

VAN BUREN COUNTY

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

JUNE 30, 2014

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VAN BUREN COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bob Waugh	Board of Supervisors	Jan. 2017
Ted Nixon	Board of Supervisors	Jan. 2015
Mark Meek	Board of Supervisors	Jan. 2015
Jon P. Finney	County Auditor	Jan. 2017
Tanya McQuoid	County Treasurer	Jan. 2015
D. Ann Skaggs	County Recorder	Jan. 2015
Dan Tedrow	County Sheriff	Jan. 2017
H. Craig Miller	County Attorney	Jan. 2015
Dixie Saunders	County Assessor	Jan. 2016

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

To the Officials of Van Buren 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 Van Buren 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 Van Buren 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 6 through 11 and 44 through 47 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 Van Buren County's basic financial statements. The financial statements for the nine years ended June 30, 2013 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2015 on our consideration of Van Buren County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Van Buren County's internal control over financial reporting and compliance.

*Hunt + Associates, P.C.*

Oskaloosa, Iowa  
March 3, 2015

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### 2012 FINANCIAL HIGHLIGHTS

- The County's Governmental Fund total revenues decreased \$175,265 from fiscal year 2013 to fiscal year 2014, due primarily to decreases in road construction grant funding which were partially offset by increased property tax and local option sales and services tax revenues.
- The County's Governmental Fund expenditures increased \$183,500 from fiscal year 2013 to fiscal year 2014. The largest increase came in the Secondary Roads Fund due to the construction of a new shop. This increase was offset by smaller decreases in most other funds.
- The net position of the County's governmental activities increased approximately 17.1%, or \$2,506,465, from June 30, 2013 to June 30, 2014. This increase was due primarily to the contribution of assets totaling \$2,314,625 from the Iowa Department of Transportation.

### USING THIS ANNUAL REPORT

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year and the schedule of funding progress for the retiree health plan.

Supplementary Information provides detailed information about the nonmajor Governmental and the individual Agency Funds.

## REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

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

The County's Governmental Activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, 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. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, 4) the Capital Projects Fund, and 5) Permanent Funds. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The 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 fund, which is an 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 which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for the County Assessor and the agency funds necessary to collect and distribute property taxes to schools, cities and all other taxing authorities.

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

### Net Position of Governmental Activities

	June 30, 2013, as restated	June 30, 2014
	_____	_____
Current and other assets	\$ 6,477,098	\$ 6,633,827
Capital assets	<u>11,354,357</u>	<u>13,659,236</u>
Total assets	<u>17,831,455</u>	<u>20,293,063</u>
Long-term liabilities	376,947	387,876
Other liabilities	<u>161,601</u>	<u>271,570</u>
Total liabilities	<u>538,548</u>	<u>659,446</u>
Deferred inflows of resources	<u>2,649,755</u>	<u>2,484,000</u>
Net position:		
Net investment in capital assets	11,354,357	13,659,236
Restricted	2,621,837	2,307,687
Unrestricted	<u>666,958</u>	<u>1,182,694</u>
Total net position	<u>\$ 14,643,152</u>	<u>\$ 17,149,617</u>

The net position of Van Buren County's governmental activities increased by \$2,506,465 from 2013 (\$14,643,152 compared to \$17,149,617). The largest portion of the County's net position is the net investment in capital assets (e.g., land, infrastructure, buildings and equipment less the related debt). The debt related to the investment in capital assets will be liquidated with sources other than capital assets. Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – is reported at \$1,182,694 at June 30, 2014.

Changes in Net Position of Governmental Activities

	Year Ended June 30, 2013, as restated	Year Ended June 30, 2014
Revenues:		
Program Revenues:		
Charges for services	\$ 580,796	\$ 766,723
Operating grants, contributions and restricted interest	3,372,282	2,926,691
Capital grants and contributions	262,600	2,526,330
General Revenues:		
Property tax	2,465,511	2,515,192
Penalty and interest on property tax	43,103	53,221
State tax credits	117,012	190,607
Local option sales and services tax	313,535	320,423
Unrestricted investment earnings	30,695	18,729
Miscellaneous revenues	<u>102,547</u>	<u>16,569</u>
Total revenues	<u>7,288,081</u>	<u>9,334,485</u>
Program and General Expenses:		
Public safety and legal services	1,196,700	1,185,174
Physical health and social services	557,553	514,872
Mental health	280,228	173,728
County environment and education	398,077	407,752
Roads and transportation	3,318,137	3,588,982
Governmental services to residents	431,555	286,256
Administration	584,761	630,698
Non-program	-	<u>40,558</u>
Total expenses	<u>6,767,011</u>	<u>6,828,020</u>
Increase in net position	521,070	2,506,465
Net position beginning of year	<u>14,122,082</u>	<u>14,643,152</u>
Net position end of year	<u>\$ 14,643,152</u>	<u>\$ 17,149,617</u>

The County's fiscal year 2014 revenues increased \$2,046,404 over fiscal year 2013 due primarily to capital contributions from the Iowa Department of Transportation totaling \$2,314,625. Expenses remained relatively controlled during fiscal year 2014, with a slight increase of \$61,009 over fiscal year 2013.

**INDIVIDUAL MAJOR FUND ANALYSIS**

As Van Buren County completed the year, its governmental funds reported a combined fund balance of \$3,708,007, an increase of \$100,312 compared to last year's total of \$3,607,695. The increase in total fund balance is attributable to a variety of factors. The following are the main reasons for the changes in fund balances of the major governmental funds from the prior year:

1. The General Fund ending balance increased \$142,565 compared to June 30, 2013. Revenues increased by \$182,153 from FY 2013 to FY 2014, while expenditures only increased by \$79,883 compared to FY 2013. Property and other County tax revenue increased \$75,809 due to a higher assessed taxable valuation, and grants from other governments rose by \$42,260 over FY2013.

2. The Rural Services Fund ending balance had a small decrease of \$4,110 from the June 30, 2013 balance. Compared to FY 2013, revenues decreased \$34,497, while expenditures and other financing uses increased by \$40,601. The largest change from the prior year in the use of funds was an increase of monies transferred to the Secondary Roads Fund of \$33,788.
3. The Secondary Roads Fund expenditures for 2014 increased \$346,066 compared to the prior year. Revenues and other financing sources were down \$489,816 in 2014. The cumulative effect was a decrease of \$243,550 in the ending fund balance compared to the prior year ending fund balance. The decrease in revenues was due primarily to a decrease in grants received from the Federal government, while expenditures increased because of the construction of a new shop building in fiscal year 2014 and more maintenance projects than in the prior year.

