

IOWA COUNTY

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

TABLE OF CONTENTS

	Page
OFFICIALS	3
INDEPENDENT AUDITOR’S REPORT	4-5
BASIC FINANCIAL STATEMENTS:	
Exhibit	
Government-Wide Financial Statements:	
A Statement of Net Position	8-9
B Statement of Activities	10
Governmental Fund Financial Statements:	
C Balance Sheet	12-15
D Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	16
E Statement of Revenues, Expenditures and Changes in Fund Balances	18-21
F Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	22
Fiduciary Fund Financial Statements:	
G Statement of Fiduciary Assets and Liabilities – Agency Funds	23
Notes to Financial Statements	24-43
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds	46-47
Budget to GAAP Reconciliation	48
Notes to Required Supplementary Information – Budgetary Reporting	49
Schedule of Funding Progress for the Retiree Health Plan	50
SUPPLEMENTARY INFORMATION:	
Schedule	
Nonmajor Governmental Funds:	
1 Combining Balance Sheet	52-53
2 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	54-55
Agency Funds:	
3 Combining Schedule of Fiduciary Assets and Liabilities	56-59
4 Combining Schedule of Changes in Fiduciary Assets and Liabilities	60-63
5 Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	64-65
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	66-67
SCHEDULE OF FINDINGS	68-72

IOWA COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kevin Heitshusen	Board of Supervisors	Jan. 2015
Vicki Pope	Board of Supervisors	Jan. 2015
Kim Tanke	Board of Supervisors (resigned January 2014)	
Jenifer Mein	Board of Supervisors (appointed February 2014)	Jan. 2015
Dale Walter	Board of Supervisors	Jan. 2017
Ray Garringer	Board of Supervisors	Jan. 2017
Kristen Miller	County Auditor	Jan. 2017
Michelle Sims	County Treasurer	Jan. 2015
Sue Peterson	County Recorder (resigned May 2014)	
Sherry Pope	County Recorder (appointed May 2014)	Jan. 2015
Robert Rotter	County Sheriff	Jan. 2017
Timothy McMeen	County Attorney	Jan. 2015
Linda Griggs	County Assessor	Jan. 2016

DOUGLAS T. HUNT, CPA
DONALD D. KAIN
CHUCK C. CONVERSE, CPA
RUSSELL S. TERPSTRA, CPA
MICHAEL G. STANLEY, CPA
DEE A.A. HOKE, CPA

HUNT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1201 HIGH AVENUE WEST
OSKALOOSA, IA 52577
641/672-2541
FAX 641/672-2461

317 EAST ROBINSON
KNOXVILLE, IA 50138
641/842-3184
FAX 641/828-7404

INDEPENDENT AUDITOR'S REPORT

To the Officials of Iowa County:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other*Required Supplementary Information*

U.S. generally accepted accounting principles require the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has omitted the Management's Discussion and Analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Iowa County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

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



Oskaloosa, Iowa
March 12, 2015

This page intentionally left blank

Basic Financial Statements

IOWA COUNTY
STATEMENT OF NET POSITION
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 7,941,157
Investment held by fiscal agent	1,935,404
Receivables:	
Property tax:	
Delinquent	18,066
Succeeding year	7,025,000
Interest and penalty on property tax	36,049
Accounts	68,517
Accrued interest	13,658
Drainage assessments	49,377
Due from other governments	468,227
Inventories	318,877
Prepaid expenses	63,111
Capital assets, net of accumulated depreciation/amortization (note 4)	<u>24,764,327</u>
 Total assets	 <u>42,701,770</u>
Liabilities	
Accounts payable	244,934
Salaries and benefits payable	135,642
Due to other governments (note 5)	4,702
Accrued interest payable	15,945
Long-term liabilities (note 6):	
Portion due or payable within one year:	
General obligation bonds	232,000
Revenue bonds	420,000
Drainage warrants	30,000
Compensated absences	602,591
Portion due or payable after one year:	
General obligation bonds	4,189,000
Drainage warrants	150,000
Real estate contract	60,000
Compensated absences	66,954
Net OPEB liability	<u>78,000</u>
 Total liabilities	 <u>6,229,768</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	<u>7,025,000</u>

IOWA COUNTY
STATEMENT OF NET POSITION
June 30, 2014

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	\$ 22,394,427
Restricted for:	
Supplemental levy purposes	725,201
Cemetery levy purposes	12,872
Conservation purposes	188,683
Prisoner room and board	6,950
Mental health purposes	1,351,127
Rural services purposes	226,780
Secondary roads purposes	3,152,021
Other purposes	121,242
Unrestricted	<u>1,267,699</u>
Total net position	<u>\$ 29,447,002</u>

See notes to financial statements.

IOWA COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	
Governmental Activities:					
Public safety and legal services	\$ 3,370,138	\$ 750,376	\$ 23,589	\$ -	\$ (2,596,173)
Physical health and social services	1,077,144	381,478	434,690	-	(260,976)
Mental health	432,581	3,416	42,375	-	(386,790)
County environment and education	970,960	103,542	60,123	-	(807,295)
Roads and transportation	6,447,692	226,795	3,407,132	345,297	(2,468,468)
Government services to residents	575,941	338,825	75	-	(237,041)
Administration	1,480,600	254,854	107	-	(1,225,639)
Non-program	45,363	230	495	-	(44,638)
Interest on long-term debt	197,113	-	15,842	-	(181,271)
Total	<u>\$ 14,597,532</u>	<u>\$ 2,059,516</u>	<u>\$ 3,984,428</u>	<u>\$ 345,297</u>	<u>(8,208,291)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					6,969,058
Debt service					527,961
Penalty and interest on property tax					53,426
State tax credits					336,939
Local option sales and services tax					1,606,120
Hotel/motel tax					186,694
Unrestricted investment earnings					69,469
Miscellaneous					<u>9,181</u>
Total general revenues					<u>9,758,848</u>
Change in net position					1,550,557
Net position beginning of year					<u>27,896,445</u>
Net position end of year					<u>\$ 29,447,002</u>

See notes to financial statements.

