35,440	27,643	0	0	1,357,304
1,644	1,293	89,053	(47,740)	(5,679)	(4,173)	(35,440)	(27,643)	0	0	15,113
0	0	0	47,740	5,679	0	35,440	0	0	0	88,859
0	0	(88,859)	0	0	0	0	0	(107,554)	0	(196,413)
0	0	(88,859)	47,740	5,679	0	35,440	0	(107,554)	0	(107,554)
1,644	1,293	194	0	0	(4,173)	0	(27,643)	(107,554)	0	(92,441)
11,653	26,274	3,979	143	32	166,455	0	50,191	107,554	3,531	573,841
\$13,297	\$27,567	\$ 4,173	\$ 143	\$ 32	\$162,282	\$ 0	\$ 22,548	\$ 0	\$3,531	\$ 481,400

HOWARD COUNTY
Cresco, Iowa

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

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$ 0	\$ 1,997	\$389,531	\$ 85,587
Other County Officials	9,075	0	0	0
Receivables:				
Property Tax:				
Delinquent	0	5	11	202
Succeeding Year	0	141,218	333,632	5,639,231
Accounts	20	0	0	0
Accrued Interest	0	0	0	0
TOTAL ASSETS	\$9,095	\$143,220	\$723,174	\$5,725,020
LIABILITIES				
Accounts Payable	\$ 0	\$ 0	\$ 29,207	\$ 0
Salaries and Benefit Payable	0	0	4,568	0
Due to Other Governments	420	143,220	670,342	5,725,020
Trusts Payable	8,675	0	0	0
Compensated Absences	0	0	19,057	0
TOTAL LIABILITIES	\$9,095	\$143,220	\$723,174	\$5,725,020

See Accompanying Independent Auditor's Report

Schedule 3

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
\$ 5,837 0	\$ 34,979 0	\$ 2,227 0	\$1,098 0	\$199,691 0	\$235,636 0	\$ 956,583 9,075
15 472,493 0 0	282 2,223,654 0 0	0 164,261 0 0	0 0 0 0	0 0 0 0	18 536,777 18,653 1	533 9,511,266 18,673 1
<u>\$478,345</u>	<u>\$2,258,915</u>	<u>\$166,488</u>	<u>\$1,098</u>	<u>\$199,691</u>	<u>\$791,085</u>	<u>\$10,496,131</u>
\$ 0 0 478,345 0 0	\$ 0 0 2,258,915 0 0	\$ 0 0 166,488 0 0	\$ 0 0 1,098 0 0	\$ 0 0 199,691 0 0	\$ 1,224 859 781,764 1,053 6,185	\$ 30,431 5,427 10,425,303 9,728 25,242
<u>\$478,345</u>	<u>\$2,258,915</u>	<u>\$166,488</u>	<u>\$1,098</u>	<u>\$199,691</u>	<u>\$791,085</u>	<u>\$10,496,131</u>

HOWARD COUNTY
Cresco, Iowa

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

ASSETS AND LIABILITIES	County Offices	Agricultural Extension Education	County Assessor	Schools
Balances – Beginning of Year	\$ 14,785	\$143,644	\$671,485	\$6,040,034
Additions:				
Property and Other County Tax	0	142,926	337,473	5,705,434
E911 Surcharge	0	0	0	0
State Tax Credits	0	7,760	17,460	331,065
Office Fees and Collections	257,393	0	0	0
Auto Licenses, Use Tax and Postage	0	0	0	0
Assessments	0	0	0	0
Trusts	145,782	0	0	0
Miscellaneous	0	0	308	0
Total Additions	403,175	150,686	355,241	6,036,499
Deductions:				
Agency Remittances:				
To Other Funds	103,122	0	0	0
To Other Governments	154,181	151,110	303,552	6,351,513
Trusts Paid Out	151,562	0	0	0
Total Deductions	408,865	151,110	303,552	6,351,513
Balances – End of Year	\$ 9,095	\$143,220	\$723,174	\$5,725,020

See Accompanying Independent Auditor's Report

Schedule 4

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
\$451,888	\$3,385,157	\$159,569	\$ 0	\$ 181,520	\$676,472	\$11,724,554
478,353	1,140,849	165,533	0	0	542,922	8,513,490
0	0	0	0	0	136,942	136,942
23,429	137,388	8,417	0	0	28,114	553,633
0	0	0	0	0	0	257,393
0	0	0	0	2,705,769	0	2,705,769
0	0	0	28,107	0	0	28,107
0	0	0	0	138	147,626	293,546
0	0	0	0	0	90,084	90,392
501,782	1,278,237	173,950	28,107	2,705,907	945,688	12,579,272
0	0	0	0	82,002	0	185,124
475,325	2,404,479	167,031	27,009	2,605,596	680,674	13,320,470
0	0	0	0	138	150,401	302,101
475,325	2,404,479	167,031	27,009	2,687,736	831,075	13,807,695
\$478,345	\$2,258,915	\$166,488	\$ 1,098	\$ 199,691	\$791,085	\$10,496,131