## BUDGETARY HIGHLIGHTS

During the year ended June 30, 2014, Van Buren County amended its budget one time on April 14, 2014, which increased budgeted disbursements by \$183,320. Actual disbursements were \$449,349 less than budgeted for FY 2014. The County did not exceed the amount budgeted in any County function or the amount appropriated in any department.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

At June 30, 2014, Van Buren County had \$13,659,236 invested in a broad range of capital assets (net of accumulated depreciation), including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of \$2,304,879, or 20.3% over last year. The large increase was due to capital contributions from the Iowa Department of Transportation totaling \$2,314,625 during the fiscal 2014 year.

Capital Assets of Governmental Activities At Year End	
	June 30, 2014
<u>Acquisition cost:</u>	
Land	\$ 1,179,587
Construction in progress	235,230
Buildings and improvements	3,378,376
Equipment and vehicles	5,160,174
Infrastructure	<u>13,287,022</u>
Total	\$ <u>23,240,389</u>
 <u>Accumulated depreciation:</u>	
Buildings and improvements	\$(1,986,673)
Equipment and vehicles	(3,561,709)
Infrastructure	<u>(4,032,771)</u>
Total	\$ <u>(9,581,153)</u>
Net governmental activities capital assets	\$ <u>13,659,236</u>

The County had depreciation expense of \$1,031,120 in FY14 and total accumulated depreciation of \$9,581,153 at June 30, 2014. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### *Long-Term Liabilities*

At June 30, 2014, Van Buren County had \$387,876 in long-term liabilities compared to \$376,947 at June 30, 2013, as shown below:

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Outstanding Liabilities of Governmental Activities at Year End		
	<u>June 30, 2013</u>	<u>June 30, 2014</u>
Liability for landfill postclosure care costs	\$ 165,000	\$ 150,000
Compensated absences	140,022	140,876
Net OPEB liability	<u>71,925</u>	<u>97,000</u>
Total	<u>\$ 376,947</u>	<u>\$ 387,876</u>

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County. At June 30, 2014, Van Buren County had no current outstanding general obligation debt. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

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

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

Various indicators were taken into account when adopting the budget for fiscal year 2015. Amounts available for appropriation in the operating budget are \$7,681,741, an increase of 1.5% from the final fiscal year 2014 budget. The total County property tax levy for fiscal year 2015 decreased \$3,798, or .1% compared to fiscal year 2014. The property tax levy rates, however, increased for all County governmental funds except the Mental Health Fund, but were offset somewhat by a decrease in the overall taxable valuation of the County. Property tax rates will also be impacted in the future by the new business property tax credits, but that impact cannot be predicted at this time.

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

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Van Buren 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 Van Buren County Auditor's Office, 406 Dodge Street, Keosauqua, Iowa 52565-0475.

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## Basic Financial Statements

VAN BUREN COUNTY  
STATEMENT OF NET POSITION  
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 2,798,990
Receivables:	
Property tax:	
Delinquent	20,510
Succeeding year	2,484,000
Interest and penalty on property tax	47,200
Accounts	128,197
Accrued interest	1,052
Due from other governments	295,894
Inventories	809,398
Prepaid expenses	48,586
Capital assets, net of accumulated depreciation (note 4)	<u>13,659,236</u>
 Total assets	 <u>20,293,063</u>
Liabilities	
Accounts payable	234,355
Salaries and benefits payable	37,215
Long-term liabilities (note 6):	
Portion due or payable within one year:	
Landfill postclosure care costs	15,000
Compensated absences	140,876
Portion due or payable after one year:	
Landfill postclosure care costs	135,000
Net OPEB liability	<u>97,000</u>
 Total liabilities	 <u>659,446</u>
 Deferred Inflows of Resources	
Unavailable property tax revenue	<u>2,484,000</u>

VAN BUREN COUNTY  
STATEMENT OF NET POSITION  
June 30, 2014

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	\$ 13,659,236
Restricted for:	
Supplemental levy purposes	271,830
Mental health purposes	266,639
Rural services purposes	67,050
Secondary roads purposes	1,354,665
Other purposes	347,503
Unrestricted	<u>1,182,694</u>
Total net position	<u>\$ 17,149,617</u>

See notes to financial statements.

VAN BUREN 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	\$ 1,185,174	\$ 171,952	\$ 7,568	\$ -	\$ (1,005,654)
Physical health and social services	514,872	19,102	388,527	-	(107,243)
Mental health	173,728	40,561	42,036	-	(91,131)
County environment and education	407,752	138,218	47,762	-	(221,772)
Roads and transportation	3,588,982	180,606	2,440,779	2,526,330	1,558,733
Government services to residents	286,256	130,122	19	-	(156,115)
Administration	630,698	32,813	-	-	(597,885)
Non-program	40,558	53,349	-	-	12,791
Total	\$ <u>6,828,020</u>	\$ <u>766,723</u>	\$ <u>2,926,691</u>	\$ <u>2,526,330</u>	<u>(608,276)</u>

## General Revenues:

Property and other county tax levied for:	
General purposes	2,515,192
Penalty and interest on property tax	53,221
State tax credits	190,607
Local option sales and services tax	320,423
Unrestricted investment earnings	18,729
Miscellaneous	<u>16,569</u>
Total general revenues	<u>3,114,741</u>
Change in net position	2,506,465
Net position beginning of year, as restated (note 13)	<u>14,643,152</u>
Net position end of year	\$ <u><u>17,149,617</u></u>

See notes to financial statements.

VAN BUREN COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

	<u>Special Revenue</u>				<u>Total</u>
	<u>General</u>	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Nonmajor</u>	
Assets					
Cash and pooled investments	\$ 1,768,862	\$ 157,995	\$ 564,328	\$ 297,805	\$ 2,788,990
Receivables:					
Property tax:					
Delinquent	16,480	2,374	-	1,656	20,510
Succeeding year	1,884,000	411,000	-	189,000	2,484,000
Interest and penalty on property tax	47,200	-	-	-	47,200
Accounts	56,644	61,936	6,622	2,995	128,197
Accrued interest	1,048	-	-	4	1,052
Due from other governments	32,919	369	262,606	-	295,894
Inventories	-	-	809,398	-	809,398
Prepaid expenses	46,253	-	2,333	-	48,586
 Total assets	 <u>\$ 3,853,406</u>	 <u>\$ 633,674</u>	 <u>\$ 1,645,287</u>	 <u>\$ 491,460</u>	 <u>\$ 6,623,827</u>