This page intentionally left blank

IOWA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 2,479,316	\$ 1,383,658	\$ 279,652	\$ 3,011,855
Investment held by fiscal agent	-	-	-	-
Receivables:				
Property tax:				
Delinquent	10,641	1,839	4,748	-
Succeeding year	3,998,000	691,000	1,973,000	-
Interest and penalty on property tax	36,049	-	-	-
Accounts	65,345	-	-	470
Accrued interest	7,266	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	64,371	-	-	362,947
Inventories	-	-	-	318,877
Prepaid expenses	63,111	-	-	-
 Total assets	 <u>\$ 6,724,099</u>	 <u>\$ 2,076,497</u>	 <u>\$ 2,257,400</u>	 <u>\$ 3,694,149</u>

<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 60,942	\$ 725,734	\$ 7,941,157
1,935,404	-	1,935,404
838	-	18,066
309,000	54,000	7,025,000
-	-	36,049
-	2,702	68,517
6,392	-	13,658
-	49,377	49,377
-	40,909	468,227
-	-	318,877
-	-	63,111
\$ 2,312,576	\$ 872,722	\$ 17,937,443

IOWA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 136,508	\$ 20,317	\$ -	\$ 84,271
Salaries and benefits payable	59,538	-	-	76,104
Due to other governments (note 5)	1,046	246	-	3,410
Total liabilities	197,092	20,563	-	163,785
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,998,000	691,000	1,973,000	-
Other	46,545	1,825	4,713	-
Total deferred inflows of resources	4,044,545	692,825	1,977,713	-
Fund balances:				
Nonspendable:				
Inventories	-	-	-	318,877
Prepaid expenses	63,111	-	-	-
Restricted for:				
Supplemental levy purposes	790,947	-	-	-
Cemetery levy purposes	12,829	-	-	-
Conservation purposes	170,224	-	-	-
Prisoner room and board	6,950	-	-	-
Mental health purposes	-	1,363,109	-	-
Rural services purposes	-	-	279,687	-
Secondary roads purposes	-	-	-	3,211,487
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
County Sheriff	8,379	-	-	-
Unassigned	1,430,022	-	-	-
Total fund balances	2,482,462	1,363,109	279,687	3,530,364
Total liabilities, deferred inflows of resources and fund balances	\$ 6,724,099	\$ 2,076,497	\$ 2,257,400	\$ 3,694,149

See notes to financial statements.

	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
\$	-	\$ 3,838	\$ 244,934
	-	-	135,642
	-	-	4,702
	-	3,838	385,278
	309,000	54,000	7,025,000
	831	49,377	103,291
	309,831	103,377	7,128,291
	-	-	318,877
	-	-	63,111
	-	-	790,947
	-	-	12,829
	-	18,459	188,683
	-	-	6,950
	-	-	1,363,109
	-	-	279,687
	-	-	3,211,487
	2,002,745	179,500	2,182,245
	-	71,100	71,100
	-	496,448	496,448
	-	-	8,379
	-	-	1,430,022
	2,002,745	765,507	10,423,874
\$	<u>2,312,576</u>	<u>\$ 872,722</u>	<u>\$ 17,937,443</u>

IOWA COUNTY

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

June 30, 2014

Total fund balances of governmental funds	\$ 10,423,874
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. The cost of assets is \$46,397,819 and the accumulated depreciation/amortization is \$21,633,492.	24,764,327
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	103,291
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(15,945)
Long-term liabilities, including bonds payable, drainage warrants, real estate contract payable, compensated absences, and net OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(5,828,545)</u>
Net position of governmental activities	<u>\$ 29,447,002</u>

See notes to financial statements.

This page intentionally left blank

IOWA COUNTY

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

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	\$ 3,873,815	\$ 690,672	\$ 1,974,285	\$ 1,606,120
Interest and penalty on property tax	50,281	-	-	-
Intergovernmental	987,164	76,443	90,905	3,402,550
Licenses and permits	19,478	-	-	5,965
Charges for service	1,120,913	-	-	-
Use of money and property	264,110	-	-	4,582
Miscellaneous	158,313	3,416	-	220,980
Total revenues	6,474,074	770,531	2,065,190	5,240,197
Expenditures:				
Operating:				
Public safety and legal services	2,736,012	-	548,239	-
Physical health and social services	1,026,668	-	-	-
Mental health	-	430,665	-	-
County environment and education	573,373	-	210,323	-
Roads and transportation	-	-	-	4,936,408
Government services to residents	576,361	-	-	-
Administration	1,369,675	-	3,517	-
Non-program	-	-	-	-
Debt service	33,600	-	-	-
Capital projects	-	-	-	193,913
Total expenditures	6,315,689	430,665	762,079	5,130,321
Excess (deficiency) of revenues over (under) expenditures	158,385	339,866	1,303,111	109,876
Other financing sources (uses):				
Interfund transfers in (note 3)	-	-	-	1,327,724
Interfund transfers out (note 3)	-	-	(1,286,000)	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	-	-	(1,286,000)	1,327,724

	Debt Service	Nonmajor	Total
\$	528,413	\$ 615,727	\$ 9,289,032
	-	-	50,281
	23,864	27,558	4,608,484
	-	-	25,443
	-	36,499	1,157,412
	12,795	3,768	285,255
	-	57,829	440,538
	<u>565,072</u>	<u>741,381</u>	<u>15,856,445</u>
	-	9,164	3,293,415
	-	-	1,026,668
	-	-	430,665
	-	220,385	1,004,081
	-	-	4,936,408
	-	1,386	577,747
	-	-	1,373,192
	-	65,789	65,789
	551,296	476,198	1,061,094
	-	-	193,913
	<u>551,296</u>	<u>772,922</u>	<u>13,962,972</u>
	13,776	(31,541)	1,893,473
	-	-	1,327,724
	-	(41,724)	(1,327,724)
	-	40,000	40,000
	<u>-</u>	<u>(1,724)</u>	<u>40,000</u>

IOWA COUNTY

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

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Net change in fund balances	\$ 158,385	\$ 339,866	\$ 17,111	\$ 1,437,600
Fund balances beginning of year	<u>2,324,077</u>	<u>1,023,243</u>	<u>262,576</u>	<u>2,092,764</u>
Fund balances end of year	<u><u>\$ 2,482,462</u></u>	<u><u>\$ 1,363,109</u></u>	<u><u>\$ 279,687</u></u>	<u><u>\$ 3,530,364</u></u>

See notes to financial statements.

<u>Debt</u> <u>Service</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 13,776	\$ (33,265)	\$ 1,933,473
<u>1,988,969</u>	<u>798,772</u>	<u>8,490,401</u>
<u>\$ 2,002,745</u>	<u>\$ 765,507</u>	<u>\$ 10,423,874</u>

IOWA COUNTY

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

Net change in fund balances - total governmental funds \$ 1,933,473

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

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

	Capital outlay expenditures	\$ 353,608	
Capital assets contributed by the Iowa Department of Transportation		345,297	
Depreciation/amortization expense		<u>(1,838,474)</u>	(1,139,569)

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

	Property tax	801	
Other		<u>(54,454)</u>	(53,653)

Proceeds from issuing long-term liabilities provide current financial resources
to governmental funds, but issuing debt increases long-term liabilities in the
Statement of Net Position and does not affect the Statement of Activities. (40,000)

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. 881,000

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

	Compensated absences	(20,101)	
Net OPEB liability		(14,000)	
Interest on long-term debt		<u>3,407</u>	<u>(30,694)</u>

Change in net position of governmental activities \$ 1,550,557

See notes to financial statements.