HOWARD COUNTY
Cresco, Iowa

**SCHEDULE OF REVENUES BY SOURCE AND
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS**

For the Last Ten Years

	2014	2013	2012	2011
Revenues:				
Property and Other County Tax	\$ 5,747,257	\$ 5,120,352	\$ 4,374,391	\$ 4,004,308
Local Option Sales Tax	531,451	547,111	528,931	523,426
Interest and Penalty On Property Tax	36,477	33,091	46,290	52,610
Intergovernmental	3,793,687	3,514,890	3,752,485	4,485,985
Licenses and Permits	12,896	11,950	8,812	6,455
Charges for Service	528,943	497,050	504,972	435,029
Use of Money and Property	83,365	165,894	94,490	130,804
Miscellaneous	298,224	228,553	1,306,491	232,743
Total	\$11,032,300	\$10,118,891	\$10,616,862	\$ 9,871,360
Expenditures:				
Operating:				
Public Safety and Legal Services	\$ 1,364,156	\$ 1,358,844	\$ 1,281,143	\$ 1,124,463
Physical Health and Social Services	566,949	589,320	450,229	437,706
Mental Health	495,169	541,589	1,359,347	1,299,362
County Environment and Education	1,181,859	1,437,150	1,069,653	1,254,461
Roads and Transportation	4,358,197	3,697,869	3,360,477	3,740,812
Governmental Services To Residents	332,379	365,859	323,411	306,361
Administration	875,039	1,164,255	941,271	932,209
Non-Program	1,093	3,358	26,578	3,781
Debt Service	1,171,753	612,610	250,077	207,961
Capital Projects	1,635,236	2,411,961	560,161	2,577,834
Total	\$11,981,830	\$12,182,815	\$ 9,622,347	\$11,884,950

See Accompanying Independent Auditor's Report

Schedule 5

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
\$3,662,011	\$3,340,785	\$3,250,683	\$3,271,573	\$3,064,407	\$3,003,306
477,110	522,505	423,390	439,631	392,701	344,460
38,044	43,081	32,898	28,481	31,947	26,264
4,275,852	4,316,869	3,382,725	3,192,694	3,101,743	2,936,128
15,707	9,455	20,501	6,330	8,594	5,280
452,535	453,109	441,531	400,128	390,617	388,727
90,992	121,691	189,486	217,954	174,632	351,573
607,263	247,576	207,084	295,069	320,952	133,960
\$9,619,514	\$9,055,071	\$7,948,298	\$7,851,860	\$7,485,593	\$7,189,698
\$1,147,307	\$1,085,111	\$1,178,257	\$1,035,867	\$ 959,201	\$ 917,620
422,537	396,894	397,860	336,340	395,732	443,218
1,106,707	1,249,311	1,252,692	1,304,049	1,106,788	996,192
1,702,186	894,678	799,801	866,273	766,713	1,066,753
3,936,790	3,379,695	3,305,054	3,176,661	3,007,255	2,379,734
298,951	313,020	266,112	251,107	370,212	230,791
837,436	864,774	788,090	802,558	753,519	772,808
1,924	3,251	5,767	1,461	5,888	12,894
87,407	49,939	49,939	49,939	0	20,826
295,940	42,222	34,061	504,084	573,014	346,049
\$9,837,185	\$8,278,895	\$8,077,633	\$8,328,339	\$7,938,322	\$7,186,885

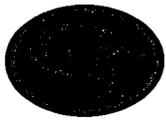
HOWARD COUNTY
Cresco, Iowa

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 3,277
U.S. Department of Housing and Urban Development:			
Iowa Economic Development Authority			
Community Development Block Grant – State’s Program and Non-Entitlement Grants in Hawaii	14.228	11-CF-005	553,775
U.S. Department of Transportation:			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	STP-E-CO45(50)-8V-45	77,912
Iowa Department of Public Safety:			
Governor’s Traffic Safety Bureau:			
Safety Belt Performance Grant	20.609	PAP 13-03, Task 169 & PAP 14-402-MOOP, Task 27-50-00	4,008
Hazardous Materials Emergency Preparedness			
Training and Planning Grants	20.703	HM-HMP-0275-12-01-00	26,802
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance	93.566		7
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		957
Foster Care – Title IV-E	93.658		1,256
Adoption Assistance	93.659		425
Social Services Block Grant	93.667		1,028
Childrens’ Health Insurance Program	93.767		14
Medical Assistance Program	93.778		5,396
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants – Public Assistance	97.036	089-U0P6Q-00	55,035
Emergency Management Performance Grant	97.042	EMPG-13-PT-45	701
Total Indirect			\$730,593
Total			\$730,593

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Howard 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.