VAN BUREN 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	\$ 72,096	\$ 5,026	\$ 154,485	\$ 2,748	\$ 234,355
Salaries and benefits payable	17,224	598	18,863	530	37,215
Total liabilities	<u>89,320</u>	<u>5,624</u>	<u>173,348</u>	<u>3,278</u>	<u>271,570</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,884,000	411,000	-	189,000	2,484,000
Other	63,025	2,358	93,247	1,620	160,250
Total deferred inflows of resources	<u>1,947,025</u>	<u>413,358</u>	<u>93,247</u>	<u>190,620</u>	<u>2,644,250</u>
Fund balances:					
Nonspendable:					
Inventories	-	-	809,398	-	809,398
Prepaid expenses	46,253	-	2,333	-	48,586
Restricted for:					
Supplemental levy purposes	320,602	-	-	-	320,602
Rural services purposes	-	209,192	-	-	209,192
Secondary roads purposes	-	-	566,961	-	566,961
Mental health purposes	-	-	-	266,442	266,442
Conservation purposes	189,490	-	-	8,615	198,105
Other purposes	126,893	5,500	-	22,505	154,898
Assigned for:					
Indian Creek Watershed	76,334	-	-	-	76,334
Building improvements - Care Facility	34,824	-	-	-	34,824
Unassigned	1,022,665	-	-	-	1,022,665
Total fund balances	<u>1,817,061</u>	<u>214,692</u>	<u>1,378,692</u>	<u>297,562</u>	<u>3,708,007</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,853,406</u>	<u>\$ 633,674</u>	<u>\$ 1,645,287</u>	<u>\$ 491,460</u>	<u>\$ 6,623,827</u>

See notes to financial statements.

## VAN BUREN COUNTY

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

June 30, 2014

Total fund balances of governmental funds	\$ 3,708,007
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 \$23,240,389 and the accumulated depreciation is \$9,581,153.	13,659,236
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.	160,250
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	10,000
Long-term liabilities, including landfill postclosure care costs, 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>(387,876)</u>
Net position of governmental activities	<u>\$ 17,149,617</u>

See notes to financial statements.

VAN BUREN 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	\$ 1,836,528	\$ 736,454	\$ -	\$ 261,849	\$ 2,834,831
Interest and penalty on property tax	45,146	-	-	-	45,146
Intergovernmental	676,596	69,745	2,635,726	76,261	3,458,328
Licenses and permits	11,038	-	1,955	-	12,993
Charges for service	228,001	18,253	-	1,476	247,730
Use of money and property	105,363	-	-	33	105,396
Miscellaneous	46,990	3,069	102,162	58,962	211,183
<b>Total revenues</b>	<b>2,949,662</b>	<b>827,521</b>	<b>2,739,843</b>	<b>398,581</b>	<b>6,915,607</b>
<b>Expenditures:</b>					
<b>Operating:</b>					
Public safety and legal services	1,152,921	6,168	-	-	1,159,089
Physical health and social services	493,415	-	-	-	493,415
Mental health	-	-	-	173,075	173,075
County environment and education	235,386	155,453	-	17,188	408,027
Roads and transportation	-	-	3,396,695	-	3,396,695
Government services to residents	288,111	820	-	2,001	290,932
Administration	610,079	7,762	-	-	617,841
Non-program	4,546	-	-	-	4,546
Capital projects	24,689	-	248,126	910	273,725
<b>Total expenditures</b>	<b>2,809,147</b>	<b>170,203</b>	<b>3,644,821</b>	<b>193,174</b>	<b>6,817,345</b>
Excess (deficiency) of revenues over (under) expenditures	140,515	657,318	(904,978)	205,407	98,262
<b>Other financing sources (uses):</b>					
Sale of capital assets	2,050	-	-	-	2,050
Interfund transfers in (note 3)	-	-	661,428	-	661,428
Interfund transfers out (note 3)	-	(661,428)	-	-	(661,428)
<b>Total other financing sources (uses)</b>	<b>2,050</b>	<b>(661,428)</b>	<b>661,428</b>	<b>-</b>	<b>2,050</b>

VAN BUREN COUNTY

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

	Special Revenue				Total
	General	Rural Services	Secondary Roads	Nonmajor	
Net change in fund balances	\$ 142,565	\$ (4,110)	\$ (243,550)	\$ 205,407	\$ 100,312
Fund balances beginning of year, as restated (note 13)	1,674,496	218,802	1,622,242	92,155	3,607,695
Fund balances end of year	<u>\$ 1,817,061</u>	<u>\$ 214,692</u>	<u>\$ 1,378,692</u>	<u>\$ 297,562</u>	<u>\$ 3,708,007</u>

See notes to financial statements.

VAN BUREN 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 \$ 100,312

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	\$ 1,021,374	
Capital assets contributed by the Iowa Department of Transportation	2,314,625	
Depreciation expense	<u>(1,031,120)</u>	2,304,879

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	784	
Other	<u>101,419</u>	102,203

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. 15,000

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

Compensated absences	(854)	
Net OPEB liability	<u>(25,075)</u>	(25,929)

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 10,000

Change in net position of governmental activities \$ 2,506,465

See notes to financial statements.

VAN BUREN COUNTY  
 STATEMENT OF FUND NET POSITION  
 PROPRIETARY FUND  
 June 30, 2014

	Internal Service - Employee <u>Group Health</u>
Assets	
Cash and cash equivalents	\$ <u>10,000</u>
Fund Net Position	
Unrestricted	\$ <u><u>10,000</u></u>

See notes to financial statements.

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

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ <u>10,000</u>
Operating expenses:	
None	<u>-</u>
Operating income	10,000
Fund net position beginning of year	<u>-</u>
Fund net position end of year	\$ <u><u>10,000</u></u>

See notes to financial statements.

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

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ <u>10,000</u>
Net increase in cash and cash equivalents	10,000
Cash and cash equivalents beginning of year	<u>-</u>
Cash and cash equivalents end of year	\$ <u><u>10,000</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 10,000
Adjustments to reconcile operating income to net cash provided by operating activities:	
None	<u>-</u>
Net cash provided by operating activities	\$ <u><u>10,000</u></u>

See notes to financial statements.

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

Assets	
Cash and pooled investments:	
County Treasurer	\$ 888,494
Other County officials	91,882
Receivables:	
Property tax:	
Delinquent	57,850
Succeeding year	5,481,000
Accounts	2,436
Accrued interest	69
Due from other governments	26,251
Prepaid expenses	<u>7,936</u>
Total assets	<u>\$ 6,555,918</u>
Liabilities	
Accounts payable	\$ 19,438
Due to other governments (note 5)	6,433,813
Trusts payable	93,079
Compensated absences	<u>9,588</u>
Total liabilities	<u>\$ 6,555,918</u>

See notes to financial statements.

VAN BUREN COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies

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

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

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

One drainage district has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Fox River Drainage Board. The drainage district is reported as an Agency Fund. Financial information of the drainage district can be obtained from the Van Buren County Auditor's office.