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

Assets	
Cash and pooled investments:	
County Treasurer	\$ 1,235,394
Other County officials	63,357
Receivables:	
Property tax:	
Delinquent	47,388
Succeeding year	16,603,000
Accounts	18,958
Due from other governments	48,155
Prepaid expenses	<u>34,338</u>
Total assets	<u>\$ 18,050,590</u>
Liabilities	
Accounts payable	\$ 29,731
Salaries and benefits payable	1,661
Due to other governments (note 5)	17,937,852
Trusts payable	41,388
Compensated absences	<u>39,958</u>
Total liabilities	<u>\$ 18,050,590</u>

See notes to financial statements.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies

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

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

Two 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 Iowa 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 Iowa County Auditor's office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Iowa County Assessor's Conference Board, Iowa County Emergency Management Commission, and Iowa County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Special Revenue (continued):

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 Debt Service Fund is used for the accumulation of resources for and the payment of principal, interest and fiscal charges on long-term debt.

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

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

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

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

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

Investment Held By Fiscal Agent – The County has investments raised through the sale of crossover refunding bonds issued by the County that are held in an escrow trust by the County's fiscal agent. The investments in the escrow trust are stated at fair value.

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

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2013.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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

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.

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

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

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

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

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

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is recorded in the governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available.

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

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

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

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

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

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

Unassigned – All amounts not included in preceding classifications.

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 did not exceed the amounts budgeted in any County function and disbursements did not exceed departmental appropriations.

Note 2. Cash, Pooled Investments and Investment Held By Fiscal Agent

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.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 2. Cash, Pooled Investments and Investment Held By Fiscal Agent (continued)

At June 30, 2014, the County had investments in U.S. Treasury Note State and Local Government Series securities which are valued at fair value of \$1,941,796.

Credit Risk – The investment in U.S. Treasury Note State and Local Government Series securities is not subject to credit rating.

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 1,286,000
	Debt Service: Debt Service Sinking	<u>41,724</u>
		<u>\$ 1,327,724</u>

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

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 4. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 1,186,273	\$ 39,000	\$ -	\$ 1,225,273
Capital assets being depreciated/amortized:				
Intangibles	220,380	-	-	220,380
Buildings	8,811,332	-	109,000	8,702,332
Improvements other than buildings	60,788	84,583	-	145,371
Machinery and equipment	7,840,306	230,025	118,050	7,952,281
Infrastructure	27,806,885	345,297	-	28,152,182
Total capital assets being depreciated/amortized	<u>44,739,691</u>	<u>659,905</u>	<u>227,050</u>	<u>45,172,546</u>
Less accumulated depreciation/amortization for:				
Intangibles	55,284	14,692	-	69,976
Buildings	3,372,919	253,373	109,000	3,517,292
Improvements other than buildings	2,026	10,485	-	12,511
Machinery and equipment	5,874,049	632,796	118,050	6,388,795
Infrastructure	10,717,790	927,128	-	11,644,918
Total accumulated depreciation/amortization	<u>20,022,068</u>	<u>1,838,474</u>	<u>227,050</u>	<u>21,633,492</u>
Total capital assets being depreciated/amortized, net	<u>24,717,623</u>	<u>(1,178,569)</u>	<u>-</u>	<u>23,539,054</u>
Governmental activities capital assets, net	<u>\$ 25,903,896</u>	<u>\$ (1,139,569)</u>	<u>\$ -</u>	<u>\$ 24,764,327</u>

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 4. Capital Assets (continued)

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Public safety and legal services	\$	200,588
Physical health and social services		46,341
Mental health		875
County environment and education		69,587
Roads and transportation		1,375,048
Administration		<u>146,035</u>
Total depreciation/amortization expense		
- governmental activities	\$	<u><u>1,838,474</u></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 at June 30, 2014 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 1,046
Special Revenue:		
Mental Health		246
Secondary Roads		<u>3,410</u>
Total for governmental funds		<u><u>\$ 4,702</u></u>
Agency:		
County Assessor	Collections	\$ 785,563
Schools		11,492,699
Area Schools		880,347
Corporations		3,497,933
Townships		291,771
Auto License and Use Tax		402,060
All Other		<u>587,479</u>
Total for agency funds		<u><u>\$ 17,937,852</u></u>

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6. Long-Term Liabilities

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
General Obligation County Purpose Bonds	\$ 142,000	\$ -	\$ 46,000	\$ 96,000	\$ 47,000
General Obligation County Law Enforcement Center Bonds	2,465,000	-	180,000	2,285,000	185,000
General Obligation Refunding Bonds	2,040,000	-	-	2,040,000	-
General Obligation Computer Data Base System Bonds	215,000	-	215,000	-	-
Urban Renewal Tax Increment Revenue Bonds	810,000	-	390,000	420,000	420,000
Drainage Warrants	160,000	40,000	20,000	180,000	30,000
Real Estate Contract	90,000	-	30,000	60,000	-
Compensated Absences	649,444	604,601	584,500	669,545	602,591
Net OPEB Liability	64,000	14,000	-	78,000	-
Total	\$ 6,635,444	\$ 658,601	\$ 1,465,500	\$ 5,828,545	\$ 1,284,591

General Obligation County Purpose Bonds

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	3.22 %	\$ 47,000	\$ 3,091	\$ 50,091
2016	3.22	49,000	1,578	50,578
		<u>\$ 96,000</u>	<u>\$ 4,669</u>	<u>\$ 100,669</u>

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6. Long-Term Liabilities (continued)

General Obligation County Law Enforcement Center Bonds

Details of the County's June 30, 2014 general obligation County law enforcement center bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	4.20 %	\$ 185,000	\$ 108,150	\$ 293,150
2016	4.35-5.15	2,100,000	100,380	2,200,380
		<u>\$ 2,285,000</u>	<u>\$ 208,530</u>	<u>\$ 2,493,530</u>

General Obligation Refunding Bonds

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	0.90 %	\$ -	\$ 31,097	\$ 31,097
2016	0.90	-	31,097	31,097
2017	0.90	245,000	31,097	276,097
2018	1.10	245,000	28,893	273,893
2019	1.30	250,000	26,198	276,198
2020	1.45	250,000	22,947	272,947
2021	1.65	255,000	19,323	274,323
2022	1.80	260,000	15,115	275,115
2023	1.90	265,000	10,435	275,435
2024	2.00	270,000	5,400	275,400
		<u>\$ 2,040,000</u>	<u>\$ 221,602</u>	<u>\$ 2,261,602</u>

Urban Renewal Tax Increment Revenue Bonds

Details of the County's June 30, 2014 urban renewal tax increment revenue bonds are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	5.00 %	\$ 420,000	\$ 15,750	\$ 435,750

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6. Long-Term Liabilities (continued)

Urban Renewal Tax Increment Revenue Bonds (continued)

The County has pledged future tax increment financing revenues to repay the \$1,795,000 in tax increment revenue bonds issued in July, 2010. The bonds were issued to provide an economic development grant for a local manufacturer under authority of Chapter 403.9 and 403.19(2) of the Code of Iowa and are payable solely from tax increment financing revenues received by the County. The bonds are payable through the year ending June 30, 2015. The bonds are not a general obligation of the County. Annual principal and interest payments on the bonds are expected to require approximately 100 percent of levied tax increment financing revenues dedicated to the bond revenue fund. Total principal and interest payments remaining to be paid on the bonds is \$435,750. For the current year, principal and interest of \$425,625 was paid from the tax increment levy revenues.

