



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

State Capitol Building  
Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ September 26, 2013

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the Taylor County Early Childhood Iowa Area for the year ended June 30, 2012.

The Taylor County Early Childhood Iowa Area is established under Chapter 256I of the Code of Iowa. The purpose of the Taylor County Early Childhood Iowa Area is to improve the well-being and quality of life of young children, age 0-5, and their families, reduce barriers to community efforts and improve the efficiency and effectiveness of local education, health and human services programs within Taylor County.

The Area's revenues totaled \$112,933 for the year ended June 30, 2012, including state grants of \$112,823. Expenses for the year ended June 30, 2012 totaled \$118,263.

A copy of the audit report is available for review in the Taylor County Early Childhood Iowa Area Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1233-0058-B000.pdf>.

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**TAYLOR COUNTY EARLY CHILDHOOD IOWA AREA**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
SCHEDULE OF FINDINGS**

**JUNE 30, 2012**

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**Taylor County Early Childhood Iowa Area**

**Officials**

| <u>Name</u>   | <u>Title</u>       | <u>Term Expires</u> |
|---------------|--------------------|---------------------|
| Marti Cordell | Chairperson        | June 30, 2013       |
| Bonnie Godden | Vice Chairperson   | June 30, 2013       |
| Laura Moyer   | Secretary          | June 30, 2013       |
| Jill Breach   | Member             | June 30, 2013       |
| Dana Nally    | Member             | June 30, 2013       |
| John Beran    | Member             | June 30, 2013       |
| Rene Rogers   | Member             | June 30, 2013       |
| Derek Morris  | Member             | June 30, 2013       |
| Jenny Ernst   | Executive Director | June 30, 2013       |

**Taylor County Early Childhood Iowa Area**



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Auditor of State

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Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Members of the Taylor County Early  
Childhood Iowa Area Board:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Taylor County Early Childhood Iowa Area as of and for the year ended June 30, 2012, which collectively comprise the Area's basic financial statements listed in the table of contents. These financial statements are the responsibility of the Area's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

The financial statements of the Taylor County Early Childhood Iowa Area have not been audited for prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2011.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2011, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Taylor County Early Childhood Iowa Area as of June 30, 2012, and the respective changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 3, 2013 on our consideration of the Taylor County Early Childhood Iowa Area's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Taylor County Early Childhood Iowa Area's basic financial statements. Management's Discussion and Analysis on pages 7 and 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 3, 2013

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Taylor County Early Childhood Iowa Area 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, 2012. We encourage readers to consider this information in conjunction with the Area's financial statements, which follow.

Because the Area has not previously been required to be audited, much of the information is not easily comparable to prior years.

### 2012 FINANCIAL HIGHLIGHTS

- Net assets at year end decreased \$5,330, from \$20,045 to \$14,715.
- Revenues of the Area's governmental activities totaled \$112,933.
- Program expenses of the Area's governmental activities totaled \$118,263.

### USING THIS ANNUAL REPORT

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

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

The Entity-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These statements provide information about the activities of the Area as a whole and present an overall view of the Area'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 the Area's operations in more detail than the entity-wide financial statements by providing information about the most significant funds.

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

### REPORTING THE AREA'S FINANCIAL ACTIVITIES

#### *Entity-wide Financial Statements*

The Statement of Net Assets and the Statement of Activities present the Area's net assets. Over time, increases or decreases in the Area's net assets may serve as a useful indicator of whether the financial position of the Area is improving or deteriorating.

The Statement of Net Assets and the Statement of Activities include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Area's net assets decreased from a year ago, decreasing from \$20,045 at June 30, 2011 to \$14,715 at June 30, 2012. The analysis that follows focuses on the Area's net assets at June 30, 2012.

|                          | <b>Statement of<br/>Net Assets</b> |
|--------------------------|------------------------------------|
| Current and other assets | \$ 27,653                          |
| Accounts payable         | 12,938                             |
| Net assets               | <u>\$ 14,715</u>                   |

The net assets of the Area's governmental funds decreased \$5,330 during the year, primarily due to a reduction in the Early Childhood and School Ready allocations from the State of Iowa. The following analysis details the changes in net assets resulting from the Area's activities during the year ended June 30, 2012.

|   | <b>Changes in<br/>Net Assets</b> |
|---|----------------------------------|
| Program revenues:                           |                                  |
| Operating grants and<br>restricted interest | \$ 112,933                       |
| Program expenses:                           |                                  |
| Early childhood                             | 5,968                            |
| Family support and parent education         | 46,169                           |
| Preschool support for low income families   | 19,697                           |
| Quality improvement                         | 38,303                           |
| Other program services                      | 4,042                            |
| Administration                              | 4,084                            |
| Total expenses                              | <u>118,263</u>                   |
| Change in net assets                        | (5,330)                          |
| Net assets beginning of year                | <u>20,045</u>                    |
| Net assets end of year                      | <u>\$ 14,715</u>                 |

#### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

- The Special Revenue, Early Childhood Fund fund balance increased \$2,509 to \$4,349 at June 30, 2012.
- The Special Revenue, School Ready Fund fund balance decreased \$7,839 to \$10,366 at June 30, 2012.