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

VAN BUREN COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

The 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.

VAN BUREN COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Special Revenue (continued):

The 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 Fund - An Internal Service Fund is 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.

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.

VAN BUREN COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

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.

VAN BUREN 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)

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

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

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

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

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

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	\$ 100,000
Infrastructure	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

VAN BUREN COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	20-50
Infrastructure	30-50
Equipment	2-20
Vehicles	3-10

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

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

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.

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, 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.

VAN BUREN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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

Deferred inflows of resources 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.

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.

VAN BUREN COUNTY

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ <u>661,428</u>

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

Note 4. Capital Assets

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,179,587	\$ -	\$ -	\$ 1,179,587
Construction in progress	5,728	229,502	-	235,230
Total capital assets not being depreciated	<u>1,185,315</u>	<u>229,502</u>	-	<u>1,414,817</u>
Capital assets being depreciated:				
Buildings	3,039,016	339,360	-	3,378,376
Machinery and equipment	4,949,022	452,512	241,360	5,160,174
Infrastructure	10,972,397	2,314,625	-	13,287,022
Total capital assets being depreciated	<u>18,960,435</u>	<u>3,106,497</u>	<u>241,360</u>	<u>21,825,572</u>
Less accumulated depreciation for:				
Buildings	1,901,635	85,038	-	1,986,673
Machinery and equipment	3,502,875	300,194	241,360	3,561,709
Infrastructure	3,386,883	645,888	-	4,032,771
Total accumulated depreciation	<u>8,791,393</u>	<u>1,031,120</u>	<u>241,360</u>	<u>9,581,153</u>
Total capital assets being depreciated, net	<u>10,169,042</u>	<u>2,075,377</u>	-	<u>12,244,419</u>
Governmental activities capital assets, net	<u>\$ 11,354,357</u>	<u>\$ 2,304,879</u>	<u>\$ -</u>	<u>\$ 13,659,236</u>

VAN BUREN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services	\$	64,494
Physical health and social services		15,937
County environment and education		8,425
Roads and transportation		899,975
Administration		19,330
Non-program		<u>22,959</u>
Total depreciation expense - governmental activities	\$	<u><u>1,031,120</u></u>

Note 5. Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Agency:		
E-911	Collections	\$ 164,200
County Hospital		751,343
Corporations		600,887
Schools		3,642,117
Area Schools		247,415
County Assessor		266,307
Auto License and Use Tax		163,303
All Other		<u>598,241</u>
Total for agency funds		\$ <u><u>6,433,813</u></u>

VAN BUREN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 6. Long-Term Liabilities

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

	Estimated Liability for Landfill Postclosure Care Costs	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 165,000	\$ 140,022	\$ 71,925	\$ 376,947
Additions	-	140,876	25,075	165,951
Reductions	15,000	140,022	-	155,022
Balance end of year	<u>\$ 150,000</u>	<u>\$ 140,876</u>	<u>\$ 97,000</u>	<u>\$ 387,876</u>
Due within one year	<u>\$ 15,000</u>	<u>\$ 140,876</u>	<u>\$ -</u>	<u>\$ 155,876</u>

Postclosure Care Costs

To comply with Federal and State regulations, the County is required to perform certain maintenance and monitoring functions at its landfill site for 30 years after closure. The County closed the landfill in 1994 and plans to complete the period of postclosure monitoring in 2024. The County reports a portion of these postclosure care costs as a liability based on the remaining period of required monitoring as of each balance sheet date. The \$150,000 reported as estimated liability for landfill postclosure care costs at June 30, 2014 represents an estimate of \$15,000 per year for postclosure monitoring for the next ten years (the remaining period of required postclosure monitoring). Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

State regulations require solid waste landfills to demonstrate financial responsibility for the costs of postclosure care. The County established a designated sinking fund for employees, the annual cost of monitoring the closed landfill which is being funded by an annual assessment, if needed, to the participating members of the landfill, including the County. Any future excess of monitoring expenditures over the annual assessment will be added to the following year's assessment to the participating members.

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 52 active and 1 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through 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.

VAN BUREN COUNTY

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 7. 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	\$ 50,138
Interest on net OPEB obligation	2,877
Adjustment to annual required contribution	<u>(2,858)</u>
Annual OPEB cost	50,157
Contributions made	<u>(25,082)</u>
Increase in net OPEB obligation	25,075
Net OPEB obligation beginning of year	<u>71,925</u>
Net OPEB obligation end of year	<u><u>\$ 97,000</u></u>

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

For the year ended June 30, 2014, the County contributed \$25,082 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	\$ 40,924	60.8%	\$ 47,230
2013	50,150	50.8%	71,925
2014	50,157	50.0%	97,000

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$409,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$409,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,354,000 and the ratio of the UAAL to covered payroll was 17.4%. As of June 30, 2014, there were no trust fund assets.

VAN BUREN COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

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

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

Mortality rates are from the RP2000 Combined Mortality Table Fully Generational using Scale AA. Annual retirement and termination probabilities were determined using guidelines from GASB 45 related to the use of the alternate method.

Projected claim costs of the medical plan are \$1,032 per month for retirees. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$216,057, \$205,693 and \$195,422, respectively, equal to the required contributions for each year.

VAN BUREN COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 9. Risk Management

Van Buren County is a member in the Heartland Insurance Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Insurance Risk Pool (Pool) is a local government risk-sharing pool whose members include ten counties throughout the State of Iowa. The Pool was formed July 1, 1987 to provide workers' compensation and property/casualty insurance for its members. The risk pool was created for the purpose of providing and maintaining self-insurance benefits on a group basis substantially at cost.

Each member County is responsible for the payment of member contributions to the Pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery. The risk pool is responsible for paying the reinsurance premiums on the insurance policies when due, to pay claims in accordance with the various coverages and to make other payments as required by applicable law, to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool, and to pay all reasonable and necessary expenses for administering the risk pool and fund.

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2014, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers compensation, in excess of \$400,000 per occurrence, up to a maximum of \$8,000,000 per occurrence, including the retention of the pool, for general liability, police professional, errors and omissions and automobile liability, and in excess of \$100,000 per occurrence for property losses. The risk pool records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustment expenses. At June 30, 2014, 2013 and 2012 the risk pool reported a surplus of assets over liabilities.

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool by means of an assessment that would be charged to the member County in addition to the premium contributions. At June 30, 2014, settled claims have not exceeded the risk pool reinsurance coverage since commencement of the risk pool.

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 contributions to the Pool for the year ended June 30, 2014 were \$207,001.

Initial membership into the Pool is for a mandatory three year period. Subsequent to the initial term, a member County may withdraw at the end of any given fiscal year. The initial membership period for Van Buren County commenced July 1, 1987 and is subject to renewal every three years. 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.