The resolution providing for the issuance of the urban renewal tax increment revenue bonds includes the following provisions:

- (a) The original grant total of \$1,500,000 was deposited into and paid from the construction fund.
- (b) The principal and interest payments will be made from the urban renewal tax revenue fund from the tax increment financing revenues.
- (c) A reserve fund was created and will hold 10 percent of the original bond proceeds until the close of the bond issue or otherwise needed.

Drainage Warrants

During the year ended June 30, 2014, the County issued \$40,000 in drainage warrants dated June 27, 2014 with interest rates ranging from 1.75% to 2.25%. The drainage warrants are payable through the year ending June 30, 2020.

Details of the County's June 30, 2014 drainage warrant indebtedness are as follows:

Year Ending June 30,	Issue dated January 4, 2008			
	Interest Rates	Principal	Interest	Total
2015	4.45 %	\$ 30,000	\$ 2,670	\$ 32,670
2016	4.45	30,000	1,335	31,335
Subtotal		60,000	4,005	64,005

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6. Long-Term Liabilities (continued)

Drainage Warrants (continued)

Issue dated October 17, 2008				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	4.95 %	\$ -	\$ 2,475	\$ 2,475
2016	4.95	-	2,482	2,482
2017	4.95	-	2,475	2,475
2018	4.95	30,000	1,735	31,735
2019	4.95	20,000	496	20,496
Subtotal		50,000	9,663	59,663
Issue dated March 30, 2012				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	3.45-3.70 %	\$ -	\$ 1,060	\$ 1,060
2016	3.45-3.70	-	1,060	1,060
2017	3.45-3.70	-	1,060	1,060
2018	3.45-3.70	-	1,060	1,060
2019	3.45-3.70	30,000	1,060	31,060
Subtotal		30,000	5,300	35,300
Issue dated June 27, 2014				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	1.75-2.25 %	\$ -	\$ 840	\$ 840
2016	1.75-2.25	-	840	840
2017	1.75-2.25	-	840	840
2018	1.75-2.25	10,000	840	10,840
2019	2.00-2.25	-	665	665
2020	2.00-2.25	30,000	665	30,665
Subtotal		40,000	4,690	44,690
Total		\$ 180,000	\$ 23,658	\$ 203,658

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6. Long-Term Liabilities (continued)

Real Estate Contract

On July 2, 2012, the County finalized a real estate contract totaling \$150,000. The County paid \$30,000 in earnest money on May 11, 2012 to hold the property for contract approval. The balance of \$120,000 will be paid in 4 annual payments of \$30,000 plus interest at a 4% annual percentage rate. The County made the real estate contract payment due during the year ending June 30, 2015 in June of 2014.

Details of the County's June 30, 2014 real estate contract indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	4.00 %	\$ -	\$ -	-
2016	4.00	30,000	2,400	32,400
2017	4.00	30,000	1,200	31,200
		<u>\$ 60,000</u>	<u>\$ 3,600</u>	<u>\$ 63,600</u>

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 103 active and 6 retired members in the plan.

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

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

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

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 7. Other Postemployment Benefits (OPEB) (continued)

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

Annual required contribution	\$	41,953
Interest on net OPEB obligation		2,560
Adjustment to annual required contribution		2,446
Annual OPEB cost		<u>42,067</u>
Contributions made		<u>28,067</u>
Increase in net OPEB obligation		14,000
Net OPEB obligation beginning of year		<u>64,000</u>
Net OPEB obligation end of year	\$	<u><u>78,000</u></u>

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

For the year ended June 30, 2014, the County contributed \$28,067 to the medical plan.

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

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2012	\$ 17,748	4.2%	\$ 50,000
2013	42,024	66.7%	64,000
2014	42,067	66.7%	78,000

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$389,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$389,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,717,000 and the ratio of the UAAL to covered payroll was 8.2%. As of June 30, 2014, there were no trust fund assets.

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

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 7. Other Postemployment Benefits (OPEB) (continued)

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

As of the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 8.5%. The ultimate medical trend rate is 5.0%. The medical trend rate is reduced .5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Mortality Tables. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Urban Renewal Development Agreement

During the year ended June 30, 2011, the County entered into an urban renewal agreement to enable local economic expansion. The County has agreed to make economic development tax increment payments to a local manufacturer of \$.85 on each incremental tax dollar up to a maximum total of \$5,000,000. Starting December 1, 2012, the payments will be made semi-annually through June 1, 2030, or until the total economic incentive of \$5,000,000 has been met. The project is for the expansion of the local manufacturer's office and factory facilities in return for retention of at least 400 full time or equivalent jobs in the local area. The County is unable to prepare an amortization schedule for development payments due to the fluctuations inherent in property valuations and tax collections. The County paid \$40,885 in development payments to the contractor for the year ended June 30, 2014. Payments made on the agreement through June 30, 2014 total \$68,101, with a balance remaining of \$4,931,899.

Note 9. Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$457,572, \$428,829 and \$386,787, respectively, equal to the required contributions for each year.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 10. Risk Management

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

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses 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% of total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2014 were \$247,029.

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 exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 10. Risk Management (continued)

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$20,000 (\$50,000 for County Treasurer), respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11. Lease Purchase Agreements – Emergency Management Services

On January 17, 2013, Emergency Management Services, reported as an Agency Fund of the County, entered into a lease-purchase agreement for an emergency vehicle and communication radios. The lease calls for five annual payments of \$8,701 and has an interest rate of 4.622 percent.

On May 19, 2014, Iowa County Emergency Management Services entered into a lease-purchase agreement for the acquisition of a fire-rescue vehicle. The lease calls for an initial payment of \$22,000, followed by nine annual payments of \$24,629. The lease has an annual percentage rate of 4.117%.

Details of the lease purchase indebtedness for Iowa County Emergency Management Services at June 30, 2014 are as follows:

Year Ending June 30,	Interest Rates	Emergency Vehicle and Communication Radios		Interest Rates	Fire-Rescue Vehicle		Total	
		Principal	Interest		Principal	Interest	Principal	Interest
2015	4.622 %	\$ 7,262	\$ 1,439	4.117 %	\$ 18,203	\$ 3,797	\$ 25,465	\$ 5,236
2016	4.622	7,598	1,103	4.117	17,066	7,563	24,664	8,666
2017	4.622	7,949	752	4.117	17,776	6,853	25,725	7,605
2018	4.622	8,316	385	4.117	18,516	6,113	26,832	6,498
2019	-	-	-	4.117	19,286	5,343	19,286	5,343
2020	-	-	-	4.117	20,088	4,541	20,088	4,541
2021	-	-	-	4.117	20,924	3,705	20,924	3,705
2022	-	-	-	4.117	21,794	2,835	21,794	2,835
2023	-	-	-	4.117	22,701	1,928	22,701	1,928
2024	-	-	-	4.117	23,646	983	23,646	983
		<u>\$ 31,125</u>	<u>\$ 3,679</u>		<u>\$ 200,000</u>	<u>\$ 43,661</u>	<u>\$ 231,125</u>	<u>\$ 47,340</u>

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 12. Subsequent Events

On September 5, 2014, the County approved a contract for bridge construction totaling \$418,013. The County also approved a contract for the construction of a new Secondary Roads satellite shop totaling \$134,500.