See Accompanying Independent Auditor’s Report.



Gardiner Thomsen
Certified Public Accountants

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

To the Officials of Howard County:
Cresco, 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 Howard County, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Howard County, Iowa's basic financial statements and have issued our report thereon dated March 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Howard County, Iowa'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 our opinion on the effectiveness of Howard County Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of Howard County, Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings 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 a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items II-A-14, and II-B-14 to be material weaknesses.

A *significant deficiency* is a deficiency, or 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 item II-C-14 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Howard County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Howard County, Iowa's Response to Findings

Howard County, Iowa's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Howard County, Iowa's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

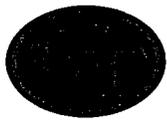
Purpose of this Report

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



Gardiner Thomsen, P.C.
Charles City, Iowa

March 25, 2015



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

To the Officials of Howard County
Cresco, Iowa

Report on Compliance for Each Major Federal Program

We have audited Howard 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 each of Howard County, Iowa's major federal programs for the year ended June 30, 2014. Howard County, Iowa's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Howard 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 non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Howard County, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Howard 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 Howard 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 Howard County, Iowa's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operations 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 results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Gardiner Thomsen, P.C.

Charles City, Iowa
March 25, 2015

HOWARD COUNTY
Cresco, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (e) The major program was CFDA Number 14.228 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.
- (f) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (g) Howard County did not qualify as a low-risk auditee.

HOWARD COUNTY
Cresco, Iowa

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

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-14 Segregation of Duties

Finding – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. We noted that various functions of the County are performed by the same person.

Criteria – A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition – Various functions of the Auditor, Treasurer, Recorder and Sheriff Offices are performed by the same person.

Effect – Transaction errors could occur and not be detected in a timely manner.

Cause – Limited staff available to segregate duties.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned – We have reviewed procedures as suggested. We are in the process of cross training employees to further segregate duties.

II-B-14 Financial Reporting

Finding – During our audit, we identified material amounts of receipts, secondary road inventory, accounts receivable, accounts payable and capital assets not recorded or incorrectly recorded in the County's financial statements.

Criteria – A good financial reporting system to record receipts, secondary road inventory, accounts receivable, accounts payable and capital assets, including infrastructure and the related depreciation calculations.

HOWARD COUNTY
Cresco, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2014

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

II-B-14 Financial Reporting (Continued)

Condition – Receipts for the proceeds related to the sale of capital assets were not coded as such. Receipts for the issuance of long-term debt were not recorded correctly. Secondary road inventory amounts provided to the County Auditor were not complete. Receipts in July and August following year end were not always coded as a receipt for goods or services provided prior to June 30 to be included in the accounts receivable listing. Disbursements in July and August following year end were not always coded as a disbursement for goods or services received prior to June 30 to be included in the accounts payable listing. Capital assets additions were not always included in the capital asset listing as the proper acquisition value.

Effect – The proceeds from the sale of capital assets were understated, miscellaneous receipts were overstated. The proceeds from the issuance of long-term debt were overstated. Debt related expenditures were understated. Secondary road inventory was understated. The accounts receivable listing was understated. The accounts payable listing was overstated. The capital asset listing was not correct.

Recommendation – The County should implement procedures to ensure all receipts are properly coded and all inventory, accounts receivable, accounts payable and capital assets, infrastructure and related depreciation are recorded in the financial statements.

Response and Corrective Action Planned – We will adjust our financial statements to properly include these amounts and will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

II-C-14 Preparation of Full Disclosure Financial Statements

Finding – During the audit, we noted that Howard County does not have the internal resources to prepare full disclosure financial statements required by U.S. Generally Accepted Accounting Principles (GAAP) for external reporting.

Criteria – Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements for external reporting in conformity with GAAP.

Condition – Management requested that Gardiner Thomsen, P.C. assist in preparing the draft of the financial statements, including the related footnote disclosures.

Effect – Although Gardiner Thomsen, P.C. assists in the preparation of the full disclosure financial statements, the management of the County thoroughly reviews them and accepts responsibility for their completeness and accuracy.