VAN BUREN COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 10. Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan, which will begin July 1, 2014. The plan will be funded by both employee and County contributions and administered through a service agreement with Auxiant.

The only transaction for the year ended June 30, 2014, was a deposit by the County of \$10,000 to begin fund operations in the year ending June 30, 2015.

Note 11. Construction Commitment

The County has entered into a contract totaling \$242,655 for bridge construction. As of June 30, 2014, costs of \$235,230 have been incurred against the contract. The balance remaining at June 30, 2014 of \$7,425 will be paid as work on the project progresses.

Note 12. County Care Facility

Beginning January 1, 2013, Tenco, Inc. signed a three year lease agreement to lease and operate the Van Buren County Care Facility. The monthly rents are \$2,000 (January 1, 2013 through June 30, 2013), and \$2,500 (July 1, 2013 through December 31, 2013). For January 1, 2014 through December 31, 2015, the monthly rent is equal to the previous calendar year average resident census times \$100 per month per resident, but not less than \$3,000. This agreement expires December 31, 2015. The lease agreement includes a provision for an additional three year extension.

Note 13. Restatement of Beginning Balances

The County has made the following restatements in order to comply with the financial reporting requirements and fund definitions outlined in Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which was effective for the year ended June 30, 2011, and due to additional receivables not reported at June 30, 2013:

VAN BUREN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 13. Restatement of Beginning Balances (continued)

	<u>General Fund</u>	<u>Rural Services Fund</u>	<u>Secondary Roads Fund</u>	<u>Other Special Revenue Funds</u>	<u>Governmental Activities</u>
Balances as previously reported on June 30, 2013	\$ 1,267,463	\$ 188,608	\$ 1,446,277	\$ 504,688	\$ 14,442,493
Changes required by GASB Statement No. 54 due to nature of revenues and lack of, or type of, restrictions imposed on the revenue source:					
Indian Creek Watershed Fund to General Fund, assigned	73,374	-	-	(73,374)	-
Building Improvement Fund to General Fund, assigned	17,877	-	-	(17,877)	-
Meribah Ruebel Trust Fund to General Fund, restricted	124,967	-	-	(124,967)	-
Laura Daughrity Trust Fund to General Fund, restricted	12,066	-	-	(12,066)	-
Strieber Trust Fund to General Fund, restricted	148,554	-	-	(148,554)	-
Conservation Land Acquisition Fund to General Fund, restricted	30,195	-	-	(30,195)	-
Solid Waste Closure Fund to Rural Services Fund, restricted	-	5,500	-	(5,500)	-
Changes required due to omission of material receivables:					
Due from other governments	<u>-</u>	<u>24,694</u>	<u>175,965</u>	<u>-</u>	<u>200,659</u>
Balances as restated on July 1, 2013	<u>\$ 1,674,496</u>	<u>\$ 218,802</u>	<u>\$ 1,622,242</u>	<u>\$ 92,155</u>	<u>\$ 14,643,152</u>

VAN BUREN COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 14. Contingent Liability

Litigation

The County is involved in one ongoing lawsuit. The County's insurance carrier is affording coverage for this lawsuit. The outcome of the case can not be determined at this time.

Note 15. Prospective Accounting Change

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

Note 16. Subsequent Event

On December 17, 2014, the County approved a contract totaling \$259,504 for bridge construction and replacement.

Required Supplementary Information

VAN BUREN 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	\$ 2,825,567	\$ 2,821,395	\$ 2,821,395	\$ 4,172
Interest and penalty on property tax	45,049	37,000	37,000	8,049
Intergovernmental	3,471,051	3,557,069	3,760,069	(289,018)
Licenses and permits	12,993	12,900	12,900	93
Charges for service	244,148	255,870	255,870	(11,722)
Use of money and property	104,116	112,400	112,400	(8,284)
Miscellaneous	213,035	42,650	73,400	139,635
Total receipts	<u>6,915,959</u>	<u>6,839,284</u>	<u>7,073,034</u>	<u>(157,075)</u>
<b>DISBURSEMENTS:</b>				
Public safety and legal services	1,139,408	1,147,351	1,158,851	19,443
Physical health and social services	501,332	463,809	563,809	62,477
Mental health	172,901	222,955	222,955	50,054
County environment and education	422,466	390,160	434,230	11,764
Roads and transportation	3,015,794	3,146,000	3,146,000	130,206
Government services to residents	287,825	304,140	305,690	17,865
Administration	622,926	618,251	644,451	21,525
Non-program	4,546	5,700	5,700	1,154
Capital projects	282,739	417,600	417,600	134,861
Total disbursements	<u>6,449,937</u>	<u>6,715,966</u>	<u>6,899,286</u>	<u>449,349</u>
Excess of receipts over disbursements	466,022	123,318	173,748	292,274
Other financing sources, net	<u>2,050</u>	<u>2,350</u>	<u>2,350</u>	<u>(300)</u>
Excess of receipts and other financing sources over disbursements and other financing uses	468,072	125,668	176,098	291,974
Balance beginning of year	<u>2,320,918</u>	<u>1,988,355</u>	<u>1,988,355</u>	<u>332,563</u>
Balance end of year	<u>\$ 2,788,990</u>	<u>\$ 2,114,023</u>	<u>\$ 2,164,453</u>	<u>\$ 624,537</u>

See accompanying independent auditor's report.

VAN BUREN 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	\$ 6,915,959	\$ (352)	\$ 6,915,607
Expenditures	6,449,937	367,408	6,817,345
Net	466,022	(367,760)	98,262
Other financing sources, net	2,050	-	2,050
Beginning fund balances, as restated	2,320,918	1,286,777	3,607,695
Ending fund balances	<u>\$ 2,788,990</u>	<u>\$ 919,017</u>	<u>\$ 3,708,007</u>

See accompanying independent auditor's report.

VAN BUREN 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 \$183,320. 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. Disbursements did not exceed departmental appropriations.

VAN BUREN COUNTY

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

Required Supplementary Information  
Year Ended June 30, 2014

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll (( b-a)/c )
2010	July 1, 2009	\$ -	\$ 399	\$ 399	0.0%	\$ 2,035	19.6%
2011	July 1, 2009	-	399	399	0.0%	2,084	19.2%
2012	July 1, 2009	-	399	399	0.0%	1,835	21.7%
2013	July 1, 2012	-	409	409	0.0%	2,603	15.7%
2014	July 1, 2012	-	409	409	0.0%	2,354	17.4%

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

See accompanying independent auditor's report.