On October 31, 2014, the County approved a contract for bridge construction totaling \$316,691.

Note 13. 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.

This page intentionally left blank

Required Supplementary Information

IOWA COUNTY

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –
 Budget and Actual (Cash Basis) – All Governmental Funds
 Required Supplementary Information
 Year Ended June 30, 2014

	Actual	Less Funds not Required to be Budgeted	Net
RECEIPTS:			
Property and other County tax	\$ 9,434,549	\$ -	\$ 9,434,549
Interest and penalty on property tax	51,132	-	51,132
Intergovernmental	4,610,419	-	4,610,419
Licenses and permits	24,926	-	24,926
Charges for service	1,125,284	-	1,125,284
Use of money and property	347,726	58,324	289,402
Miscellaneous	379,335	-	379,335
Total receipts	<u>15,973,371</u>	<u>58,324</u>	<u>15,915,047</u>
DISBURSEMENTS:			
Public safety and legal services	3,266,660	-	3,266,660
Physical health and social services	1,019,132	-	1,019,132
Mental health	438,589	-	438,589
County environment and education	975,342	-	975,342
Roads and transportation	5,121,338	-	5,121,338
Government services to residents	581,675	-	581,675
Administration	1,363,669	-	1,363,669
Non-program	65,576	65,576	-
Debt service	1,061,094	-	1,061,094
Capital projects	193,647	-	193,647
Total disbursements	<u>14,086,722</u>	<u>65,576</u>	<u>14,021,146</u>
Excess (deficiency) of receipts over (under) disbursements	1,886,649	(7,252)	1,893,901
Other financing sources, net	40,000	40,000	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,926,649	32,748	1,893,901
Balance beginning of year	7,949,912	48,048	7,901,864
Balance end of year	<u>\$ 9,876,561</u>	<u>\$ 80,796</u>	<u>\$ 9,795,765</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
\$ 9,239,745	\$ 9,380,745	\$ 53,804
36,250	36,250	14,882
4,250,022	4,266,958	343,461
27,650	27,650	(2,724)
1,053,870	1,053,870	71,414
364,321	364,321	(74,919)
156,630	282,335	97,000
<u>15,128,488</u>	<u>15,412,129</u>	<u>502,918</u>
3,348,849	3,475,405	208,745
1,049,086	1,080,857	61,725
729,235	729,235	290,646
921,860	1,062,860	87,518
5,729,575	5,729,575	608,237
591,603	591,603	9,928
1,544,506	1,609,538	245,869
75,708	75,708	75,708
1,206,744	1,248,476	187,382
215,338	366,000	172,353
<u>15,412,504</u>	<u>15,969,257</u>	<u>1,948,111</u>
(284,016)	(557,128)	2,451,029
-	41,724	(41,724)
(284,016)	(515,404)	2,409,305
<u>6,961,999</u>	<u>7,949,913</u>	<u>(48,049)</u>
<u>\$ 6,677,983</u>	<u>\$ 7,434,509</u>	<u>\$ 2,361,256</u>

IOWA COUNTY

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year Ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 15,973,371	\$ (116,926)	\$ 15,856,445
Expenditures	14,086,722	(123,750)	13,962,972
Net	1,886,649	6,824	1,893,473
Other financing sources, net	40,000	-	40,000
Beginning fund balances	7,949,912	540,489	8,490,401
Ending fund balances	<u>\$ 9,876,561</u>	<u>\$ 547,313</u>	<u>\$ 10,423,874</u>

See accompanying independent auditor's report.

IOWA COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2014

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$556,753. These budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2014, disbursements did not exceed the amounts budgeted in any County function and disbursements did not exceed departmental appropriations.

IOWA COUNTY

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information
Year Ended June 30, 2014

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ 0	\$ 127	\$ 127	0.0%	\$ 4,208	3.0%
2011	July 1, 2009	0	127	127	0.0%	4,157	3.1%
2012	July 1, 2009	0	127	127	0.0%	4,306	2.9%
2013	July 1, 2012	0	389	389	0.0%	4,518	8.6%
2014	July 1, 2012	0	389	389	0.0%	4,717	8.2%

See note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

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

	Special Revenue				
	County Recorder's Records Management	Drainage Districts	Hotel/ Motel Tax	Resource Enhancement and Protection	Tax Increment Financing
Assets					
Cash and pooled investments	\$ 8,769	\$ 80,796	\$ 10,403	\$ 18,459	\$ 437,466
Receivables:					
Property tax:					
Succeeding year	-	-	-	-	54,000
Accounts	266	-	-	-	-
Drainage assessments	-	49,377	-	-	-
Due from other governments	-	-	40,909	-	-
Total assets	<u>\$ 9,035</u>	<u>\$ 130,173</u>	<u>\$ 51,312</u>	<u>\$ 18,459</u>	<u>\$ 491,466</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ 3,838	\$ -	\$ -	-
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	-	-	-	-	54,000
Other	-	49,377	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>49,377</u>	<u>-</u>	<u>-</u>	<u>54,000</u>
Fund balances:					
Restricted for:					
Debt service	-	-	-	-	179,500
Capital projects	-	-	-	-	-
Conservation purposes	-	-	-	18,459	-
Other purposes	9,035	76,958	51,312	-	257,966
Total fund balances	<u>9,035</u>	<u>76,958</u>	<u>51,312</u>	<u>18,459</u>	<u>437,466</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,035</u>	<u>\$ 130,173</u>	<u>\$ 51,312</u>	<u>\$ 18,459</u>	<u>\$ 491,466</u>

See accompanying independent auditor's report.

