



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

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Mary Mosiman, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

November 18, 2013

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Guthrie County, Iowa.

The County had local tax revenue of \$21,322,184 for the year ended June 30, 2013, which included \$838,733 in tax credits from the state. The County forwarded \$16,829,660 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,492,524 of the local tax revenue to finance County operations, a 15% increase over the prior year. Other revenues included charges for service of \$1,595,356, operating grants, contributions and restricted interest of \$3,549,542, capital grants, contributions and restricted interest of \$1,474,460, tax increment financing of \$31,550, local option sales tax of \$561,385, unrestricted investment earnings of \$41,097 and other general revenues of \$266,697.

Expenses for County operations totaled \$9,489,777, a 12.1% decrease from the prior year. Expenses included \$4,552,573 for roads and transportation, \$1,204,078 for physical health and social services and \$1,093,683 for county environment and education.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1310-0039-B00F.pdf>.

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

**JUNE 30, 2013**

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**Guthrie County**

**Officials**

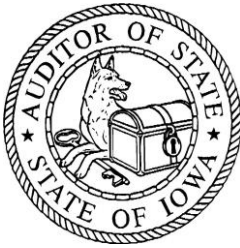
**(Before January 2013)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jerome Caraher	Board of Supervisors	Jan 2013
Mike Dickson	Board of Supervisors	Jan 2013
Clifford Carney	Board of Supervisors	Jan 2015
Everett Grasty	Board of Supervisors	Jan 2015
Tom Rutledge	Board of Supervisors	Jan 2015
Jerri Christman	County Auditor	Jan 2013
Marcia Kindred	County Treasurer	(Retired Dec 2012)
Jacki Sloss	County Recorder	Jan 2015
Marty Arganbright	County Sheriff	Jan 2013
Mary Benton	County Attorney	Jan 2015
Forrest Pearson	County Assessor	Jan 2016

**(After January 2013)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Clifford Carney	Board of Supervisors	Jan 2015
Everett Grasty	Board of Supervisors	Jan 2015
Tom Rutledge	Board of Supervisors	Jan 2015
Jerome Caraher	Board of Supervisors	Jan 2017
Mike Dickson	Board of Supervisors	Jan 2017
Jerri Christman	County Auditor	Jan 2017
Marci Schreck (Appointed Feb 2013)	County Treasurer	Nov 2014
Jacki Sloss	County Recorder	Jan 2015
Marty Arganbright	County Sheriff	Jan 2017
Mary Benton	County Attorney	Jan 2015
Forrest Pearson	County Assessor	Jan 2016

**Guthrie County**



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Independent Auditor's Report

To the Officials of Guthrie 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 Guthrie County, Iowa, as of and for the year ended June 30, 2013, 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 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 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 Guthrie County as of June 30, 2013, 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 Matters

### *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 9 through 15 and 48 through 52 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 Guthrie County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2005 and the year ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the six years ended June 30, 2011 (which are not presented herein) were audited by other auditors who expressed unqualified 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 taken as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 1, 2013 on our consideration of Guthrie County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Guthrie County's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 1, 2013

**Guthrie County**

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

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Guthrie 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, 2013. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2013 FINANCIAL HIGHLIGHTS**

- ◆ Revenues of the County's governmental activities decreased 4.5%, or approximately \$562,000, from fiscal year 2012 to fiscal year 2013. Operating grants, contributions and restricted interest decreased approximately \$154,000 and capital grants, contributions and restricted interest decreased approximately \$425,000.
- ◆ Program expenses of the County's governmental activities were 12.1%, or approximately \$1,301,000, less in fiscal year 2013 than in fiscal year 2012. Mental health expenses decreased approximately \$1,088,000 and roads and transportation expenses decreased approximately \$134,000.
- ◆ The County's net position increased 12.1%, or approximately \$2,523,000, from June 30, 2012 to June 30, 2013.

### **USING THIS ANNUAL REPORT**

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Guthrie 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 Guthrie County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Guthrie 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, as well as presenting 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 and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the County's assets and liabilities, with the difference between the two 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 years.

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, interest on long-term debt and non-program activities. 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, and 3) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund 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 account for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

3) Fiduciary funds are used to report assets held in a 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 drainage districts, emergency management services and the County Assessor, to name a few.

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Guthrie County's net position increased from approximately \$20.9 million at the end of fiscal year 2012 to approximately \$23.4 million at the end of fiscal year 2013. The analysis that follows focuses on the changes in the net position of governmental activities.

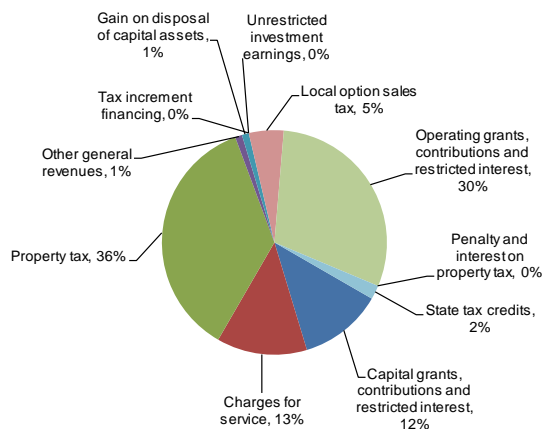
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2013	2012
Current and other assets	\$ 13,500	12,092
Capital assets	16,734	15,996
Total assets	30,234	28,088
Long-term debt	1,864	1,908
Other liabilities	4,978	5,311
Total liabilities	6,842	7,219
Net position:		
Net investment in capital assets	16,734	15,965
Restricted	5,060	3,761
Unrestricted	1,598	1,143
Total net position	\$ 23,392	20,869

Net position of Guthrie County's governmental activities increased 12.1% (approximately \$23.4 million compared to approximately \$20.9 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$1,143,000 at June 30, 2012 to approximately \$1,598,000 at the end of this year, an increase of 39.8%.

