

MARION COUNTY

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

JUNE 30, 2014

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MARION COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Craig Agan	Board of Supervisors	Jan. 2015
Mark Raymie	Board of Supervisors	Jan. 2017
Jim Kingery	Board of Supervisors	Jan. 2017
Jake Grandia	County Auditor	Jan. 2017
Denise Emal	County Treasurer	Jan. 2015
Karen Schwanebeck	County Recorder	Jan. 2015
Jason Sandholdt	County Sheriff	Jan. 2017
Ed Bull	County Attorney	Jan. 2015
Drew Sanders	County Assessor	Jan. 2016

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

To the Officials of Marion 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 Marion 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 Marion County as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 50 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion 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 12, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2015 on our consideration of Marion County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Marion County's internal control over financial reporting and compliance.

*Hunt + Associates, P.C.*

Oskaloosa, Iowa  
March 23, 2015

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

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

### **FINANCIAL HIGHLIGHTS**

County governmental funds revenue increased 2.4% or \$480,443 from 2013 to 2014. Property and other county taxes increased approximately \$510,000.

County governmental funds program expenditures increased approximately 1.9% or \$349,312, from 2013 to 2014. Mental Health Fund expenditures decreased approximately \$718,603 due to statewide changes in mental health coverage while Secondary Roads Fund expenditures decreased approximately \$241,000 due primarily to fewer road improvement projects and supplies costs.

The County's governmental activities net position increased 6.4%, or \$2,554,569, during the year ended June 30, 2014.

### **USING THIS ANNUAL REPORT**

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

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

The Government-wide Financial Statements consist of a statement of net position and a statement of activities. These provide information about the activities of Marion County as a whole and present an overall view of the County's finances.

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year.

Required supplementary information provides a comparison of actual receipts and disbursements to amounts budgeted.

Supplementary Information provides detailed information about the nonmajor special revenue and the individual fiduciary funds.

## **REPORTING THE COUNTY AS A WHOLE**

### *The Statement of Net Position and the Statement of Activities*

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

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

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

The County's governmental activities are displayed in the statement of net position and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration and interest on long-term debt. Property tax and state and federal grants finance most of these activities.

## *Fund Financial Statements*

The County has three kinds of funds:

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

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

2. Proprietary funds include the County's employee group health insurance, internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

3. Fiduciary funds are used to report assets held in trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management services and the county assessor to name a few.

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

A summary reconciliation between government-wide financial statements and the fund financial statements follows the fund financial statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of financial position.

The County's combined net position increased by \$2,554,569 from FY 2013. The increase in net position is primarily due to an increase in secondary roads infrastructure and equipment. Our analysis below focuses on the net position of the County's governmental activities.

<u>Net Position of Governmental Activities</u>		
	<u>2013</u>	<u>2014</u>
Current and other assets	25,355,667	26,348,558
Capital assets	31,227,441	32,007,866
Total assets	<u>56,583,108</u>	<u>58,356,424</u>
Long-term liabilities	4,853,473	4,476,091
Other liabilities	930,765	672,894
Total Liabilities	<u>5,784,238</u>	<u>5,148,985</u>
Unavailable property tax revenue	10,717,000	10,571,000
Total deferred inflows of resources	<u>10,717,000</u>	<u>10,571,000</u>
Net position:		
Net investments in capital assets	27,067,441	28,297,866
Restricted	7,396,039	8,670,443
Unrestricted	<u>5,618,390</u>	<u>5,668,130</u>
Total net position	<u><u>40,081,870</u></u>	<u><u>42,636,439</u></u>

The net position of the County's governmental activities increased by 6.4%. The largest portion of the County's net position is Net Investments in Capital Assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the Net Investments in Capital Assets is liquidated with sources other than capital assets. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from \$5,618,390 at June 30, 2013 to \$5,668,130 at the end of this year, an increase of .9 percent.

The increase of \$49,740 in unrestricted net position was a result of property tax revenue and governmental spending remaining flat. The county increased its investment in roadway equipment and road construction by \$584,417 over the prior year.

The County has adopted a five year plan to replace aging equipment and bring all County secondary roads up to the standards established by the County Planning Committee, and adopted by the County Board of Supervisors, on July 8, 2014.

Changes in Net Position of Governmental Activities

	2013	2014	Net Change
Revenues:			
Program revenues:			
Charges for service and sales	1,850,149	1,464,095	(386,054)
Operating grants and contributions	5,762,312	6,063,873	301,561
Capital grants and contributions	2,279,163	1,535,275	(743,888)
General revenues:			
Property tax, state credits, penalty	10,715,453	11,299,525	584,072
Local option sales and services tax	1,128,580	1,128,375	(205)
Payment in lieu of real estate taxes	96,688	129,408	32,720
Unrestricted investment earnings	49,045	43,941	(5,104)
Other general revenues	6,641	50,663	44,022
Total revenues	21,888,031	21,715,155	(172,876)
Program expenses:			
Public safety and legal services	3,584,601	3,890,323	305,722
Physical health and social services	2,378,599	2,376,505	(2,094)
Mental health	1,844,220	1,120,628	(723,592)
County environment and education	1,425,137	1,430,601	5,464
Roads and transportation	7,147,493	6,900,478	(247,015)
Government services to residents	723,338	705,674	(17,664)
Administration or general government	2,413,938	2,666,987	253,049
Interest on long-term debt	71,874	69,390	(2,484)
Total expenses	19,589,200	19,160,586	(428,614)
Increase (decrease) in net position	2,298,831	2,554,569	255,738
Net position July 1	37,783,039	40,081,870	2,298,831
Net position June 30	40,081,870	42,636,439	2,554,569

The County's total government wide revenues decreased .8%. The total government wide cost of all programs and services decreased 2.2%. The County covered this year's expenses.

## Governmental Activities

Property tax, state credits and penalties revenue for the year increased 5.5%. The County decreased countywide property tax rates in 2014 by \$.03148. A Debt Service Levy of .14430 in 2013 was increased to .16767 in 2014.

The cost of all governmental activities this year was \$19,160,586 compared to \$19,589,200 last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County and other taxes and other general revenues was only \$10,097,343 because some of the cost was paid by those directly benefiting from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. The County's governmental program revenues, including grants, intergovernmental aid, and fees for services, decreased in 2014 from \$9,891,624 to \$9,063,243.

### **THE COUNTY'S INDIVIDUAL MAJOR FUNDS**

As the County completed the year, its governmental funds reported a combined fund balance of \$14,858,047, an increase from last year's total of \$13,488,271. The County funds received \$1,369,776 more than were expended for the year. The following are the major reasons for the changes in fund balances for the year:

The General Fund balance decreased by \$121,602 from the prior year or 1.2%. Revenues increased by 4.1 % and the County carefully controlled the related expenditures, which increased by \$1,232,377 from the prior year, or 12.2%

Rural Service Fund revenues increased 3.7% from \$2,594,694 in 2013 to \$2,691,200 in 2014. The Rural Service ending fund balance increased by \$81,397 or 10.5% due to an increase in property tax revenues. Secondary Roads Fund expenditures decreased by \$240,936 or 4.6% over the prior year. Transfers in increased by \$170,234. The ending fund balance in the Secondary Roads Fund was \$2,516,077, an increase of \$621,759 from the prior year.

The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$1,125,801, a decrease of 38.9% from the prior year. The Mental Health Fund balance at year end increased by \$789,363 or 425.4% from the prior year. The large changes were due primarily to changes in mental health funding streams instituted by the State of Iowa.

## **BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except internal service funds and agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its operating budget one time, increasing budgeted disbursements by \$682,649. The amendment was made on May 27, 2014. Highlights of the budget amendment were REAP Fund expenditures, Mental Health expenditures, Capital Projects including repairs to the courthouse, a seal coat project, and repairs to the County Care Facility. Information Technology upgrades were also made.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2014, Marion County had \$32,007,866 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This amount represents a net increase (including additions and deletions) of \$780,425 or 2.5% over last year. This increase is due primarily to improvements to road infrastructure and the purchase of new road maintenance equipment.

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Capital Assets of Governmental Activities at Year End  
Net of Related Depreciation

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	2013	2014
Land & other non-depreciable assets	\$ 329,781	599,043
Buildings & Improvements	10,493,158	10,168,103
Machinery & Equipment	1,828,655	2,156,794
Infrastructure	18,575,847	19,083,926
Totals	\$ <u>31,227,441</u>	<u>32,007,866</u>

## **Long-term Liabilities**

At year-end, the County had approximately \$4,476,091 in long-term liabilities compared to \$4,853,473 last year as shown below.