<u>County Attorney Collections</u>	<u>County Sheriff Forfeiture</u>	<u>County Attorney Forfeiture</u>	<u>Capital Projects</u>	<u>Total</u>
\$ 56,275	\$ 34,934	\$ 7,532	\$ 71,100	\$ 725,734
-	-	-	-	54,000
2,436	-	-	-	2,702
-	-	-	-	49,377
-	-	-	-	40,909
<u>\$ 58,711</u>	<u>\$ 34,934</u>	<u>\$ 7,532</u>	<u>\$ 71,100</u>	<u>\$ 872,722</u>
\$ -	\$ -	\$ -	\$ -	3,838
-	-	-	-	54,000
-	-	-	-	49,377
-	-	-	-	103,377
-	-	-	-	179,500
-	-	-	71,100	71,100
-	-	-	-	18,459
58,711	34,934	7,532	-	496,448
<u>58,711</u>	<u>34,934</u>	<u>7,532</u>	<u>71,100</u>	<u>765,507</u>
<u>\$ 58,711</u>	<u>\$ 34,934</u>	<u>\$ 7,532</u>	<u>\$ 71,100</u>	<u>\$ 872,722</u>

IOWA COUNTY

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

	Special Revenue				
	County Recorder's Records Management	Drainage Districts	Hotel/Motel Tax	Resource Enhancement and Protection	Tax Increment Financing
Revenues:					
Property and other County tax	\$ -	\$ -	\$ 186,694	\$ -	\$ 429,033
Intergovernmental	-	-	-	15,033	-
Charges for service	3,177	-	-	-	-
Use of money and property	75	495	-	150	3,048
Miscellaneous	-	57,829	-	-	-
Total revenues	<u>3,252</u>	<u>58,324</u>	<u>186,694</u>	<u>15,183</u>	<u>432,081</u>
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	-
County environment and education	-	-	171,500	8,000	40,885
Government services to residents	1,386	-	-	-	-
Non-program	-	65,789	-	-	-
Debt service	-	-	50,572	-	425,626
Total expenditures	<u>1,386</u>	<u>65,789</u>	<u>222,072</u>	<u>8,000</u>	<u>466,511</u>
Excess (deficiency) of revenues over (under) expenditures	1,866	(7,465)	(35,378)	7,183	(34,430)
Other financing sources (uses):					
Interfund transfers out	-	-	-	-	-
Drainage warrants issued	-	40,000	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,866	32,535	(35,378)	7,183	(34,430)
Fund balances beginning of year	<u>7,169</u>	<u>44,423</u>	<u>86,690</u>	<u>11,276</u>	<u>471,896</u>
Fund balances end of year	<u>\$ 9,035</u>	<u>\$ 76,958</u>	<u>\$ 51,312</u>	<u>\$ 18,459</u>	<u>\$ 437,466</u>

See accompanying independent auditor's report.

			Debt Service				
County Attorney Collections	County Sheriff Forfeiture	County Attorney Forfeiture	Debt Service Sinking	Capital Projects	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	615,727	
12,525	-	-	-	-	-	27,558	
-	33,322	-	-	-	-	36,499	
-	-	-	-	-	-	3,768	
-	-	-	-	-	-	57,829	
<u>12,525</u>	<u>33,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>741,381</u>	
2,359	6,805	-	-	-	-	9,164	
-	-	-	-	-	-	220,385	
-	-	-	-	-	-	1,386	
-	-	-	-	-	-	65,789	
-	-	-	-	-	-	476,198	
<u>2,359</u>	<u>6,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>772,922</u>	
10,166	26,517	-	-	-	-	(31,541)	
-	-	-	(41,724)	-	-	(41,724)	
-	-	-	-	-	-	40,000	
-	-	-	(41,724)	-	-	(1,724)	
<u>10,166</u>	<u>26,517</u>	<u>-</u>	<u>(41,724)</u>	<u>-</u>	<u>-</u>	<u>(33,265)</u>	
48,545	8,417	7,532	41,724	71,100		798,772	
<u>\$ 58,711</u>	<u>\$ 34,934</u>	<u>\$ 7,532</u>	<u>\$ -</u>	<u>\$ 71,100</u>	<u>\$</u>	<u>765,507</u>	

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

	County Offices			Agricultural Extension Education	County Assessor
	County Auditor	County Recorder	County Sheriff		
ASSETS					
Cash and pooled investments:					
County Treasurer	\$ -	\$ -	\$ -	2,362	\$ 463,131
Other County officials	1,712	10,483	51,162	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	554	868
Succeeding year	-	-	-	208,000	326,000
Accounts	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	10,850
Total assets	\$ 1,712	\$ 10,483	\$ 51,162	\$ 210,916	\$ 800,849
LIABILITIES					
Accounts payable	\$ -	\$ 10,244	\$ 18,530	\$ -	\$ 361
Salaries and benefits payable	-	-	-	-	1,661
Due to other governments	-	239	100	210,916	785,563
Trusts payable	1,712	-	32,532	-	-
Compensated absences	-	-	-	-	13,264
Total liabilities	\$ 1,712	\$ 10,483	\$ 51,162	\$ 210,916	\$ 800,849

<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
\$ 133,905	\$ 10,026	\$ 51,195	\$ 3,849	\$ 991	\$ 402,060	\$ 30
-	-	-	-	-	-	-
29,794	2,321	12,738	922	-	-	7
11,329,000	868,000	3,434,000	287,000	-	-	3,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 11,492,699</u>	<u>\$ 880,347</u>	<u>\$ 3,497,933</u>	<u>\$ 291,771</u>	<u>\$ 991</u>	<u>\$ 402,060</u>	<u>\$ 3,037</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
11,492,699	880,347	3,497,933	291,771	991	402,060	3,037
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 11,492,699</u>	<u>\$ 880,347</u>	<u>\$ 3,497,933</u>	<u>\$ 291,771</u>	<u>\$ 991</u>	<u>\$ 402,060</u>	<u>\$ 3,037</u>

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

	<u>Emergency Management</u>	<u>Fire Districts</u>	<u>Amana Land Use District</u>	<u>Sanitary Districts</u>	<u>E-911 Service Commission</u>
ASSETS					
Cash and pooled investments:					
County Treasurer	\$ 54,656	\$ 1,005	\$ 213	\$ 223	\$ 14,238
Other County officials	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	181	-	3	-
Succeeding year	-	97,000	25,000	26,000	-
Accounts	-	-	-	-	-
Due from other governments	22,030	-	-	-	-
Prepaid expenses	-	-	-	-	-
	<hr/>				
Total assets	<u>\$ 76,686</u>	<u>\$ 98,186</u>	<u>\$ 25,213</u>	<u>\$ 26,226</u>	<u>\$ 14,238</u>
LIABILITIES					
Accounts payable	\$ 557	\$ -	\$ -	\$ -	-
Salaries and benefits payable	-	-	-	-	-
Due to other governments	73,846	98,186	25,213	26,226	14,238
Trusts payable	-	-	-	-	-
Compensated absences	2,283	-	-	-	-
	<hr/>				
Total liabilities	<u>\$ 76,686</u>	<u>\$ 98,186</u>	<u>\$ 25,213</u>	<u>\$ 26,226</u>	<u>\$ 14,238</u>

See accompanying independent auditor's report.