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

- The fiscal year 2013 grant funding for Early Childhood and School Ready totaled \$8,066 and \$103,360, respectively, a total of \$111,426, a decrease of \$1,397 from fiscal year 2012.

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

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Area's finances and to show the Area's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jenny Ernst, Executive Director, PO Box 6, Bedford, Iowa 50833.

## **Basic Financial Statements**

**Exhibit A**

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Taylor County Early Childhood Iowa Area

Statement of Net Assets

June 30, 2012

**Assets**

Cash \$ 27,653

**Liabilities**

Accounts payable 12,938

**Net Assets**

Restricted for grant purposes \$ 14,715

See notes to financial statements.

Taylor County Early Childhood Iowa Area

Statement of Activities

Year ended June 30, 2012

|   | Expenses          | Operating<br>Grants and<br>Restricted<br>Interest | Net (Expense)<br>Revenue and<br>Change<br>in Net Assets |
|---|-------------------|---|---|
| <b>Functions/Programs:</b>                |                   |   |   |
| Governmental activities:                  |                   |   |   |
| Early childhood                           | \$ 5,968          | 8,477   | 2,509   |
| Family support and parent education       | 46,169            | 44,858  | (1,311)   |
| Preschool support for low income families | 19,697            | 19,696  | (1)   |
| Quality improvement                       | 38,303            | 32,627  | (5,676)   |
| Other program services                    | 4,042             | 4,144   | 102   |
| Administration                            | 4,084             | 3,131   | (953)   |
| Total                                     | <u>\$ 118,263</u> | <u>112,933</u>                                    | <u>(5,330)</u>  |
| Net assets beginning of year              |                   |   | <u>20,045</u>   |
| Net assets end of year                    |                   |   | <u>\$ 14,715</u>  |

See notes to financial statements.

**Exhibit C**

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## Taylor County Early Childhood Iowa Area

Balance Sheet  
Governmental Funds

June 30, 2012

|                                      |  | Special Revenue |              |        |
|--------------------------------------|--|-----------------|--------------|--------|
|                                      |  | Early Childhood | School Ready | Total  |
| <b>Assets</b>                        |  |                 |              |        |
| Cash                                 |  | \$ 5,335        | 22,318       | 27,653 |
| <b>Liabilities and Fund Balances</b> |  |                 |              |        |
| Liabilities:                         |  | -               | -            |        |
| Accounts payable                     |  | \$ 986          | 11,952       | 12,938 |
| Fund balances:                       |  |                 |              |        |
| Restricted for grant purposes        |  | 4,349           | 10,366       | 14,715 |
| Total liabilities and fund balances  |  | \$ 5,335        | 22,318       | 27,653 |

See notes to financial statements.

Taylor County Early Childhood Iowa Area  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Year ended June 30, 2012

|   | Special Revenue |              | Total   |
|---|-----------------|--------------|---------|
|   | Early Childhood | School Ready |         |
| <b>Revenues:</b>                          |                 |              |         |
| State of Iowa grants:                     |                 |              |         |
| Early childhood                           | \$ 8,469        | -            | 8,469   |
| Family support and parent education       | -               | 44,858       | 44,858  |
| Preschool support for low income families | -               | 19,696       | 19,696  |
| Quality improvement                       | -               | 32,627       | 32,627  |
| Other program services                    | -               | 4,042        | 4,042   |
| Allocation for administration             | -               | 3,131        | 3,131   |
| Total State of Iowa grants                | 8,469           | 104,354      | 112,823 |
| Interest on investments                   | 8               | 102          | 110     |
| Total revenues                            | 8,477           | 104,456      | 112,933 |
| <b>Expenditures:</b>                      |                 |              |         |
| Program services:                         |                 |              |         |
| Early childhood                           | 5,968           | -            | 5,968   |
| Family support and parent education       | -               | 46,169       | 46,169  |
| Preschool support for low income families | -               | 19,697       | 19,697  |
| Quality improvement                       | -               | 38,303       | 38,303  |
| Other program services                    | -               | 4,042        | 4,042   |
| Administration                            | -               | 4,084        | 4,084   |
| Total expenditures                        | 5,968           | 112,295      | 118,263 |
| Net change in fund balances               | 2,509           | (7,839)      | (5,330) |
| Fund balances beginning of year           | 1,840           | 18,205       | 20,045  |
| Fund balances end of year                 | \$ 4,349        | 10,366       | 14,715  |

See notes to financial statements.