Long-term Liabilities of Governmental Activities at Year-End		
	2013	2014
Compensated absences	\$ 515,473	527,302
Net OPEB Liability	178,000	204,000
Early Retirement	0	34,789
General Obligation Law Enforcement Center Bonds	0	0
General Obligation County Building & Refunding Bonds	4,160,000	3,710,000
Totals	\$ 4,853,473	4,476,091

Long-term liabilities decreased primarily as a result of payments made on General Obligation Bond debt. Other obligations include accrued vacation pay and compensatory time, OPEB liability and early retirement. More detailed information about the County's long-term liabilities is presented in Note 7 to the financial statements.

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

Marion County's elected and appointed officials and citizens considered many factors when setting the 2015 fiscal year budget, tax rates, and the fees that will be charged for the various County activities. One of those factors is the economy. Residential sales of property in the County have remained steady. Countywide taxable valuations increased in 2014. Unemployment in the State of Iowa now stands at 4.2 percent versus 4.3 percent a year ago. The Consumer Price Index was 1.6%.

These indicators were taken into account when adopting the County budget for 2015. Budgeted receipts in the operating budget are \$20,238,798, an increase of 6.2 percent over the final 2014 budget. Marion County will use these receipts to finance programs currently offered and offset the effect we expect inflation to have on program costs. The County has added no major new programs to the 2015 budget.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Marion County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Marion County, 214 E Main Street, Knoxville, Iowa.

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## Basic Financial Statements

MARION COUNTY  
STATEMENT OF NET POSITION  
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 14,119,175
Receivables:	
Property tax:	
Delinquent	27,803
Succeeding year	10,571,000
Interest and penalty on property tax	69,602
Accounts	133,294
Accrued interest	2,888
Due from other governments	674,349
Inventories	616,232
Prepaid expenses	134,215
Capital assets, net of accumulated depreciation (note 5)	<u>32,007,866</u>
 Total assets	 <u>58,356,424</u>
Liabilities	
Accounts payable	536,128
Salaries and benefits payable	115,608
Claims incurred but not reported	16,000
Accrued interest payable	5,158
Long-term liabilities (note 7):	
Portion due or payable within one year:	
Early retirement	28,610
General obligation bonds	385,000
Compensated absences	527,302
Portion due or payable after one year:	
Early retirement	6,179
General obligation bonds	3,325,000
Net OPEB liability	<u>204,000</u>
 Total liabilities	 <u>5,148,985</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	<u>10,571,000</u>

MARION COUNTY  
STATEMENT OF NET POSITION  
June 30, 2014

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	\$ 28,297,866
Restricted for:	
Supplemental levy purposes	3,011,111
Mental health purposes	974,253
Rural services purposes	603,021
Secondary roads purposes	2,326,100
Debt service	54,140
Other purposes	1,701,818
Unrestricted	<u>5,668,130</u>
Total net position	<u>\$ 42,636,439</u>

See notes to financial statements.

MARION 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	\$ 3,890,323	\$ 359,538	\$ 103,319	\$ -	\$ (3,427,466)
Physical health and social services	2,376,505	16,154	1,317,633	-	(1,042,718)
Mental health	1,120,628	1,512	822,578	-	(296,538)
County environment and education	1,430,601	408,169	121,338	-	(901,094)
Roads and transportation	6,900,478	54,388	3,610,771	1,535,275	(1,700,044)
Government services to residents	705,674	546,843	26,697	-	(132,134)
Administration	2,666,987	77,491	61,537	-	(2,527,959)
Interest on long-term debt	69,390	-	-	-	(69,390)
Total	<u>\$ 19,160,586</u>	<u>\$ 1,464,095</u>	<u>\$ 6,063,873</u>	<u>\$ 1,535,275</u>	<u>(10,097,343)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					10,535,995
Debt service					212,700
Penalty and interest on property tax					87,036
State tax credits					463,794
Local option sales and services tax					1,128,375
Payments in lieu of real estate taxes					129,408
Unrestricted investment earnings					43,941
Miscellaneous					<u>50,663</u>
Total general revenues					<u>12,651,912</u>
Change in net position					2,554,569
Net position beginning of year					<u>40,081,870</u>
Net position end of year					<u>\$ 42,636,439</u>

See notes to financial statements.

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MARION COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

	Special Revenue				Total
	General	Rural Services	Secondary Roads	Nonmajor	
Assets					
Cash and pooled investments	\$ 9,823,340	\$ 857,990	\$ 1,894,454	\$ 1,505,932	\$ 14,081,716
Receivables:					
Property tax:					
Delinquent	17,098	7,834	-	2,871	27,803
Succeeding year	6,985,000	2,409,000	-	1,177,000	10,571,000
Interest and penalty on property tax	69,602	-	-	-	69,602
Accounts	123,715	-	9,103	476	133,294
Accrued interest	2,712	-	-	176	2,888
Due from other governments	373,210	25,788	271,532	3,819	674,349
Inventories	-	-	616,232	-	616,232
<b>Total assets</b>	<b>\$ 17,394,677</b>	<b>\$ 3,300,612</b>	<b>\$ 2,791,321</b>	<b>\$ 2,690,274</b>	<b>\$ 26,176,884</b>

MARION COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

	Special Revenue				Total
	General	Rural Services	Secondary Roads	Nonmajor	
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 222,197	\$ 21,123	\$ 232,977	\$ 59,831	\$ 536,128
Salaries and benefits payable	65,607	7,006	42,267	728	115,608
Total liabilities	<u>287,804</u>	<u>28,129</u>	<u>275,244</u>	<u>60,559</u>	<u>651,736</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	6,985,000	2,409,000	-	1,177,000	10,571,000
Other	85,633	7,676	-	2,792	96,101
Total deferred inflows of resources	<u>7,070,633</u>	<u>2,416,676</u>	<u>-</u>	<u>1,179,792</u>	<u>10,667,101</u>
Fund balances:					
Nonspendable:					
Inventories	-	-	616,232	-	616,232
Restricted for:					
Supplemental levy purposes	3,054,173	233,040	-	-	3,287,213
Cemetery levy purposes	6,103	-	-	-	6,103
Local option sales and services tax purposes	412,986	-	-	-	412,986
Courthouse security purposes	101,431	-	-	-	101,431
Conservation purposes	765,268	-	-	356,073	1,121,341
Mental health purposes	-	-	-	974,927	974,927
Rural services purposes	-	622,767	-	-	622,767
Secondary roads purposes	-	-	1,899,845	-	1,899,845
Debt service	-	-	-	58,966	58,966
Other purposes	-	-	-	59,957	59,957
Assigned for:					
Care facility maintenance	592	-	-	-	592
Sheriff's reserve officers	24,436	-	-	-	24,436
Unassigned	5,671,251	-	-	-	5,671,251
Total fund balances	<u>10,036,240</u>	<u>855,807</u>	<u>2,516,077</u>	<u>1,449,923</u>	<u>14,858,047</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,394,677</u>	<u>\$ 3,300,612</u>	<u>\$ 2,791,321</u>	<u>\$ 2,690,274</u>	<u>\$ 26,176,884</u>

See notes to financial statements.

## MARION COUNTY

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

June 30, 2014

Total fund balances of governmental funds	\$ 14,858,047
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 \$56,126,939 and the accumulated depreciation is \$24,119,073.	32,007,866
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.	96,101
The Internal Service Funds are used by management to charge the costs of the self funding of the County's dental insurance benefit plan to individual funds and to account for the County's health and vision insurance and flexible benefits plan. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	155,674
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.	(5,158)
Long-term liabilities, including early retirement, bonds payable, compensated absences payable, and net OPEB liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.	<u>(4,476,091)</u>
Net position of governmental activities	<u>\$ 42,636,439</u>

See notes to financial statements.