<u>E-911 Surcharge</u>	<u>Advance Tax Payments</u>	<u>County Recorder's Electronic Transaction Fees</u>	<u>Total</u>
\$ 90,096	\$ 7,144	\$ 270	\$ 1,235,394
-	-	-	63,357
-	-	-	47,388
-	-	-	16,603,000
18,692	-	266	18,958
26,125	-	-	48,155
23,488	-	-	34,338
<u>\$ 158,401</u>	<u>\$ 7,144</u>	<u>\$ 536</u>	<u>\$ 18,050,590</u>
\$ 39	\$ -	\$ -	\$ 29,731
-	-	-	1,661
133,951	-	536	17,937,852
-	7,144	-	41,388
24,411	-	-	39,958
<u>\$ 158,401</u>	<u>\$ 7,144</u>	<u>\$ 536</u>	<u>\$ 18,050,590</u>

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

	County Offices			Agricultural Extension Education	County Assessor
	County Auditor	County Recorder	County Sheriff		
ASSETS AND LIABILITIES					
Balances beginning of year	\$ 1,711	\$ 690	\$ 23,789	\$ 205,234	\$ 886,701
Additions:					
Property and other County tax	-	-	-	208,263	325,544
State tax credits	-	-	-	9,895	14,749
Payments in lieu of taxes	-	-	-	79	119
E-911 surcharge	-	-	-	-	-
Office fees and collections	214	325,185	77,734	-	72
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	1,376	-	249,441	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	1,590	325,185	327,175	218,237	340,484
Deductions:					
Agency remittances:					
To other funds	214	114,644	55,759	-	-
To other governments	-	200,748	3,345	212,555	426,336
Trusts paid out	1,375	-	240,698	-	-
Total deductions	1,589	315,392	299,802	212,555	426,336
Balances end of year	\$ 1,712	\$ 10,483	\$ 51,162	\$ 210,916	\$ 800,849

<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
\$ 11,697,695	\$ 870,480	\$ 3,614,742	\$ 280,068	\$ 2,957	\$ 350,993	\$ 4,217
11,329,151	867,849	3,452,765	285,883	-	-	2,602
546,551	41,178	125,725	14,511	-	-	127
4,631	330	-	172	-	-	1
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	5,334,206	-
-	-	-	-	6,847	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,880,333	909,357	3,578,490	300,566	6,847	5,334,206	2,730
-	-	-	-	-	203,296	-
12,085,329	899,490	3,695,299	288,863	8,813	5,079,843	3,910
-	-	-	-	-	-	-
12,085,329	899,490	3,695,299	288,863	8,813	5,283,139	3,910
\$ 11,492,699	\$ 880,347	\$ 3,497,933	\$ 291,771	\$ 991	\$ 402,060	\$ 3,037

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

	<u>Emergency Management</u>	<u>Fire Districts</u>	<u>Amana Land Use District</u>	<u>Sanitary Districts</u>	<u>E-911 Service Commission</u>
ASSETS AND LIABILITIES					
Balances beginning of year	\$ 69,661	\$ 105,138	\$ 28,154	\$ 27,178	\$ 13,674
Additions:					
Property and other County tax	-	97,380	25,490	26,118	-
State tax credits	-	3,731	616	778	-
Payments in lieu of taxes	-	-	-	-	-
E-911 surcharge	-	-	-	-	-
Office fees and collections	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	149,732	-	-	-	564
Total additions	<u>149,732</u>	<u>101,111</u>	<u>26,106</u>	<u>26,896</u>	<u>564</u>
Deductions:					
Agency remittances:					
To other funds	-	-	-	-	-
To other governments	142,707	108,063	29,047	27,848	-
Trusts paid out	-	-	-	-	-
Total deductions	<u>142,707</u>	<u>108,063</u>	<u>29,047</u>	<u>27,848</u>	<u>-</u>
Balances end of year	<u>\$ 76,686</u>	<u>\$ 98,186</u>	<u>\$ 25,213</u>	<u>\$ 26,226</u>	<u>\$ 14,238</u>

See accompanying independent auditor's report.

<u>E-911 Surcharge</u>	<u>Advance Tax Payments</u>	<u>County Recorder's Electronic Transaction Fees</u>	<u>Tax Sale Redemption</u>	<u>Total</u>
\$ 86,550	\$ 2,882	\$ 688	\$ -	\$ 18,273,202
-	-	-	-	16,621,045
-	-	-	-	757,861
-	-	-	-	5,332
184,132	-	-	-	184,132
-	-	3,177	-	406,382
-	-	-	-	5,334,206
-	-	-	-	6,847
-	7,076	-	147,027	404,920
630	-	-	-	630
12,811	-	-	-	163,107
<u>197,573</u>	<u>7,076</u>	<u>3,177</u>	<u>147,027</u>	<u>23,884,462</u>
-	-	-	-	373,913
125,722	-	3,329	-	23,341,247
-	2,814	-	147,027	391,914
<u>125,722</u>	<u>2,814</u>	<u>3,329</u>	<u>147,027</u>	<u>24,107,074</u>
<u>\$ 158,401</u>	<u>\$ 7,144</u>	<u>\$ 536</u>	<u>\$ -</u>	<u>\$ 18,050,590</u>

IOWA COUNTY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2014	2013	2012	2011
Revenues:				
Property and other County tax	\$ 9,289,032	\$ 9,241,054	\$ 8,979,193	\$ 7,525,850
Interest and penalty on property tax	50,281	44,002	43,783	50,594
Intergovernmental	4,608,484	4,156,366	5,732,671	5,924,223
Licenses and permits	25,443	27,193	26,436	29,690
Charges for service	1,157,412	1,038,609	953,117	1,093,925
Use of money and property	285,255	287,335	283,795	254,889
Miscellaneous	440,538	164,810	350,196	312,120
Total	\$ 15,856,445	\$ 14,959,369	\$ 16,369,191	\$ 15,191,291
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,293,415	\$ 3,276,905	\$ 2,819,196	\$ 2,706,729
Physical health and social services	1,026,668	1,097,108	991,875	923,084
Mental health	430,665	536,976	1,705,557	1,360,006
County environment and education	1,004,081	959,153	839,174	2,419,601
Roads and transportation	4,936,408	5,869,923	6,302,316	5,820,614
Government services to residents	577,747	565,776	539,793	499,370
Administration	1,373,192	1,454,882	1,336,546	1,364,085
Non-program	65,789	71,849	126,583	187,494
Debt service	1,061,094	1,113,526	1,413,358	716,198
Capital projects	193,913	60,252	290,695	538,821
Total	\$ 13,962,972	\$ 15,006,350	\$ 16,365,093	\$ 16,536,002

See accompanying independent auditor's report.