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Supplementary Information

VAN BUREN COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2014

	Special Revenue				Total
	Mental Health	Resource Enhancement and Protection	County Recorder's Records Management	Mount Sterling Wastewater	
Assets					
Cash and pooled investments	\$ 269,245	\$ 9,052	\$ 9,773	\$ 9,735	\$ 297,805
Receivables:					
Property tax:					
Delinquent	1,656	-	-	-	1,656
Succeeding year	189,000	-	-	-	189,000
Accounts	-	-	129	2,866	2,995
Accrued interest	-	2	2	-	4
	<hr/>				
Total assets	<u>\$ 459,901</u>	<u>\$ 9,054</u>	<u>\$ 9,904</u>	<u>\$ 12,601</u>	<u>\$ 491,460</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,748	\$ -	\$ -	\$ -	\$ 2,748
Salaries and benefits payable	91	439	-	-	530
Total liabilities	<u>2,839</u>	<u>439</u>	<u>-</u>	<u>-</u>	<u>3,278</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	189,000	-	-	-	189,000
Other	1,620	-	-	-	1,620
Total deferred inflows of resources	<u>190,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,620</u>
Fund balances:					
Restricted for:					
Mental health purposes	266,442	-	-	-	266,442
Conservation purposes	-	8,615	-	-	8,615
Records management purposes	-	-	9,904	-	9,904
Other purposes	-	-	-	12,601	12,601
Total fund balances	<u>266,442</u>	<u>8,615</u>	<u>9,904</u>	<u>12,601</u>	<u>297,562</u>
Total liabilities, deferred inflows of resources and fund balances					
	<u>\$ 459,901</u>	<u>\$ 9,054</u>	<u>\$ 9,904</u>	<u>\$ 12,601</u>	<u>\$ 491,460</u>

See accompanying independent auditor's report.

## VAN BUREN COUNTY

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

	Special Revenue				Total
	Mental Health	Resource Enhancement and Protection	County Recorder's Records Management	Mount Sterling Wastewater	
<b>Revenues:</b>					
Property and other County tax	\$ 261,849	\$ -	\$ -	\$ -	\$ 261,849
Intergovernmental	62,035	14,226	-	-	76,261
Charges for service	-	-	1,476	-	1,476
Use of money and property	-	14	19	-	33
Miscellaneous	40,561	-	-	18,401	58,962
Total revenues	<u>364,445</u>	<u>14,240</u>	<u>1,495</u>	<u>18,401</u>	<u>398,581</u>
<b>Expenditures:</b>					
Operating:					
Mental health	173,075	-	-	-	173,075
County environment and education	-	11,388	-	5,800	17,188
Government services to residents	-	-	2,001	-	2,001
Capital projects	-	910	-	-	910
Total expenditures	<u>173,075</u>	<u>12,298</u>	<u>2,001</u>	<u>5,800</u>	<u>193,174</u>
Excess (deficiency) of revenues over (under) expenditures	191,370	1,942	(506)	12,601	205,407
Fund balances beginning of year	<u>75,072</u>	<u>6,673</u>	<u>10,410</u>	<u>-</u>	<u>92,155</u>
Fund balances end of year	<u>\$ 266,442</u>	<u>\$ 8,615</u>	<u>\$ 9,904</u>	<u>\$ 12,601</u>	<u>\$ 297,562</u>

See accompanying independent auditor's report.

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

	County Offices				Emergency Management Services
	County Recorder	County Sheriff	County Conservation	E-911	
<b>ASSETS</b>					
Cash and pooled investments:					
County Treasurer	\$ -	\$ -	\$ -	151,321	\$ 42,034
Other County officials	11,751	65,323	14,808	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Accounts	-	-	-	2,214	-
Accrued interest	-	-	-	67	-
Due from other governments	-	-	-	19,171	7,080
Prepaid expenses	-	-	-	944	-
Total assets	\$ <u>11,751</u>	\$ <u>65,323</u>	\$ <u>14,808</u>	\$ <u>173,717</u>	\$ <u>49,114</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 4,022	\$ 3,993	\$ 1,377	\$ 9,517	\$ -
Due to other governments	7,729	-	-	164,200	49,114
Trusts payable	-	61,330	13,431	-	-
Compensated absences	-	-	-	-	-
Total liabilities	\$ <u>11,751</u>	\$ <u>65,323</u>	\$ <u>14,808</u>	\$ <u>173,717</u>	\$ <u>49,114</u>

<u>Drainage Districts</u>	<u>County Hospital</u>	<u>Brucellosis/ Tuberculosis Eradication</u>	<u>Advance Tax</u>	<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>
\$ 157,619	\$ 23,029	\$ 428	\$ 4,319	\$ 3,697	\$ 26,937	\$ 114,263
-	-	-	-	-	-	-
-	6,314	7	-	724	11,950	33,854
-	722,000	1,000	-	130,000	562,000	3,494,000
-	-	-	-	-	-	-
2	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 157,621</u>	<u>\$ 751,343</u>	<u>\$ 1,435</u>	<u>\$ 4,319</u>	<u>\$ 134,421</u>	<u>\$ 600,887</u>	<u>\$ 3,642,117</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
157,621	751,343	1,435	-	134,421	600,887	3,642,117
-	-	-	4,319	-	-	-
-	-	-	-	-	-	-
<u>\$ 157,621</u>	<u>\$ 751,343</u>	<u>\$ 1,435</u>	<u>\$ 4,319</u>	<u>\$ 134,421</u>	<u>\$ 600,887</u>	<u>\$ 3,642,117</u>

VAN BUREN COUNTY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

June 30, 2014

	<u>Area Schools</u>	<u>County Assessor</u>	<u>Agricultural Extension Education</u>	<u>County Hospital Ambulance</u>
<b>ASSETS</b>				
Cash and pooled investments:				
County Treasurer	\$ 6,321	\$ 78,690	\$ 2,227	\$ 93,770
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	2,094	1,649	662	596
Succeeding year	239,000	189,000	76,000	68,000
Accounts	-	93	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Prepaid expenses	-	6,992	-	-
	<hr/>			
Total assets	<u>\$ 247,415</u>	<u>\$ 276,424</u>	<u>\$ 78,889</u>	<u>\$ 162,366</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 529	\$ -	\$ -
Due to other governments	247,415	266,307	78,889	162,366
Trusts payable	-	-	-	-
Compensated absences	-	9,588	-	-
	<hr/>			
Total liabilities	<u>\$ 247,415</u>	<u>\$ 276,424</u>	<u>\$ 78,889</u>	<u>\$ 162,366</u>

See accompanying independent auditor's report.