## MARION COUNTY

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

	General	Special Revenue		Nonmajor	Total
		Rural Services	Secondary Roads		
<b>Revenues:</b>					
Property and other County tax	\$ 8,045,916	\$ 2,577,972	\$ -	\$ 1,259,910	\$ 11,883,798
Interest and penalty on property tax	77,299	-	-	-	77,299
Intergovernmental	2,111,903	113,213	3,657,861	895,792	6,778,769
Licenses and permits	22,986	-	4,987	-	27,973
Charges for service	1,151,477	-	6,007	5,524	1,163,008
Use of money and property	93,709	-	-	560	94,269
Miscellaneous	74,380	15	43,444	1,890	119,729
<b>Total revenues</b>	<b>11,577,670</b>	<b>2,691,200</b>	<b>3,712,299</b>	<b>2,163,676</b>	<b>20,144,845</b>
<b>Expenditures:</b>					
<b>Operating:</b>					
Public safety and legal services	3,559,384	193,839	-	-	3,753,223
Physical health and social services	2,369,795	-	-	-	2,369,795
Mental health	-	-	-	1,125,801	1,125,801
County environment and education	1,109,592	292,168	-	19,180	1,420,940
Roads and transportation	383,562	305,969	4,914,514	-	5,604,045
Government services to residents	688,791	1,489	-	11,569	701,849
Administration	2,522,194	-	-	-	2,522,194
Debt service	-	-	862	518,904	519,766
Capital projects	667,211	-	135,485	-	802,696
<b>Total expenditures</b>	<b>11,300,529</b>	<b>793,465</b>	<b>5,050,861</b>	<b>1,675,454</b>	<b>18,820,309</b>
Excess (deficiency) of revenues over (under) expenditures	277,141	1,897,735	(1,338,562)	488,222	1,324,536
<b>Other financing sources (uses):</b>					
Sale of capital assets	1,257	-	43,983	-	45,240
Interfund transfers in (note 4)	-	-	1,916,338	300,000	2,216,338
Interfund transfers out (note 4)	(400,000)	(1,816,338)	-	-	(2,216,338)
<b>Total other financing sources (uses)</b>	<b>(398,743)</b>	<b>(1,816,338)</b>	<b>1,960,321</b>	<b>300,000</b>	<b>45,240</b>
Net change in fund balances	(121,602)	81,397	621,759	788,222	1,369,776
Fund balances beginning of year	10,157,842	774,410	1,894,318	661,701	13,488,271
Fund balances end of year	<u>\$ 10,036,240</u>	<u>\$ 855,807</u>	<u>\$ 2,516,077</u>	<u>\$ 1,449,923</u>	<u>\$ 14,858,047</u>

See notes to financial statements.

## MARION 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 \$ 1,369,776

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

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

	Capital outlay expenditures	\$ 1,682,300	
Capital assets contributed by the Iowa Department of Transportation		1,515,000	
	Depreciation expense	<u>(2,416,875)</u>	780,425

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	333	
	Other	<u>9,737</u>	10,070

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. 450,000

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:

	Early retirement	(34,789)	
	Compensated absences	(11,829)	
	Net OPEB liability	(26,000)	
	Interest on long-term debt	<u>376</u>	(72,242)

The Internal Service Funds are used by management to charge the costs of the self funding of the County's dental insurance benefit plan to individual funds and to account for the costs of the County's health and vision insurance and flexible benefits plan. The change in net position of the Internal Service Funds is reported with governmental activities. 16,540

Change in net position of governmental activities \$ 2,554,569

See notes to financial statements.

MARION COUNTY  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
June 30, 2014

	<u>Internal Service Funds</u>
Assets	
Cash and cash equivalents	\$ 37,459
Prepaid expenses	<u>134,215</u>
Total assets	<u>171,674</u>
Liabilities	
Claims incurred but not reported	<u>16,000</u>
Fund Net Position	
Unrestricted	<u><u>\$ 155,674</u></u>

See notes to financial statements.

## MARION COUNTY

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

	<u>Internal Service Funds</u>
Operating revenues:	
Contributions	\$ <u>1,708,585</u>
Operating expenses:	
Claims	181,141
Insurance premiums	1,503,027
Administrative fees	7,894
Total operating expenses	<u>1,692,062</u>
Operating income	16,523
Non-operating revenues:	
Interest on investments	<u>17</u>
Net income	16,540
Fund net position beginning of year	<u>139,134</u>
Fund net position end of year	<u>\$ <u>155,674</u></u>

See notes to financial statements.

MARION COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2014

	<u>Internal Service Funds</u>
Cash flows from operating activities:	
Cash received for contributions	\$ 1,708,585
Cash payments for claims	(179,141)
Cash payments for insurance premiums	(1,637,242)
Cash payments for fees and other expenses	(7,894)
Net cash used by operating activities	<u>(115,692)</u>
Cash flows from investing activities:	
Interest on investments	<u>17</u>
Net decrease in cash and cash equivalents	(115,675)
Cash and cash equivalents beginning of year	<u>153,134</u>
Cash and cash equivalents end of year	<u>\$ 37,459</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income	\$ 16,523
Adjustments to reconcile operating income to net cash used by operating activities:	
(Increase) in prepaid expenses	(134,215)
Increase in claims incurred but not reported	<u>2,000</u>
Net cash used by operating activities	<u>\$ (115,692)</u>

See notes to financial statements.

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

Assets	
Cash and pooled investments:	
County Treasurer	\$ 2,300,655
Other County officials (note 3)	91,381
Receivables:	
Property tax:	
Delinquent	67,594
Succeeding year	30,612,000
Accounts	49,123
Accrued interest	112
Due from other governments	<u>140,995</u>
Total assets	<u>\$ 33,261,860</u>
Liabilities	
Accounts payable	\$ 92,254
Salaries and benefits payable	3,747
Due to other governments (note 6)	32,951,777
Trusts payable	187,075
Compensated absences	<u>27,007</u>
Total liabilities	<u>\$ 33,261,860</u>

See notes to financial statements.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies

Marion 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, Marion County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County. The County has no component units which meet the Government Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental, 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 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.

Additionally, the County reports the following funds:

Proprietary Funds - Internal Service Funds are used to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

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

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

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

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.

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

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

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

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

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

MARION 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)

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.

Asset Class	Amount
Intangibles	\$ 250,000
Infrastructure	250,000
Land, buildings and improvements	50,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	20-40
Improvements other than buildings	20-40
Infrastructure	10-65
Equipment	3-20
Vehicles	5-20

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 and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

MARION 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)

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

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

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

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

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

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

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

Unassigned – All amounts not included in preceding classifications.

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. However, disbursements in the court services and substance abuse departments exceeded the amounts appropriated prior to being amended and disbursements in the Sheriff's department exceeded the amount appropriated at year end.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 2. Cash and Pooled Investments

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

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

The County's funds are all deposited in financial institution depository accounts.

Note 3. Cash – Other County Officials

The following is a summary of cash and investments held by other County officials at June 30, 2014:

Office:

County Auditor:			
Office fees	\$	77	
Cemetery trusts		<u>3,851</u>	3,928
County Recorder:			
Office fees			41,582
County Sheriff:			
Office fees			<u>45,871</u>
	\$		<u><u>91,381</u></u>

Note 4. 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	General	\$ 100,000
	Special Revenue:	
	Rural Services	1,816,338
Debt Service	General	<u>300,000</u>
		\$ <u><u>2,216,338</u></u>

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 300,281	\$ -	\$ -	\$ 300,281
Construction in progress	29,500	269,262	-	298,762
Total capital assets not being depreciated	<u>329,781</u>	<u>269,262</u>	<u>-</u>	<u>599,043</u>
Capital assets being depreciated:				
Buildings	14,776,877	52,284	-	14,829,161
Improvements other than buildings	251,987	-	-	251,987
Machinery and equipment	10,292,395	941,404	804,954	10,428,845
Infrastructure	28,083,553	1,934,350	-	30,017,903
Total capital assets being depreciated	<u>53,404,812</u>	<u>2,928,038</u>	<u>804,954</u>	<u>55,527,896</u>
Less accumulated depreciation for:				
Buildings	4,344,265	366,154	-	4,710,419
Improvements other than buildings	191,441	11,185	-	202,626
Machinery and equipment	8,463,740	613,265	804,954	8,272,051
Infrastructure	9,507,706	1,426,271	-	10,933,977
Total accumulated depreciation	<u>22,507,152</u>	<u>2,416,875</u>	<u>804,954</u>	<u>24,119,073</u>
Total capital assets being depreciated, net	<u>30,897,660</u>	<u>511,163</u>	<u>-</u>	<u>31,408,823</u>
Governmental activities capital assets, net	<u>\$ 31,227,441</u>	<u>\$ 780,425</u>	<u>\$ -</u>	<u>\$ 32,007,866</u>

MARION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 5. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services	\$	238,482
Physical health and social services		20,160
County environment and education		111,660
Roads and transportation		1,815,047
Government services to residents		1,357
Administration		<u>230,169</u>
Total depreciation expense - governmental activities	\$	<u><u>2,416,875</u></u>

Note 6. Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Agency:		
County Assessor	Collections	\$ 575,011
Area Schools		843,091
Schools		19,482,806
Corporations		9,424,631
Townships		551,778
Auto License and Use Tax		743,723
All Other		<u>1,330,737</u>
Total for agency funds		\$ <u><u>32,951,777</u></u>

MARION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 7. Long-Term Liabilities

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

	Early Retirement	General Obligation Refunding Bonds	General Obligation County Building and Refunding Bonds	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ -	\$ 3,575,000	\$ 585,000	\$ 515,473	\$ 178,000	\$ 4,853,473
Additions	48,348	-	-	527,302	26,000	601,650
Reductions	13,559	300,000	150,000	515,473	-	979,032
Balance end of year	<u>\$ 34,789</u>	<u>\$ 3,275,000</u>	<u>\$ 435,000</u>	<u>\$ 527,302</u>	<u>\$ 204,000</u>	<u>\$ 4,476,091</u>
Due within one year	<u>\$ 28,610</u>	<u>\$ 305,000</u>	<u>\$ 80,000</u>	<u>\$ 527,302</u>	<u>\$ -</u>	<u>\$ 940,912</u>

Early Retirement

The County offers an early retirement plan to all employees who qualify for full retirement benefits under the Iowa Public Employees Retirement System.