	2010	2009	2008	2007	2006	2005
\$	7,377,962	\$ 7,461,591	\$ 7,245,194	\$ 6,943,983	\$ 6,293,213	\$ 5,879,521
	45,390	56,589	43,903	36,148	47,596	48,015
	5,272,407	6,328,434	4,878,531	4,523,156	4,584,343	4,658,429
	25,507	18,100	22,187	22,781	25,019	27,564
	993,983	1,170,681	1,150,724	917,274	620,082	564,676
	268,509	301,895	338,794	386,007	269,755	193,916
	501,378	185,810	133,561	211,248	240,539	331,444
\$	<u>14,485,136</u>	<u>15,523,100</u>	<u>13,812,894</u>	<u>13,040,597</u>	<u>12,080,547</u>	<u>11,703,565</u>
\$	2,537,151	\$ 2,524,634	\$ 2,395,981	\$ 2,230,252	\$ 2,011,920	\$ 1,965,078
	919,194	871,838	881,465	883,818	732,988	694,344
	1,367,876	1,452,258	1,363,008	1,257,582	1,107,579	1,318,859
	949,211	830,792	849,655	805,655	702,160	649,767
	5,916,003	5,211,265	4,944,517	4,511,452	4,508,846	4,159,481
	479,952	501,638	478,394	418,822	515,189	373,975
	1,449,401	1,597,978	1,434,640	1,556,446	1,263,849	1,084,618
	190,429	76,415	183,658	32,190	11,060	-
	683,200	637,401	602,983	447,999	336,669	254,652
	1,305,702	1,500,085	1,256,646	740,215	3,379,498	2,230,125
\$	<u>15,798,119</u>	<u>15,204,304</u>	<u>14,390,947</u>	<u>12,884,431</u>	<u>14,569,758</u>	<u>12,730,899</u>

DOUGLAS T. HUNT, CPA
DONALD D. KAIN
CHUCK C. CONVERSE, CPA
RUSSELL S. TERPSTRA, CPA
MICHAEL G. STANLEY, CPA
DEE A.A. HOKE, CPA

HUNT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1201 HIGH AVENUE WEST
OSKALOOSA, IA 52577
641/672-2541
FAX 641/672-2461
317 EAST ROBINSON
KNOXVILLE, IA 50138
641/842-3184
FAX 641/828-7404

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

To the Officials of Iowa County:

We have audited in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Iowa County, Iowa, as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 12, 2015.

Internal Control Over Financial Reporting

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

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

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

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

Compliance

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

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

Iowa County's Responses to Findings

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

Purpose of this Report

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

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

Hunt & Associates, P.C.

Oskaloosa, Iowa
March 12, 2015

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2014

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

I-A-14 Segregation of Duties

Comment – During our review of the internal control structure, the existing procedures are evaluated in order to determine that 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 generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Recorder
(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks or handle or record cash.	Recorder, Treasurer
(3) Checks should be signed by an individual who does not otherwise participate in the preparation of the checks. Prior to signing, the checks and the supporting documentation should be reviewed for propriety. After signing, the checks should be mailed without allowing them to return to individuals who prepare the checks or approve vouchers for payment.	Recorder, Treasurer

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

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2014

Part I: Findings Related to the Basic Financial Statements (continued):

INTERNAL CONTROL DEFICIENCIES (continued):

I-A-14 Segregation of Duties (continued)

Responses –

County Recorder – We will review procedures and try to make any necessary changes to improve internal control.

County Treasurer – We will review procedures and try to make any necessary changes to improve internal control.

Conclusion – Responses accepted.

I-B-14 Motor Vehicle/Use Tax Fees – We noted in our testing of general ledger account balances that the ending balance of the Motor Vehicle Agency Fund account was out of balance by approximately \$61,918 when compared to the revenues received during the month of June 2014 and the liabilities owed to the Iowa County General Fund and to the State of Iowa at June 30, 2014. This difference arose from errors in recording fees received for auto license registrations and use taxes beginning in the fiscal year ended June 30, 2006. We noted that receipt entries were being recorded at lower than actual amounts for the associated fees being collected. Upon further investigation, the County had a cash shortfall of approximately \$62,691, the majority of which occurred between the years ended June 30, 2007 through June 30, 2011. These differences arose due to improper reconciliations of the month end balances of this fund to the associated revenues for the fund and little oversight of the Treasurer’s office operations related to that fund.

Recommendation – The County should investigate these differences further and take any action deemed necessary to address the cash shortfall as noted. The County should develop and implement procedures to reconcile the monthly auto department reports to the total deposits and recorded receipts for each month. Evidence and supporting documentation of these reconciliations should be maintained within the Treasurer’s office and the reconciliations should be performed by an employee not making entries to the general ledger.

Response – An investigation of the cash shortfall difference is currently ongoing and we will take any appropriate action deemed necessary. We will develop procedures and review processes in the Treasurer’s office to facilitate better financial reporting to the extent possible.

Conclusion – Response accepted.

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2014

Part I: Findings Related to the Basic Financial Statements (continued):

INTERNAL CONTROL DEFICIENCIES (continued):

- I-C-14 Auto License/Use Tax – Segregation of Duties – Some staff members in the County’s auto department have the ability to both process and void vehicle registration transactions. This situation creates a potential for an employee to void a registration transaction and not properly deposit the related collections.

Recommendation – While we realize it’s not possible in all situations, voiding of a registration transaction should be completed by an employee not responsible for the original transaction. The County Treasurer should print, review and sign off on a monthly listing of certain auto department transactions, including void transactions, to help prevent any possible irregularities.

Response – County Treasurer – We will implement these procedures immediately for the current year.

Conclusion – Response accepted.

- I-D-14 Auto License/Use Tax – Voided Registration Statements – The Treasurer’s office does not print out or otherwise retain a daily listing of voided registration statements, then compare that summary to the subsequent deposits to the bank. This causes a situation where a County employee could substitute checks received in other transactions for cash received for auto registrations.

Recommendation – The Treasurer’s office should print out the daily voided registration reports, including the method of payment, and an independent reviewer should compare those reports to the subsequent deposits to help prevent any irregularities in cash collection deposits.

Response – We will begin this process in our current year and develop procedures to review cash collections and deposits of all areas of our office.

Conclusion – Response accepted.

- I-E-14 Bank Reconciliations – The County Treasurer’s office does not have any processes which include an independent review of bank account reconciliations by an employee not responsible for the posting, depositing and receipting processes. This would allow for irregularities to continue in the cash collection process.

Recommendation – The County should develop procedures at month end that include a review of bank reconciliations by an employee independent of the accounting process, and the reviewer should tie those reconciled balances to the County’s general ledger.

Response – We will develop and implement the above recommended procedures during our current year.

Conclusion – Response accepted.

IOWA COUNTY
 SCHEDULE OF FINDINGS
 Year Ended June 30, 2014

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-14 Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amount budgeted in any County function. No departments exceeded the amounts appropriated.
- II-B-14 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- II-C-14 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- II-D-14 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Brian Miller Excavating, Owned by spouse of Auditor Kristen Miller	Excavation and debris removal	\$4,805

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

- II-E-14 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to insure that the coverage remains adequate for current operations.
- II-F-14 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- II-G-14 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.
- II-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).
- II-I-14 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

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

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2014

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

- II-J-14 Annual Urban Renewal Report – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.
- II-K-14 Debt Service Payments – We noted in our testing of long-term debt payments that some of those payments were made from the non-program function rather than the debt service function. This understates the actual debt service function amounts paid to retire County obligations as these obligations mature and overstates the functional expenses in areas not directly related to debt service.

Recommendation – The County should properly account for all debt service payments in the proper function to insure more accurate financial reporting.

Response – We have corrected this for fiscal year 2015 and for future years.

Conclusion – Response accepted.