<u>Auto License and Use Tax</u>	<u>Special Assessments</u>	<u>Tax Sale Redemption Trust</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Total</u>
\$ 163,303	\$ 6,398	\$ 13,999	\$ 139	\$ 888,494
-	-	-	-	91,882
-	-	-	-	57,850
-	-	-	-	5,481,000
-	-	-	129	2,436
-	-	-	-	69
-	-	-	-	26,251
-	-	-	-	7,936
<u>\$ 163,303</u>	<u>\$ 6,398</u>	<u>\$ 13,999</u>	<u>\$ 268</u>	<u>\$ 6,555,918</u>
\$ -	\$ -	\$ -	-	19,438
163,303	6,398	-	268	6,433,813
-	-	13,999	-	93,079
-	-	-	-	9,588
<u>\$ 163,303</u>	<u>\$ 6,398</u>	<u>\$ 13,999</u>	<u>\$ 268</u>	<u>\$ 6,555,918</u>

VAN BUREN COUNTY

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

	County Offices			E-911	Emergency Management Services
	County Recorder	County Sheriff	County Conservation		
<b>ASSETS AND LIABILITIES</b>					
Balances beginning of year	\$ 10,293	\$ 6,900	\$ 13,523	\$ 148,732	\$ 40,853
Additions:					
Property and other County tax	-	-	-	-	-
State tax credits	-	-	-	-	-
Office fees and collections	137,432	51,522	22,151	-	-
Auto license, use tax, drivers license and postage	-	-	-	-	-
E-911 surcharge	-	-	-	111,312	-
Trusts	-	190,572	53,777	-	-
Assessments	-	-	-	-	-
Interest on investments	-	-	-	700	-
Miscellaneous	-	-	-	-	21,892
Total additions	137,432	242,094	75,928	112,012	21,892
Deductions:					
Agency remittances:					
To other funds	49,766	46,506	20,774	-	-
To other governments	86,208	1,023	-	87,027	13,631
Trusts paid out	-	136,142	53,869	-	-
Total deductions	135,974	183,671	74,643	87,027	13,631
Balances end of year	\$ 11,751	\$ 65,323	\$ 14,808	\$ 173,717	\$ 49,114

<u>Drainage Districts</u>	<u>County Hospital</u>	<u>Brucellosis/ Tuberculosis Eradication</u>	<u>Advance Tax</u>	<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>
\$ 159,682	\$ 827,080	\$ 943	\$ 3,926	\$ 148,861	\$ 682,871	\$ 4,071,065
-	680,876	950	-	122,874	527,679	3,291,298
-	58,076	66	-	10,031	52,079	286,857
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	3,665	-	-	-
2,644	-	-	-	-	-	-
1,139	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,783</u>	<u>738,952</u>	<u>1,016</u>	<u>3,665</u>	<u>132,905</u>	<u>579,758</u>	<u>3,578,155</u>
-	-	-	-	-	-	-
5,844	814,689	524	-	147,345	661,742	4,007,103
-	-	-	3,272	-	-	-
<u>5,844</u>	<u>814,689</u>	<u>524</u>	<u>3,272</u>	<u>147,345</u>	<u>661,742</u>	<u>4,007,103</u>
\$ <u><u>157,621</u></u>	\$ <u><u>751,343</u></u>	\$ <u><u>1,435</u></u>	\$ <u><u>4,319</u></u>	\$ <u><u>134,421</u></u>	\$ <u><u>600,887</u></u>	\$ <u><u>3,642,117</u></u>

VAN BUREN COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

Year Ended June 30, 2014

	<u>Area Schools</u>	<u>County Assessor</u>	<u>Agricultural Extension Education</u>	<u>County Hospital Ambulance</u>
<b>ASSETS AND LIABILITIES</b>				
Balances beginning of year	\$ 227,266	\$ 274,541	\$ 80,075	\$ 92,912
Additions:				
Property and other County tax	228,071	178,601	72,075	64,767
State tax credits	15,940	14,746	5,615	4,687
Office fees and collections	-	1,734	-	-
Auto license, use tax, drivers license and postage	-	-	-	-
E-911 surcharge	-	-	-	-
Trusts	-	-	-	-
Assessments	-	-	-	-
Interest on investments	-	-	-	-
Miscellaneous	-	15,410	-	-
Total additions	<u>244,011</u>	<u>210,491</u>	<u>77,690</u>	<u>69,454</u>
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	223,862	208,608	78,876	-
Trusts paid out	-	-	-	-
Total deductions	<u>223,862</u>	<u>208,608</u>	<u>78,876</u>	<u>-</u>
Balances end of year	<u>\$ 247,415</u>	<u>\$ 276,424</u>	<u>\$ 78,889</u>	<u>\$ 162,366</u>

See accompanying independent auditor's report.

<u>Auto License and Use Tax</u>	<u>Special Assessments</u>	<u>Tax Sale Redemption Trust</u>	<u>Anatomical Gift Awareness</u>	<u>County Recorder's Electronic Transaction Fees</u>	<u>Total</u>
\$ 129,994	\$ 4,311	\$ 1,099	\$ -	\$ -	\$ 6,924,927
-	-	-	-	-	5,167,191
-	-	-	-	-	448,097
-	-	-	-	1,724	214,563
1,884,433	-	-	-	-	1,884,433
-	-	-	-	-	111,312
-	-	202,973	-	-	450,987
-	22,271	-	-	-	24,915
-	-	-	-	-	1,839
-	-	-	102	-	37,404
<u>1,884,433</u>	<u>22,271</u>	<u>202,973</u>	<u>102</u>	<u>1,724</u>	<u>8,340,741</u>
72,992	-	-	5	-	190,043
1,778,132	20,184	-	97	1,456	8,136,351
-	-	190,073	-	-	383,356
<u>1,851,124</u>	<u>20,184</u>	<u>190,073</u>	<u>102</u>	<u>1,456</u>	<u>8,709,750</u>
\$ <u>163,303</u>	\$ <u>6,398</u>	\$ <u>13,999</u>	\$ <u>-</u>	\$ <u>268</u>	\$ <u>6,555,918</u>

VAN BUREN 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	\$ 2,834,831	\$ 2,758,570	\$ 2,768,935	\$ 2,520,988
Interest and penalty on property tax	45,146	43,103	42,044	38,305
Intergovernmental	3,458,328	3,744,609	3,958,675	3,496,242
Licenses and permits	12,993	14,863	17,067	13,447
Charges for service	247,730	240,370	339,122	414,925
Use of money and property	105,396	105,252	137,978	110,604
Miscellaneous	211,183	184,105	136,077	150,708
<b>Total</b>	<b>\$ 6,915,607</b>	<b>\$ 7,090,872</b>	<b>\$ 7,399,898</b>	<b>\$ 6,745,219</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 1,159,089	\$ 1,146,386	\$ 1,097,456	\$ 1,073,400
Physical health and social services	493,415	544,312	1,051,569	589,242
Mental health	173,075	259,853	754,303	439,316
County environment and education	408,027	374,363	638,381	369,752
Roads and transportation	3,396,695	2,730,917	3,019,995	2,515,545
Government services to residents	290,932	294,834	301,888	289,007
Administration	617,841	552,443	531,705	535,541
Non-program	4,546	-	-	449
Capital projects	273,725	730,737	686,594	334,312
<b>Total</b>	<b>\$ 6,817,345</b>	<b>\$ 6,633,845</b>	<b>\$ 8,081,891</b>	<b>\$ 6,146,564</b>

See accompanying independent auditor's report.