The early retirement benefit for each employee is 50% of the employee's accumulated sick leave to be applied to future health insurance coverage under the County's health insurance plan until the employee reaches age 65. The employee may only continue the plan benefits in effect at the time of retirement.

Employees who retire after reaching age 65 and are not eligible to continue on the County's health insurance plan may receive a lump sum payment of one-half of their unused sick leave at the date of their retirement.

At June 30, 2014, the County had obligations to four participants with a total liability of \$34,789. Early retirement expenditures for the year totaled \$13,559. Early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements. Early retirement benefits will be paid by the General and Secondary Roads Funds.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 7. Long-Term Liabilities (continued)

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	0.65 %	\$ 305,000	\$ 49,673	\$ 354,673
2016	0.85	305,000	47,690	352,690
2017	1.05	315,000	45,097	360,097
2018	1.30	320,000	41,790	361,790
2019	1.45	325,000	37,630	362,630
2020-2024	1.60-2.25	1,705,000	104,387	1,809,387
		<u>\$ 3,275,000</u>	<u>\$ 326,267</u>	<u>\$ 3,601,267</u>

General Obligation County Building and Refunding Bonds

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	2.25 %	\$ 80,000	\$ 12,230	\$ 92,230
2016	2.50	85,000	10,430	95,430
2017	2.80	85,000	8,305	93,305
2018	3.10	90,000	5,925	95,925
2019	3.30	95,000	3,135	98,135
		<u>\$ 435,000</u>	<u>\$ 40,025</u>	<u>\$ 475,025</u>

Note 8. 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 149 active and 4 retired members in the plan.

The medical/prescription drug coverage is administered 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.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 8. Other Postemployment Benefits (OPEB) (continued)

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

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

Annual required contribution	\$ 72,000
Interest on net OPEB obligation	8,000
Adjustment to annual required contribution	<u>(11,000)</u>
Annual OPEB cost	69,000
Contributions made	<u>(43,000)</u>
Increase in net OPEB obligation	26,000
Net OPEB obligation beginning of year	<u>178,000</u>
Net OPEB obligation end of year	<u><u>\$ 204,000</u></u>

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

For the year ended June 30, 2014, the County contributed \$43,000 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:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 69,752	57.0%	\$ 149,000
2013	69,200	58.1%	178,000
2014	69,000	62.3%	204,000

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$641,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$641,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,475,000 and the ratio of the UAAL to covered payroll was 9.9%. As of June 30, 2014, there were no trust fund assets.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 8. Other Postemployment Benefits (OPEB) (continued)

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

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

As of the July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from Scale T-6 of the Actuary's Pension Handbook.

Projected claim costs of the medical plan are from \$682 per month to \$743 per month for retirees less than age 65. The salary increase was assumed to be 2% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

Note 9. Non-current Interfund Loan

During the year ended June 30, 2012 the County approved a loan from the General Fund to the Special Revenue Fund, Secondary Roads totaling \$619,168 to help finance various road construction projects. The loan was to be paid back to the General Fund over a three year period at .5% interest. Repayments on the loan during the year ended June 30, 2014 included \$413,807 principal and \$862 interest, and the loan was paid in full at June 30, 2014.

Note 10. Pension and Retirement Benefits

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 10. Pension and Retirement Benefits (continued)

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 \$661,465, \$625,175 and \$594,452, respectively, equal to the required contributions for each year.

Note 11. Risk Management

Marion 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 \$262,431.

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.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 11. Risk Management (continued)

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.

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 \$1,000,000 and \$100,000 (\$150,000 for the 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.

Marion County Employee Dental Insurance Plan

Marion County has an administrative services agreement with Delta Dental to administer the self-funded employee dental benefit plan. Monthly payments of service fees and contributions to fund the plan are paid to the Marion County Auditor, trustee for the plan. The monthly payments of service fees and plan contributions are recorded as expenditures at the time of the payment to the trustee. Under the agreement, payments for service fees and paid claims are remitted to Delta Dental on a weekly basis. The County assumes liability for dental claims up to \$1,000 per person per year and up to a maximum benefit carry over of \$1,000 per person for any unused benefit. The County also assumes liability for orthodontics claims up to a lifetime maximum of \$1,000 per person.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 11. Risk Management (continued)

Amounts payable from the Internal Service, Self-Funded Dental Insurance Fund at June 30, 2014 include \$16,000 for incurred but not reported (IBNR) claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2013	\$	14,000
Incurred claims and claim adjustments		107,934
Claims paid		<u>105,934</u>
Unpaid claims at June 30, 2014	\$	<u><u>16,000</u></u>

Note 12. Construction Commitment

The County has entered into contracts totaling \$722,003 for renovations of the courthouse clock tower and a County park. As of June 30, 2014, costs of \$174,805 have been incurred against the contracts. The balance remaining at June 30, 2014 of \$547,198 will be paid as work on the projects progresses.

Note 13. Subsequent Events

On July 22, 2014, the County approved the issuance of \$8,650,000 of healthcare facilities revenue bonds, with an initial nominal interest rate of 3.82%, for the construction, renovation and remodeling of the Knoxville Community Hospital facilities. The County is acting only as a conduit for the issuance of the bonds. Therefore, the debt will not be a County liability.

On December 4, 2014, the County approved a twin box culvert project totaling \$144,574.

On December 23, 2014, the County approved a highway guardrail project totaling \$236,705 and a sealcoating project totaling \$191,152.

On February 3, 2015, the County approved a project totaling \$58,850 for the replacement of the courthouse HVAC cooling tower coils.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 14. Contingent Liabilities

Landfill Closure Assurance Guaranty

The County participates in an agreement with the South Central Iowa Solid Waste Agency, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Agency includes providing economic disposal of solid waste produced or generated within the member counties and municipalities.

State and federal laws and regulations require the Agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The closure and post-closure costs to the Agency have been estimated at \$2,558,460. The agency has begun to accumulate resources to fund these closure costs, and as of June 30, 2014, has \$2,558,460 restricted for this purpose. The Agency is required to accumulate the full amount of funds required for closure and post-closure during the life of the landfill. However, it must have additional mechanisms in place at all times during the life of the landfill to equal 100 percent of the current cost estimates. No financial assurance guaranty was required from the County for the fiscal year ended June 30, 2014.

Litigation

The County is involved in one ongoing lawsuit. The County's insurance carrier is affording coverage for this lawsuit.