Taylor County Early Childhood Iowa Area

Notes to Financial Statements

June 30, 2012

**(1) Summary of Significant Accounting Policies**

The Taylor County Early Childhood Iowa Area (Area) is established under Chapter 256I of the Code of Iowa. The goal of the Area is to improve the well-being and quality of life for young children, age 0-5, and their families, reduce barriers to community efforts and improve the efficiency and effectiveness of local education, health and human services programs. The Area is funded by allocations of federal and state block grants.

An autonomous Board with a minimum of nine citizens from Taylor County governs the Taylor County Early Childhood Iowa Area. The Taylor County Early Childhood Iowa Area Board is comprised of an elected official from each County and one representative each from early care, education, health, human services, business and faith interest and a parent of young children.

The Area designated Tinker Tots Preschool, Inc., a nonprofit corporation, as fiscal agent to administer the grant funds as permitted by Chapter 256I.8(1a) of the Code of Iowa.

The Area's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The financial statements of the Taylor County Early Childhood Iowa Area are intended to present the financial position and the changes in financial position of only that portion of the fiscal agent's financial activity attributable to the transactions of the Early Childhood and School Ready grants, which are reported in separate Special Revenue Funds.

A. Reporting Entity

For financial reporting purposes, the Taylor County Early Childhood Iowa Area has included all funds, organizations, agencies, commissions, and authorities. The Area 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 Area are such that exclusion would cause the Area'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 Area 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 Area. The Area has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Entity-wide financial statements – The Statement of Net Assets and the Statement of Activities report information on all of the activities of the Area.

The Statement of Net Assets presents the Area's assets and liabilities, with the difference reported as net assets. Restricted net assets result when constraints placed on net asset use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Area reports the following major governmental funds:

Special Revenue:

The Early Childhood Fund is used to account for funds allocated from the Iowa Department of Human Services to enhance the capacity and quality of child care services to help parents obtain or retain employment.

The School Ready Fund is used to account for funds allocated from the Iowa Department of Education to support a comprehensive school ready children plan designed by the Area Board.

C. Measurement Focus and Basis of Presentation

The entity-wide 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. 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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Area considers revenues to be available if they are collected within 60 days after year end.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal year are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Area.

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 recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Fund Balance

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

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.

**(2) Cash**

The Area's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance.

**(3) Risk Management**

The Area is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Area assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance in any of the past three fiscal years.

**(4) Subsequent Event**

Effective July 1, 2013, the Taylor County Early Childhood Iowa Area merged with Ringgold, Union and Adams Counties to form a single Early Childhood Iowa Area.

**Taylor County Early Childhood Iowa Area**

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



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

To the Members of the Taylor County  
Early Childhood Iowa Area Board:

We have audited the accompanying financial statements of the Taylor County Early Childhood Iowa Area as of and for the year ended June 30, 2012, and have issued our report thereon dated September 3, 2013. Our report expressed qualified opinions on the financial statements since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2011. Except as noted in the Independent Auditor's Report, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Taylor County Early Childhood Iowa Area is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Taylor County Early Childhood Iowa Area's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Taylor County Early Childhood Iowa Area's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Taylor County Early Childhood Iowa Area'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 significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been 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 other deficiencies we consider to be 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 Area's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying Schedule of Findings as items (A) through (C) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (D) through (F) to be significant deficiencies.

Compliance and Other Matters

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

The comments involving statutory and other legal matters about the Area's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Area. 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.

The Taylor County Early Childhood Iowa Area's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Area's responses, we did not audit the Taylor County Early Childhood Iowa Area's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Taylor County Early Childhood Iowa Area, citizens of the State of Iowa and other parties to whom the Taylor County Early Childhood Iowa Area may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Taylor County Early Childhood Iowa Area 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.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 3, 2013

Taylor County Early Childhood Iowa Area

Schedule of Findings

Year ended June 30, 2012

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – One important element in designing internal control to safeguard assets and reasonably ensure the reliability of the accounting records is the concept of segregation of duties. When duties are properly segregated, the activities of one employee act as a check of those of another. One person has control over each of the following areas:
- (1) Cash – reconciling bank accounts, initiating cash receipt and disbursement transactions and handling and recording cash.
  - (2) Receipts – collecting, depositing and posting.
  - (3) Disbursements – preparing and signing checks, recording disbursements and reconciling bank statements.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the Area should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials and/or Board members. Evidence of review of reconciliations should be indicated by the signature or initials of the independent reviewer and the date of the review.