	2010	2009	2008	2007	2006	2005
\$	2,494,844	\$ 2,493,501	\$ 2,184,687	\$ 2,205,571	\$ 2,006,201	\$ 2,045,314
	39,476	34,826	30,425	30,508	27,086	30,226
	3,162,878	3,089,249	3,458,521	3,073,145	3,064,744	2,991,029
	11,885	15,591	13,783	12,091	26,255	32,170
	266,312	238,091	257,904	210,902	210,593	215,606
	118,121	132,737	180,998	162,548	120,763	122,058
	216,758	351,203	163,281	143,839	119,565	109,544
	<u>6,310,274</u>	<u>6,355,198</u>	<u>6,289,599</u>	<u>5,838,604</u>	<u>5,575,207</u>	<u>5,545,947</u>
\$	1,035,114	\$ 972,264	\$ 944,331	\$ 931,231	\$ 874,495	\$ 853,684
	574,078	374,866	414,008	426,691	382,600	348,215
	499,433	499,071	591,423	511,120	556,242	542,826
	358,344	445,102	376,862	520,941	400,799	298,893
	3,326,809	2,370,658	3,044,420	2,571,584	2,432,241	1,890,310
	303,257	285,378	291,045	263,431	359,341	283,145
	562,810	546,942	544,756	543,979	480,431	490,847
	86	-	-	-	-	2,376
	132,422	23,017	401,419	274,217	371,639	11,095
	<u>6,792,353</u>	<u>5,517,298</u>	<u>6,608,264</u>	<u>6,043,194</u>	<u>5,857,788</u>	<u>4,721,391</u>

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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 Van Buren 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 Van Buren 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 3, 2015.

Internal Control Over Financial Reporting

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

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

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

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

Compliance

As part of obtaining reasonable assurance about whether Van Buren County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted a material instance of noncompliance described as item I-A-14 in the accompanying Schedule of Findings.

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

Van Buren County's Responses to Findings

Van Buren County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Van Buren 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 Van Buren 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 3, 2015

VAN BUREN COUNTY  
 SCHEDULE OF FINDINGS  
 Year Ended June 30, 2014

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

I-A-14 Implementation of Governmental Accounting Standards Board No. 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions – We noted in our testing of opening balances that the County had not implemented GASB 54, which was effective for the year ended June 30, 2011. This pronouncement clarified the definitions of various governmental funds and outlined the requirements for the specific classification of a governmental fund. The County had several Special Revenue Funds that were being reported that no longer met the definition for that type of fund because they do not have specific revenue sources that are restricted or committed to expenditure for specified purposes. These Funds were reclassified as outlined in Note 13 to the financial statements and the opening balances were restated accordingly to be in compliance with GASB 54. The total amounts reclassified from Special Revenue Funds to other funds totaled \$412,533.

Recommendation – The County should develop and implement controls to ensure compliance with all applicable reporting standards in the future. This could involve designating and educating a specific County employee to review all financial statements for the required components and compliance with existing pronouncements.

Response – This was an oversight on our part and we will insure compliance with all regulatory reporting requirements in the future by developing the necessary skills and abilities in a designated employee.

Conclusion – Response accepted.

INTERNAL CONTROL DEFICIENCIES:

I-B-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 office 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.	Conservation, Recorder, Sheriff, 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.	Conservation, Recorder, Sheriff, Treasurer

VAN BUREN COUNTY  
 SCHEDULE OF FINDINGS  
 Year Ended June 30, 2014

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

INTERNAL CONTROL DEFICIENCIES (continued):

I-B-14 Segregation of Duties (continued)

	<u>Applicable Offices</u>
(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.	Conservation, Recorder
(4) 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.	Conservation, 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.

Responses –

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

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.

VAN BUREN COUNTY  
SCHEDULE OF FINDINGS  
Year Ended June 30, 2014

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

INTERNAL CONTROL DEFICIENCIES (continued):

- I-C-14 Financial Reporting – During the audit, we identified material amounts of prior year receivables not recorded in the County’s financial statements for the year ended June 30, 2013. Adjustments were subsequently made by the County to properly include these amounts in the opening balances to the financial statements and current year revenues were adjusted accordingly. The GASB 54 adjustments as noted in item I-A-14 also materially affected the balances of the associated governmental funds as previously noted.

Recommendation – The County should implement procedures to ensure all receivables are identified and included in the County’s financial statements so that the financial statements are free of material misstatements. The County should also develop and implement procedures that will ensure that all transactions are recorded in the proper fund.

Response – We will review our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

- I-D-14 Motor Vehicle Department Transaction Review – We noted in our testing of the motor vehicle transactions, included in the County Treasurer’s department, that the County Treasurer is not reviewing the voided motor vehicle transactions for propriety and tracing them through the system.

Recommendation – The office of the County Treasurer handles all motor vehicle registrations for the County. An important control over these registrations is a review by the County Treasurer of the voided registration and use tax transactions. This control is also required by the Iowa Department of Transportation, who oversees the motor vehicle registration and use tax process. A proper review, with evidence of that review, by the County Treasurer would help to prevent any improprieties from occurring within the motor vehicle system.

Response – County Treasurer – We will develop and implement the necessary review of all voided transactions within the motor vehicle system.

Conclusion – Response accepted.

- I-E-14 Time Off – Although all full time County employees earn vacation time, there is currently no County policy that requires employees to take time off.

Recommendation – In an effort to increase the County’s internal controls, we suggest that the County adopt a policy that requires employees to take time off.

Response – We will look into adopting a policy that requires employees to take time off without sacrificing service to the community.

Conclusion – Response accepted.

VAN BUREN COUNTY  
 SCHEDULE OF FINDINGS  
 Year Ended June 30, 2014

Part II: Other Findings Related to Required Statutory Reporting:

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

Name, Title and Business Connection	Transaction Description	Amount
Jim Settles, Conservation Director Spouse owns Flowers Et Cetera	Supplies	\$11

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transaction as noted does not represent a conflict of interest since the cumulative amount did not exceed \$1,500 during the fiscal year.

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

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