Note 15. Prospective Accounting Change

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

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Required Supplementary Information

MARION COUNTY

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

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
<b>RECEIPTS:</b>				
Property and other County tax	\$ 11,906,304	\$ 11,833,644	\$ 11,833,644	\$ 72,660
Interest and penalty on property tax	77,403	53,000	53,000	24,403
Intergovernmental	6,801,849	5,629,151	5,629,151	1,172,698
Licenses and permits	29,988	36,250	36,250	(6,262)
Charges for service	1,186,254	1,026,826	1,026,826	159,428
Use of money and property	91,581	205,966	205,966	(114,385)
Miscellaneous	139,774	275,800	275,800	(136,026)
Total receipts	<u>20,233,153</u>	<u>19,060,637</u>	<u>19,060,637</u>	<u>1,172,516</u>
<b>DISBURSEMENTS:</b>				
Public safety and legal services	3,749,100	3,766,212	3,825,372	76,272
Physical health and social services	2,402,065	2,544,232	2,644,232	242,167
Mental health	1,552,411	1,454,070	1,670,208	117,797
County environment and education	1,407,700	1,450,981	1,475,981	68,281
Roads and transportation	5,717,979	6,162,132	6,162,132	444,153
Government services to residents	695,559	855,317	855,317	159,758
Administration	2,502,444	2,496,683	2,629,034	126,590
Debt service	519,766	523,462	523,462	3,696
Capital projects	734,141	845,000	995,000	260,859
Total disbursements	<u>19,281,165</u>	<u>20,098,089</u>	<u>20,780,738</u>	<u>1,499,573</u>
Excess (deficiency) of receipts over (under) disbursements	951,988	(1,037,452)	(1,720,101)	2,672,089
Other financing sources, net	<u>45,240</u>	<u>1,000</u>	<u>1,000</u>	<u>44,240</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	997,228	(1,036,452)	(1,719,101)	2,716,329
Balance beginning of year	<u>13,084,488</u>	<u>10,880,514</u>	<u>10,880,514</u>	<u>2,203,974</u>
Balance end of year	<u>\$ 14,081,716</u>	<u>\$ 9,844,062</u>	<u>\$ 9,161,413</u>	<u>\$ 4,920,303</u>

See accompanying independent auditor's report.

MARION 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	\$ 20,233,153	\$ (88,308)	\$ 20,144,845
Expenditures	19,281,165	(460,856)	18,820,309
Net	951,988	372,548	1,324,536
Other financing sources, net	45,240	-	45,240
Beginning fund balances	13,084,488	403,783	13,488,271
Ending fund balances	<u>\$ 14,081,716</u>	<u>\$ 776,331</u>	<u>\$ 14,858,047</u>

See accompanying independent auditor's report.

MARION 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, one budget amendment increased budgeted disbursements by \$682,649. This budget amendment is 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. However, the court services and substance abuse departments exceeded departmental appropriations prior to being amended and the Sheriff's department exceeded departmental appropriations at year end.

MARION COUNTY

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
(In Thousands)  
Required Supplementary Information  
Year Ended June 30, 2014

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 )
July 1, 2008	\$ -	\$ 502	\$ 502	0.0%	\$ 6,303	8.0%
July 1, 2008	-	502	502	0.0%	6,500	7.7%
July 1, 2008	-	502	502	0.0%	6,750	7.4%
July 1, 2011	-	641	641	0.0%	7,033	9.1%
July 1, 2011	-	641	641	0.0%	6,283	10.2%
July 1, 2011	-	641	641	0.0%	6,475	9.9%

See the accompanying Notes to Financial Statements for the plan description, funding policy, annual actuarial valuation, net OPEB obligation, funded status and funding progress.

See the accompanying independent auditor's report.

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Supplementary Information

MARION COUNTY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014

	Special Revenue			
	Mental Health	County Recorder's Records Management	Resource Enhancement and Protection	Sheriff's Forfeiture
Assets				
Cash and pooled investments	\$ 1,024,597	\$ 30,076	\$ 355,984	\$ 35,913
Receivables:				
Property tax:				
Delinquent	2,530	-	-	-
Succeeding year	1,033,000	-	-	-
Accounts	-	476	-	-
Accrued interest	-	7	89	-
Due from other governments	3,819	-	-	-
	<u>\$ 2,063,946</u>	<u>\$ 30,559</u>	<u>\$ 356,073</u>	<u>\$ 35,913</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 52,831	\$ 7,000	\$ -	-
Salaries and benefits payable	728	-	-	-
Total liabilities	<u>53,559</u>	<u>7,000</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,033,000	-	-	-
Other	2,460	-	-	-
Total deferred inflows of resources	<u>1,035,460</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted for:				
Mental health purposes	974,927	-	-	-
Records management purposes	-	23,559	-	-
Resource enhancement and protection	-	-	356,073	-
Public safety purposes	-	-	-	35,913
Debt service	-	-	-	-
Total fund balances	<u>974,927</u>	<u>23,559</u>	<u>356,073</u>	<u>35,913</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,063,946</u>	<u>\$ 30,559</u>	<u>\$ 356,073</u>	<u>\$ 35,913</u>

See accompanying independent auditor's report.

<u>Attorney's Forfeiture</u>	<u>Debt Service</u>	<u>Total</u>
\$ 485	\$ 58,877	\$ 1,505,932
-	341	2,871
-	144,000	1,177,000
-	-	476
-	80	176
-	-	3,819
<u>\$ 485</u>	<u>\$ 203,298</u>	<u>\$ 2,690,274</u>

\$ -	\$ -	\$ 59,831
-	-	728
-	-	60,559

-	144,000	1,177,000
-	332	2,792
-	144,332	1,179,792

-	-	974,927
-	-	23,559
-	-	356,073
485	-	36,398
-	58,966	58,966
485	58,966	1,449,923

<u>\$ 485</u>	<u>\$ 203,298</u>	<u>\$ 2,690,274</u>
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MARION COUNTY

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

	Special Revenue			
	Mental Health	County Recorder's Records Management	Resource Enhancement and Protection	Sheriff's Forfeiture
Revenues:				
Property and other County tax	\$ 1,047,058	\$ -	\$ -	-
Intergovernmental	866,594	-	20,408	-
Charges for service	287	5,237	-	-
Use of money and property	-	30	357	-
Miscellaneous	1,225	-	-	665
Total revenues	<u>1,915,164</u>	<u>5,267</u>	<u>20,765</u>	<u>665</u>
Expenditures:				
Operating:				
Mental health	1,125,801	-	-	-
County environment and education	-	-	19,180	-
Government services to residents	-	11,569	-	-
Debt service	-	-	-	-
Total expenditures	<u>1,125,801</u>	<u>11,569</u>	<u>19,180</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	789,363	(6,302)	1,585	665
Other financing sources:				
Interfund transfers in	-	-	-	-
Net change in fund balances	789,363	(6,302)	1,585	665
Fund balances beginning of year	<u>185,564</u>	<u>29,861</u>	<u>354,488</u>	<u>35,248</u>
Fund balances end of year	<u>\$ 974,927</u>	<u>\$ 23,559</u>	<u>\$ 356,073</u>	<u>\$ 35,913</u>

See accompanying independent auditor's report.

	<u>Attorney's Forfeiture</u>	<u>Debt Service</u>	<u>Total</u>
\$	-	\$ 212,852	\$ 1,259,910
	-	8,790	895,792
	-	-	5,524
	-	173	560
	-	-	1,890
	-	221,815	2,163,676
	-	-	1,125,801
	-	-	19,180
	-	-	11,569
	-	518,904	518,904
	-	518,904	1,675,454
	-	(297,089)	488,222
	-	300,000	300,000
	-	2,911	788,222
	485	56,055	661,701
\$	<u>485</u>	<u>\$ 58,966</u>	<u>\$ 1,449,923</u>

MARION COUNTY  
 COMBINING SCHEDULE OF FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 June 30, 2014

	<u>Health Insurance</u>	<u>Self-Funded Dental Insurance</u>	<u>Vision Insurance</u>	<u>Flexible Benefits Plan</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 257	\$ 18,585	\$ 6,802	\$ 11,815	\$ 37,459
Prepaid expenses	<u>134,215</u>	-	-	-	<u>134,215</u>
Total assets	<u>134,472</u>	<u>18,585</u>	<u>6,802</u>	<u>11,815</u>	<u>171,674</u>
Liabilities					
Claims incurred but not reported	-	<u>16,000</u>	-	-	<u>16,000</u>
Fund Net Position					
Unrestricted	<u>\$ 134,472</u>	<u>\$ 2,585</u>	<u>\$ 6,802</u>	<u>\$ 11,815</u>	<u>\$ 155,674</u>

See accompanying independent auditor's report.

## MARION COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
Year ended June 30, 2014

	Health Insurance	Self-Funded Dental Insurance	Vision Insurance	Flexible Benefits Plan	Total
Operating revenues:					
Contributions	\$ 1,497,242	\$ 117,307	\$ 17,991	\$ 76,045	\$ 1,708,585
Operating expenses:					
Claims	-	107,934	-	73,207	181,141
Insurance premiums	1,484,902	-	18,125	-	1,503,027
Administrative fees	-	7,894	-	-	7,894
Total operating expenses	1,484,902	115,828	18,125	73,207	1,692,062
Operating income (loss)	12,340	1,479	(134)	2,838	16,523
Non-operating revenues:					
Interest on investments	-	17	-	-	17
Net income (loss)	12,340	1,496	(134)	2,838	16,540
Fund net position beginning of year	122,132	1,089	6,936	8,977	139,134
Fund net position end of year	\$ 134,472	\$ 2,585	\$ 6,802	\$ 11,815	\$ 155,674

See accompanying independent auditor's report.