HOWARD COUNTY
Cresco, Iowa

SCHEDULE OF FINDINGS QUESTIONED COSTS (Continued)
Year Ended June 30, 2014

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

II-C-14 Preparation of Full Disclosure Financial Statements (Continued)

Cause – The County does not have the internal resources to prepare the full disclosure financial statements required by GAAP for external reporting.

Recommendation – We recognize that with a limited number of office employees, gaining sufficient knowledge and expertise to properly select and apply accounting principles and prepare full disclosure financial statements for external reporting is difficult. However, we recommend that County officials continue to review operating procedures and obtain the internal expertise needed to handle all the aspects of external financial reporting, rather than rely on external assistance.

Response and Corrective Action Planned – We recognize our limitations, however it is not fiscally responsible to add additional staff at this time.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

**CFDA Number 14.228: Community Development Block Grants/State's Program and
Non-Entitlement Grants in Hawaii
Pass-through Agency Number: 11-CF-005
Federal Award Year: 2014
U.S. Department of Housing and Urban Development
Passed through the Iowa Economic Development Authority**

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

**CFDA Number 14.228: Community Development Block Grants/State's Program and
Non-Entitlement Grants in Hawaii
Pass-through Agency Number: 11-CF-005
Federal Award Year: 2014
U.S. Department of Housing and Urban Development
Passed through the Iowa Economic Development Authority**

No matters were noted.

HOWARD COUNTY
Cresco, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2014

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-14 Certified Budget – Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted in the Debt Service function.

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

Response – We will amend the budget when required.

Conclusion – Response accepted.

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

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

IV-D-14 Business Transaction – The following business transactions between the County and County officials or employees were noted:

<u>Name, Title, and Business Relationship</u>	<u>Description</u>	<u>Amount</u>
Don Burnikel – Board of Supervisors		
Dusty’s Total Tree Service – Owned by Dusty Burnikel, Son	Tree Removal and Trimming	\$2,450
Lori Kerian – Assessor’s Office		
Culligan Water Conditioning – Owned by Rand Kerian, Husband	Water Refills and Equipment Rental	1,789
Joseph “Rock” Tuchek – Assessor’s Office		
Midwest Group Benefits – Owned by Joseph “Rock” Tuchek	Flex Saving Account Management	592

In accordance with Chapter 331.342 of the Code of Iowa, the transactions with Midwest Group Benefits do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year.

In accordance with Chapter 331.342 of the Code of Iowa, the transactions over \$1,500 with Dusty’s Total Tree Service and Culligan Water Conditioning do not appear to represent conflicts of interest since Don Burnikel and Lori Kerian do not appear to participate in acquiring the above services.

HOWARD COUNTY
Cresco, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2014

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

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

IV-F-14 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. However, the Board went into closed session on December 9, 2013 to discuss matters relating to the County. The minutes record does not document the vote of each member on the question of holding the closed session or final action taken in open session as required by Chapter 21 of the Code of Iowa. It was also noted that the Board minutes were not published in a timely manner per Chapter 349.19 of the Code of Iowa.

Recommendation – The Board of Supervisors should ensure all closed meetings comply with Chapter 21 of the Code of Iowa. The County should publish Board minutes in a timely manner to comply with Chapter 349.19 of the Code of Iowa.

Response – This was an oversight. We usually record the roll call vote as required and will do so in the future. We will maintain a record of when the minutes are made available to the official County newspaper.

Conclusion – Response accepted.

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

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

IV-I-14 Economic Development – During the year ended June 30, 2014, the County paid \$308,858 for Economic Development, which appears to be an appropriate expenditure of public funds since benefits to be derived have been clearly documented.

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.

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

HOWARD COUNTY
Cresco, Iowa

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2014

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

IV-K-14 Credit Card Policy – Several departments have credit cards for use by various employees while on County business. The County does have a written policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges. However, it was noted that supporting documentation was not always available to support credit card charges.

Recommendation – As required by the credit card policy, all claims for purchase by credit card should be supported by detailed invoices or other appropriate supporting documentation before payment.

Response – We will maintain detailed invoices for credit card claims before payment.

Conclusion – Response accepted.

IV-L-14 Emergency Management – Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted for the Emergency Management Commission.

Recommendation – The budget should have been amended in accordance with Chapter 24 before disbursements were allowed to exceed the budget.

Response – We will amend the budget when required.

Conclusion – Response accepted.

IV-M-14 Urban Renewal Annual Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

IV-N-14 Tax Increment Financing – For the year ended June 30, 2014, the County Auditor prepared reconciliations for each City reconciling TIF receipts with total outstanding TIF debt.