Response – The Taylor County Early Childhood Iowa Board merged with the Quad Counties Board effective July 1, 2013. We will inform the new Board of the above recommendation.

Conclusion – Response accepted.

- (B) Monthly Bank Reconciliations – Monthly bank reconciliations for fiscal year 2012 were not performed.

Recommendation – The monthly bank reconciliations should be performed and reviewed by an independent person to help ensure the financial statements are accurate.

Response – The Taylor County Early Childhood Iowa Board merged with the Quad Counties Board effective July 1, 2013. We will inform the new Board of the above recommendation.

Conclusion – Response accepted.

- (C) Annual Report – Fund Balances – Section 256I.8 of the Code of Iowa states, in part, the Early Childhood Iowa Area Board shall “ submit an annual report on the effectiveness of the community plan in addressing school readiness and children’s health and safety needs to the state board and to the local government bodies in the area.” The annual report template is provided on the Department of Management’s Early Childhood Iowa website.

Taylor County Early Childhood Iowa Area

Schedule of Findings

Year ended June 30, 2012

The annual report submitted to the Department of Management for fiscal year 2012 did not reconcile to the Area's financial activity. The ending fund balances reported on the annual report for fiscal year 2012 were understated by \$3,253 for the Early Childhood Fund and overstated by \$10,227 for the School Ready Fund.

Recommendation – The Area should review and reconcile the annual report with the Area's general ledger and balances per the year-end bank statements adjusted for outstanding accruals and make appropriate corrections to the annual report. In addition, the Area Board should contact the Early Childhood Iowa Office within the Department of Management to determine the appropriate resolution.

Response – The Taylor County Early Childhood Iowa Board merged with the Quad Counties Board effective July 1, 2013. We will inform the new Board of the above recommendation.

Conclusion – Response accepted.

- (D) Contractor Insurance – The Department of Management's Early Childhood Iowa website provides guidance for local areas regarding contracting for services. Per this guidance, contracts are to include an insurance clause covering the contractor's work during the entire term of the contract for all contracts exceeding \$1,000. During fiscal year 2012, the Area Board contracted with five providers for services in excess of \$1,000. An insurance clause was not included in the five contracts to ensure adequate insurance coverage was maintained.

Recommendation – The Area should ensure each contractor providing services maintain adequate insurance coverage. Documentation should be maintained to support the contractor's compliance.

Response – The Taylor County Early Childhood Iowa Board merged with the Quad Counties Board effective July 1, 2013. We will inform the new Board of the above recommendation.

Conclusion – Response accepted.

- (E) Lack of Written Policies and Procedures – The Area has not adopted written policies and procedures regarding acceptable business practices, conflicts of interest and a Code of Conduct.

Recommendation – The Area should include the above items in its written policies and procedures manual.

Response – The Taylor County Early Childhood Iowa Board merged with the Quad Counties Board effective July 1, 2013. We will inform the new Board of the above recommendation.

Conclusion – Response accepted.

Taylor County Early Childhood Iowa Area

Schedule of Findings

Year ended June 30, 2012

- (F) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the Area to retain canceled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each canceled check.

Recommendation – The Area should obtain and retain an image of both the front and back of each canceled check, as required.

Response – The Taylor County Early Childhood Iowa Board merged with the Quad Counties Board effective July 1, 2013. We will inform the new Board of the above recommendation.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

Taylor County Early Childhood Iowa Area

Schedule of Findings

Year ended June 30, 2012

**Other Findings Related to Required Statutory Reporting:**

- (1) Questionable Expenses – The Area maintains two bank accounts for administering Early Childhood funding. Overdraft charges of \$125 were incurred on one of these accounts.

Recommendation – The Area should not use grant funds for overdraft charges.

Response – The Taylor County Early Childhood Iowa Board merged with the Quad Counties Board effective July 1, 2013. We will inform the new Board of the above recommendation.

Conclusion – Response accepted.

- (2) Travel Expense – No expenditures for travel expenses of spouses of Area officials or employees were noted.

---

Taylor County Early Childhood Iowa Area

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager  
Daniel Mikels, Assistant Auditor  
Philip Rethwisch, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA  
Deputy Auditor of State