MARION COUNTY  
 COMBINING SCHEDULE OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 Year ended June 30, 2014

	Health Insurance	Self-Funded Dental Insurance	Vision Insurance	Flexible Benefits Plan	Total
Cash flows from operating activities:					
Cash received for contributions	\$ 1,497,242	\$ 117,307	\$ 17,991	\$ 76,045	\$ 1,708,585
Cash payments for claims	-	(105,934)	-	(73,207)	(179,141)
Cash payments for insurance premiums	(1,619,117)	-	(18,125)	-	(1,637,242)
Cash payments for fees and other expenses	-	(7,894)	-	-	(7,894)
Net cash provided by (used by) operating activities	<u>(121,875)</u>	<u>3,479</u>	<u>(134)</u>	<u>2,838</u>	<u>(115,692)</u>
Cash flows from investing activities:					
Interest on investments	-	17	-	-	17
Net increase (decrease) in cash and cash equivalents	(121,875)	3,496	(134)	2,838	(115,675)
Cash and cash equivalents beginning of year	<u>122,132</u>	<u>15,089</u>	<u>6,936</u>	<u>8,977</u>	<u>153,134</u>
Cash and cash equivalents end of year	<u>\$ 257</u>	<u>\$ 18,585</u>	<u>\$ 6,802</u>	<u>\$ 11,815</u>	<u>\$ 37,459</u>
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:					
Operating income (loss)	\$ 12,340	\$ 1,479	\$ (134)	\$ 2,838	\$ 16,523
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:					
(Increase) in prepaid expenses	(134,215)	-	-	-	(134,215)
Increase in claims incurred but not reported	-	2,000	-	-	2,000
Net cash provided by (used by) operating activities	<u>\$ (121,875)</u>	<u>\$ 3,479</u>	<u>\$ (134)</u>	<u>\$ 2,838</u>	<u>\$ (115,692)</u>

See accompanying independent auditor's report.

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MARION COUNTY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

Year ended June 30, 2014

	County Offices			Board of
	County Auditor	County Recorder	County Sheriff	Supervisors Congregate Meals
<b>ASSETS</b>				
Cash and pooled investments:				
County Treasurer	\$ -	\$ -	\$ -	160,422
Other County officials	3,928	41,582	45,871	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	720	-	-
Accrued interest	-	-	-	20
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 3,928</b>	<b>\$ 42,302</b>	<b>\$ 45,871</b>	<b>\$ 160,442</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 77	\$ 17,066	\$ 21,250	\$ -
Salaries and benefits payable	-	-	-	-
Due to other governments	-	25,236	-	-
Trusts payable	3,851	-	24,621	160,442
Compensated absences	-	-	-	-
<b>Total liabilities</b>	<b>\$ 3,928</b>	<b>\$ 42,302</b>	<b>\$ 45,871</b>	<b>\$ 160,442</b>

<u>Agricultural Extension Education</u>	<u>County Assessor</u>	<u>Area Schools</u>	<u>Schools</u>	<u>Corporations</u>	<u>E-911 Surcharge</u>
\$ 2,262	\$ 215,224	\$ 8,053	\$ 176,347	\$ 75,259	\$ 278,638
-	-	-	-	-	-
599	952	2,038	47,459	14,372	-
245,000	389,000	833,000	19,259,000	9,335,000	-
-	26	-	-	-	30,249
-	-	-	-	-	77
-	-	-	-	-	27,721
<u>\$ 247,861</u>	<u>\$ 605,202</u>	<u>\$ 843,091</u>	<u>\$ 19,482,806</u>	<u>\$ 9,424,631</u>	<u>\$ 336,685</u>
\$ -	\$ 26,725	\$ -	\$ -	\$ -	\$ 4,874
-	-	-	-	-	247
247,861	575,011	843,091	19,482,806	9,424,631	321,528
-	-	-	-	-	-
-	3,466	-	-	-	10,036
<u>\$ 247,861</u>	<u>\$ 605,202</u>	<u>\$ 843,091</u>	<u>\$ 19,482,806</u>	<u>\$ 9,424,631</u>	<u>\$ 336,685</u>

MARION COUNTY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

June 30, 2014

	Veteran Affairs	Townships	City Special Assessments	Auto License and Use Tax
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and pooled investments:				
County Treasurer	\$ 450	\$ 6,617	\$ 4,182	\$ 743,723
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	2,161	-	-
Succeeding year	-	543,000	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 450</u>	<u>\$ 551,778</u>	<u>\$ 4,182</u>	<u>\$ 743,723</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	-
Salaries and benefits payable	-	-	-	-
Due to other governments	450	551,778	4,182	743,723
Trusts payable	-	-	-	-
Compensated absences	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 450</u>	<u>\$ 551,778</u>	<u>\$ 4,182</u>	<u>\$ 743,723</u>

Brucellosis and Tuberculosis Eradication	Title III	Fire District	Emergency Management	Jail Canteen	Chore Service
\$ 38	\$ 34,311	\$ 19	\$ 98,269	\$ 130,467	\$ 1,659
-	-	-	-	-	-
10	-	3	-	-	-
4,000	-	4,000	-	-	-
-	2,646	-	7,926	4,864	2,216
-	-	-	-	-	-
-	11,928	-	33,346	-	-
<u>\$ 4,048</u>	<u>\$ 48,885</u>	<u>\$ 4,022</u>	<u>\$ 139,541</u>	<u>\$ 135,331</u>	<u>\$ 3,875</u>
\$ -	\$ 14,699	\$ -	\$ 762	\$ 520	\$ 5,714
-	3,080	-	420	-	-
4,048	23,168	4,022	133,897	134,811	-
-	-	-	-	-	(1,839)
-	7,938	-	4,462	-	-
<u>\$ 4,048</u>	<u>\$ 48,885</u>	<u>\$ 4,022</u>	<u>\$ 139,541</u>	<u>\$ 135,331</u>	<u>\$ 3,875</u>

MARION COUNTY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

June 30, 2014

	Recorder's Electronic Transaction Fee	Advance Tax Payments	Local Option Sales and Services Tax	Anatomical Gift, Public Awareness and Transportation
<b>ASSETS</b>				
Cash and pooled investments:				
County Treasurer	\$ 440	\$ 27,419	\$ -	\$ 46
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	476	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	68,000	-
	<hr/>			
Total assets	<u>\$ 916</u>	<u>\$ 27,419</u>	<u>\$ 68,000</u>	<u>\$ 46</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	-
Salaries and benefits payable	-	-	-	-
Due to other governments	916	27,419	68,000	46
Trusts payable	-	-	-	-
Compensated absences	-	-	-	-
	<hr/>			
Total liabilities	<u>\$ 916</u>	<u>\$ 27,419</u>	<u>\$ 68,000</u>	<u>\$ 46</u>

See accompanying independent auditor's report.

Mid-Iowa Behavioral Health Region	Total
\$ 336,810	\$ 2,300,655
-	91,381
-	67,594
-	30,612,000
-	49,123
15	112
-	140,995
\$ 336,825	\$ 33,261,860

\$ 567	\$ 92,254
-	3,747
335,153	32,951,777
-	187,075
1,105	27,007
\$ 336,825	\$ 33,261,860

MARION COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

Year Ended June 30, 2014

	County Offices			Board of
	County Auditor	County Recorder	County Sheriff	Supervisors Congregate Meals
<b>ASSETS AND LIABILITIES</b>				
Balances beginning of year	\$ 3,918	\$ 54,478	\$ 50,936	\$ 160,201
Additions:				
Property and other County tax	-	-	-	-
State tax credits	-	-	-	-
Local options sales and services tax	-	-	-	-
Payments to states in lieu of real estate taxes	-	-	-	-
E-911 surcharge	-	-	-	-
Office fees and collections	576	460,025	395,803	-
Auto licenses, use tax, drivers licenses and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	8	-	490,630	241
Emergency management performance grants	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	584	460,025	886,433	241
Deductions:				
Agency remittances:				
To other funds	574	195,122	392,985	-
To other governments	-	277,079	6,082	-
Trusts paid out	-	-	492,431	-
Total deductions	574	472,201	891,498	-
Balances end of year	\$ 3,928	\$ 42,302	\$ 45,871	\$ 160,442

<u>Agricultural Extension Education</u>	<u>County Assessor</u>	<u>Area Schools</u>	<u>Schools</u>	<u>Corporations</u>	<u>E-911 Surcharge</u>
\$ 244,121	\$ 589,868	\$ 866,453	\$ 18,292,343	\$ 8,817,628	\$ 267,662
245,155	389,520	834,371	19,538,903	9,303,393	-
10,127	15,938	36,053	776,653	320,544	-
-	-	-	-	-	-
9	14	32	889	691	-
-	-	-	-	-	241,571
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	276
-	16,101	-	-	-	1,190
<u>255,291</u>	<u>421,573</u>	<u>870,456</u>	<u>20,316,445</u>	<u>9,624,628</u>	<u>243,037</u>
-	-	-	-	-	-
251,551	406,239	893,818	19,125,982	9,017,625	174,014
-	-	-	-	-	-
<u>251,551</u>	<u>406,239</u>	<u>893,818</u>	<u>19,125,982</u>	<u>9,017,625</u>	<u>174,014</u>
\$ <u>247,861</u>	\$ <u>605,202</u>	\$ <u>843,091</u>	\$ <u>19,482,806</u>	\$ <u>9,424,631</u>	\$ <u>336,685</u>

MARION COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

Year Ended June 30, 2014

	Veteran Affairs	Townships	City Special Assessments	Auto License and Use Tax
<b>ASSETS AND LIABILITIES</b>				
Balances beginning of year	\$ 450	\$ 793,351	\$ 1,178	\$ 681,933
Additions:				
Property and other County tax	-	300,215	-	-
State tax credits	-	26,712	-	-
Local options sales and services tax	-	-	-	-
Payments to states in lieu of real estate taxes	-	11	-	-
E-911 surcharge	-	-	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax, drivers licenses and postage	-	-	-	8,909,926
Assessments	-	-	27,845	-
Trusts	-	-	-	-
Emergency management performance grants	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	-	326,938	27,845	8,909,926
Deductions:				
Agency remittances:				
To other funds	-	-	-	340,635
To other governments	-	568,511	24,841	8,507,501
Trusts paid out	-	-	-	-
Total deductions	-	568,511	24,841	8,848,136
Balances end of year	\$ 450	\$ 551,778	\$ 4,182	\$ 743,723

<u>Brucellosis and Tuberculosis Eradication</u>	<u>Title III</u>	<u>Tax Sale Redemption</u>	<u>Fire District</u>	<u>Emergency Management</u>	<u>Jail Canteen</u>	<u>Chore Service</u>
\$ 4,052	\$ 31,482	\$ -	\$ 3,146	\$ 148,087	\$ 115,985	\$ 12,973
4,095	-	-	4,424	-	-	-
172	-	-	209	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	437,139	569,278	-	-	42,664	17,836
-	-	-	-	39,268	-	-
-	-	-	-	-	-	-
-	-	-	-	178,724	-	-
<u>4,267</u>	<u>437,139</u>	<u>569,278</u>	<u>4,633</u>	<u>217,992</u>	<u>42,664</u>	<u>17,836</u>
-	-	-	-	-	-	-
4,271	-	-	3,757	226,538	-	-
-	419,736	569,278	-	-	23,318	26,934
<u>4,271</u>	<u>419,736</u>	<u>569,278</u>	<u>3,757</u>	<u>226,538</u>	<u>23,318</u>	<u>26,934</u>
\$ <u>4,048</u>	\$ <u>48,885</u>	\$ <u>-</u>	\$ <u>4,022</u>	\$ <u>139,541</u>	\$ <u>135,331</u>	\$ <u>3,875</u>

MARION COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

Year Ended June 30, 2014

	Recorder's Electronic Transaction Fee	Advance Tax Payments	Public Transportation	Local Option Sales and Services Tax
<b>ASSETS AND LIABILITIES</b>				
Balances beginning of year	\$ 2,337	\$ 29,331	\$ 77	\$ 40,000
Additions:				
Property and other County tax	-	-	-	-
State tax credits	-	-	-	-
Local options sales and services tax	-	-	-	324,000
Payments to states in lieu of real estate taxes	-	-	-	-
E-911 surcharge	-	-	-	-
Office fees and collections	5,237	-	-	-
Auto licenses, use tax, drivers licenses and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	21,975	-	-
Emergency management performance grants	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	9,814	-
Total additions	<u>5,237</u>	<u>21,975</u>	<u>9,814</u>	<u>324,000</u>
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	6,658	-	-	296,000
Trusts paid out	-	23,887	9,891	-
Total deductions	<u>6,658</u>	<u>23,887</u>	<u>9,891</u>	<u>296,000</u>
Balances end of year	<u>\$ 916</u>	<u>\$ 27,419</u>	<u>\$ -</u>	<u>\$ 68,000</u>

See accompanying independent auditor's report.

Anatomical Gift, Public Awareness and Transportation	Mid-Iowa Behavioral Health Region	Total
\$ <u>32</u>	\$ -	\$ <u>31,212,022</u>
-	-	30,620,076
-	-	1,186,408
-	-	324,000
-	-	1,646
-	-	241,571
-	-	861,641
-	-	8,909,926
-	-	27,845
-	-	1,579,771
-	-	39,268
-	31	307
<u>510</u>	<u>367,155</u>	<u>573,494</u>
<u>510</u>	<u>367,186</u>	<u>44,365,953</u>
-	-	929,316
496	30,361	39,821,324
-	-	1,565,475
<u>496</u>	<u>30,361</u>	<u>42,316,115</u>
<u>\$ 46</u>	<u>\$ 336,825</u>	<u>\$ 33,261,860</u>

MARION 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
<b>Revenues:</b>				
Property and other County tax	\$ 11,883,798	\$ 11,373,812	\$ 11,082,344	\$ 10,581,178
Interest and penalty on property tax	77,299	79,376	93,120	106,281
Intergovernmental	6,778,769	6,402,819	8,030,587	7,512,500
Licenses and permits	27,973	29,467	34,188	31,417
Charges for service	1,163,008	1,216,537	1,130,308	1,194,318
Use of money and property	94,269	99,373	121,742	170,984
Miscellaneous	119,729	463,018	381,530	699,007
<b>Total</b>	<b>\$ 20,144,845</b>	<b>\$ 19,664,402</b>	<b>\$ 20,873,819</b>	<b>\$ 20,295,685</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 3,753,223	\$ 3,451,905	\$ 3,315,442	\$ 3,162,622
Physical health and social services	2,369,795	2,355,776	2,451,806	2,516,784
Mental health	1,125,801	1,844,404	3,094,667	2,460,887
County environment and education	1,420,940	1,330,408	1,314,598	1,490,243
Roads and transportation	5,604,045	5,665,612	6,059,001	6,764,906
Government services to residents	701,849	693,111	606,168	623,063
Administration	2,522,194	2,237,283	2,261,425	2,086,466
Debt service	519,766	485,757	585,323	549,444
Capital projects	802,696	406,741	1,367,031	1,294,048
<b>Total</b>	<b>\$ 18,820,309</b>	<b>\$ 18,470,997</b>	<b>\$ 21,055,461</b>	<b>\$ 20,948,463</b>

See accompanying independent auditor's report.

	2010	2009	2008	2007	2006	2005
\$	10,134,344	\$ 9,768,915	\$ 9,189,865	\$ 9,274,345	\$ 8,916,108	\$ 8,611,535
	95,927	94,916	95,094	92,313	82,702	81,839
	7,821,660	8,805,960	6,789,833	5,858,139	6,049,533	6,139,309
	32,524	18,115	16,897	15,643	18,383	14,938
	1,197,183	1,160,761	1,912,090	1,627,868	1,449,997	1,439,528
	168,061	206,243	395,560	388,924	387,617	137,568
	444,028	435,436	620,346	404,097	599,682	440,403
\$	<u>19,893,727</u>	<u>20,490,346</u>	<u>19,019,685</u>	<u>17,661,329</u>	<u>17,504,022</u>	<u>16,865,120</u>
\$	3,029,931	\$ 3,015,604	\$ 2,837,709	\$ 2,494,360	\$ 2,250,878	\$ 2,033,900
	2,364,667	2,347,248	2,354,699	1,905,738	1,900,406	2,226,147
	2,418,348	2,278,438	2,885,427	2,679,212	2,412,897	2,226,239
	1,246,594	1,205,327	1,167,909	1,109,158	1,023,321	958,101
	5,850,704	6,348,573	5,701,926	5,595,033	5,393,024	4,590,995
	596,528	625,144	523,828	514,848	744,153	502,958
	2,101,628	2,099,462	1,991,003	1,842,881	1,967,014	1,712,002
	728,109	465,829	459,716	463,023	579,104	159,265
	714,991	574,977	658,409	2,396,298	3,800,454	1,809,179
\$	<u>19,051,500</u>	<u>18,960,602</u>	<u>18,580,626</u>	<u>19,000,551</u>	<u>20,071,251</u>	<u>16,218,786</u>

MARION COUNTY  
 SCHEDULE OF TITLE III ACTIVITY  
 Year Ended June 30, 2014

## Additions:

Special programs for the aging - Title III, Part C nutrition services (noncash)	\$ 4,727	
Special programs for the aging - Title III, Part C nutrition services	111,265	
Elderly waiver	65,285	
Donations and contributions	<u>255,862</u>	\$ 437,139

## Deductions:

Salaries and benefits	191,883	
Food and provisions	159,324	
Supplies	6,715	
Travel and training	4,586	
Telephone and utilities	6,717	
Trash removal	1,419	
Rental building	20,303	
Equipment and repair	15,181	
Miscellaneous	<u>13,608</u>	<u>419,736</u>

Net 17,403

Balance beginning of year 31,482

Balance end of year \$ 48,885

See accompanying independent auditor's report.

MARION COUNTY  
SCHEDULE OF PUBLIC TRANSPORTATION ACTIVITY  
Year Ended June 30, 2014

Additions:		
Miscellaneous	\$	9,814
Deductions:		
Miscellaneous		<u>9,891</u>
Net		(77)
Balance beginning of year		<u>77</u>
Balance end of year	\$	<u><u>-</u></u>

See accompanying independent auditor's report.

MARION COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND BALANCES – IOWA DEPARTMENT OF PUBLIC HEALTH  
Year Ended June 30, 2014

	Women, Infants and Children <u>5884AO53</u>	Women, Infants and Children <u>5883AO53</u>	Maternal Child Health <u>5884MH06</u>	Maternal Child Health <u>5883MH06</u>	Maternal Child Health <u>5884DH03</u>
Revenues:					
Federal	\$ 265,057	\$ 137,408	\$ 32,384	\$ 25,280	\$ 8,342
State	-	-	16,045	-	5,000
Other	-	-	57,971	15,847	-
Total	<u>265,057</u>	<u>137,408</u>	<u>106,400</u>	<u>41,127</u>	<u>13,342</u>
Expenditures:					
Salaries and benefits	183,331	65,768	88,969	31,357	11,973
Contracted providers	10,914	4,415	2,000	165	-
Administration/indirect costs	34,394	24,029	4,064	2,194	450
Miscellaneous	36,418	43,196	11,367	7,411	919
Total	<u>265,057</u>	<u>137,408</u>	<u>106,400</u>	<u>41,127</u>	<u>13,342</u>
Balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See accompanying independent auditor's report.

Immunization Action Plan 5884I488	Immunization Action Plan 5884I4132 and 5883I488	Public Health Emergency and Hospital Preparedness 5884BT42	Community Transformation Grants 5884HP14	Community Transformation Grants 5883HP14
\$ 6,176	\$ 4,513	\$ 55,384	\$ 50,839	\$ 30,608
2,221	-	-	-	-
-	-	-	-	-
<u>8,397</u>	<u>4,513</u>	<u>55,384</u>	<u>50,839</u>	<u>30,608</u>
5,108	2,537	39,754	28,964	12,492
-	-	-	-	-
-	-	5,538	6,600	2,121
<u>3,289</u>	<u>1,976</u>	<u>10,092</u>	<u>15,275</u>	<u>15,995</u>
<u>8,397</u>	<u>4,513</u>	<u>55,384</u>	<u>50,839</u>	<u>30,608</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MARION COUNTY

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

Grantor/Program	CFDA Number	Pass-through Grantor Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5884AO53	\$ 265,057
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5883AO53	<u>137,408</u>
			<u>402,465</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY 14	<u>10,954</u>
Iowa Department of Agriculture:			
WIC Farmers' Market Nutrition Program	10.572	FY 13	<u>482</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	ER-CO(63)	<u>20,275</u>
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	14-405d, Task 4	341
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	13-410, Task 36	3,344
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	14-405d, Task 35	<u>10,379</u>
			<u>14,064</u>

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

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Aging Resources of Central Iowa:			
Special Programs for the Aging -			
Title III, Part C - Nutrition Services	93.045	FY 14	\$ <u>115,992</u> *
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State			
Administered Programs	93.566	FY 14	<u>27</u>
Child Care Mandatory and Matching Funds of the			
Child Care and Development Fund	93.596	FY 14	<u>3,217</u>
Foster Care - Title IV-E	93.658	FY 14	<u>4,193</u>
Adoption Assistance	93.659	FY 14	<u>1,414</u>
Social Services Block Grant	93.667	FY 14	<u>3,362</u>
Children's Health Insurance Program	93.767	FY 14	<u>46</u>
Medical Assistance Program	93.778	FY 14	<u>17,912</u>
Iowa Department of Public Health:			
Public Health Emergency Preparedness			
	93.069	5883BT63	<u>8,023</u>
Hospital Preparedness Program and Public Health			
Emergency Preparedness Aligned Cooperative			
Agreements	93.074	5884BT42	<u>55,384</u>
Immunization Cooperative Agreements	93.268	5883I488	492
Immunization Cooperative Agreements	93.268	5884I488	<u>2,623</u>
			<u>3,115</u>
Centers for Disease Control and Prevention -			
Investigations and Technical Assistance			
	93.283	5884NB18	<u>6,275</u>
PPHF - Community Transformation Grants and National			
Dissemination and Support for Community			
Transformation Grants	93.531	5884HP14	50,839
PPHF - Community Transformation Grants and National			
Dissemination and Support for Community			
Transformation Grants	93.531	5883HP14	<u>30,608</u>
			<u>81,447</u>

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

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
U.S. Department of Health and Human Services (continued):			
Iowa Department of Public Health (continued):			
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	5884I488	\$ 3,553
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	5884I4132	208
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	5883I488	3,813
			<u>7,574</u>
Maternal and Child Health Services Block Grant to the States	93.994	5884DH03	8,342
Maternal and Child Health Services Block Grant to the States	93.994	5883MH06	25,280
Maternal and Child Health Services Block Grant to the States	93.994	5884MH06	32,384
			<u>66,006</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4119	56,766
Iowa Department of Homeland Security:			
Emergency Management Performance Grants	97.042	EMPG-14	39,268
Total			<u>\$ 918,261</u>

\* = Includes \$4,727 of non-cash awards

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

See accompanying independent auditor's report.

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

To the Officials of Marion 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 Marion 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 23, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance

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

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

Marion County's Responses to Findings

Marion County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Marion 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 Marion 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 23, 2015

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

To the Officials of Marion County:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

*Hunt + Associates, P.C.*

Oskaloosa, Iowa  
March 23, 2015

MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

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

- (a) Unmodified opinions were issued on all opinion units.
- (b) No material weaknesses in internal control over financial reporting were reported. However, a significant deficiency in internal control over financial reporting was reported.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were reported.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 10.557 Special Supplemental Nutrition Program for Women, Infants and Children
  - CFDA Number 93.531 PPHF - Community Transformation Grants and National Dissemination and Support for Community Transformation Grants
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Marion County did not qualify as a low-risk auditee.

MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

II-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, Treasurer
(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, Sheriff, Treasurer
(3) Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants or approve vouchers for payment.	Recorder, Sheriff

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.

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

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

INTERNAL CONTROL DEFICIENCIES (continued):

II-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 Sheriff - 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.

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

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-14 Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted in any County function. However, the court services and substance abuse departments exceeded appropriations prior to amendment and the Sheriff’s department exceeded appropriations at year end. In addition, Emergency Management Services disbursements exceeded the amount budgeted.

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

The Emergency Management Services budget should have been amended before disbursements were allowed to exceed the budget.

Responses –

County Auditor - In the future, appropriations will be watched more closely by the departments.

Emergency Management Services – We amended our budget once but disbursements still exceeded expectations. We will be more careful in the future to avoid this situation.

Conclusion – Responses accepted.

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

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

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dawn Allspach-Kline, employee, Spouse owns Kline’s Quick Time	Auto repair/maintenance services	\$495
Jessica Clark, employee, Stepfather owns Sparks Auto	Auto repair/maintenance services	\$574

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions noted above do not represent conflicts of interest since the cumulative amounts do not exceed \$1,500 during the fiscal year.

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

MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

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

- IV-F-14 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-14 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-14 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-14 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

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