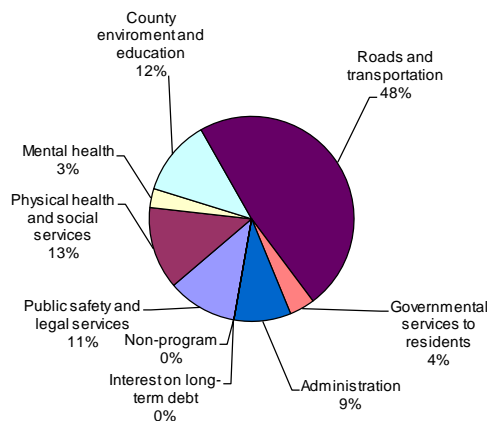
**Changes in Net Position of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2013	2012
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,595	1,695
Operating grants, contributions and restricted interest	3,550	3,704
Capital grants, contributions and restricted interest	1,474	1,899
<b>General revenues:</b>		
Property tax	4,307	3,766
Tax increment financing	32	463
Penalty and interest on property tax	37	46
State tax credits	186	139
Local option sales tax	561	525
Unrestricted investment earnings	41	55
Gain on disposal of capital assets	79	63
Other general revenues	151	220
<b>Total revenues</b>	<b>12,013</b>	<b>12,575</b>
<b>Program expenses:</b>		
Public safety and legal services	1,038	1,076
Physical health and social services	1,204	1,180
Mental health	305	1,393
County environment and education	1,094	1,178
Roads and transportation	4,552	4,686
Governmental services to residents	367	345
Administration	898	899
Non-program	8	11
Interest on long-term debt	24	23
<b>Total expenses</b>	<b>9,490</b>	<b>10,791</b>
<b>Increase in net position</b>	<b>2,523</b>	<b>1,784</b>
<b>Net position beginning of year</b>	<b>20,869</b>	<b>19,085</b>
<b>Net position end of year</b>	<b>\$ 23,392</b>	<b>20,869</b>

**Revenues by Source**



**Expenses by Program**



Net position of Guthrie County's governmental activities increased approximately \$2,523,000 during the year. Revenues for governmental activities decreased approximately \$562,000 from the prior year.

The County increased property tax rates for fiscal year 2013 an average of 11%. County wide taxable valuations in Guthrie County have increased as follows: from \$589,008,524 in fiscal year 2011 to \$620,147,886 in fiscal year 2012 and \$636,185,082 in fiscal year 2013. Based on increases in the total assessed valuations, property tax revenue is budgeted to increase an additional \$121,000 next year.

The cost of all governmental activities this year was approximately \$9.5 million compared to approximately \$10.8 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$2.9 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,595,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5,024,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2013 from approximately \$7,298,000 to approximately \$6,619,000, principally due to receiving fewer contributions for roads and transportation.

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

As Guthrie County completed the year, its governmental funds reported a combined fund balance of approximately \$8.4 million, an increase of approximately \$1,775,000 over last year's total of approximately \$6.6 million. The increase in fund balance is primarily attributable to a decrease in spending. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$80,000 compared to the prior year. Expenditures increased approximately \$202,000 compared to the prior year, primarily due to the replacement of the air conditioning unit in the courthouse. The ending fund balance increased approximately \$311,000 from the prior year to approximately \$2,303,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. The Special Revenue, Mental Health Fund revenues totaled approximately \$767,000, an increase of 22.2% over the prior year. The County was eligible for less funding from the State during fiscal year 2013 and increased the property tax levy. Expenditures totaled approximately \$305,000, a decrease of 78.1% from the prior year. The decrease is primarily due to the reorganization of mental health services, including the change in the method the State pays for Medicaid reimbursed services. The Mental Health Fund balance at year end increased approximately \$462,000 over the prior year to approximately \$121,000.
- Special Revenue, Rural Services Fund revenues remained consistent when compared to the prior year. Expenditures increased approximately \$53,000, an 8.4% increase over the prior year, primarily due to the purchase of a recycling truck in fiscal year 2013. The Rural Services Fund ending fund balance increased approximately \$11,000 over the prior year to approximately \$629,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$899,000 compared to the prior year, due primarily to the receipt of miscellaneous revenue compensating the County for damages. Expenditures decreased approximately \$299,000, or 6.0%, from the prior year, due primarily to a decrease in roadway construction. The increase in revenues resulted in an increase in the Secondary Roads Fund ending balance of approximately \$1,063,000, or 42.3%.

- Debt Service Fund expenditures increased approximately \$99,000 due to the first payment for general obligation bonds issued in fiscal year 2012. The \$1,140,000 Debt Service Fund fund balance at the end of the year is restricted to pay the E-911 general obligation bonds.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Guthrie County amended its budget two times. The first amendment was made in July 2012 and resulted in an increase in budgeted disbursements for public safety and legal services for the purchase of a canine for the Sheriff's department. The County received a donation equal to amount of the canine purchase to offset this disbursement increase. The second amendment was made in April 2013 and resulted in an increase in budgeted disbursements for public safety and legal services, physical health and social services, roads and transportation and administration, primarily for a new air conditioning unit for the courthouse and equipment and a wash bay for the Secondary Roads department.

The County's receipts were \$764,953 less than budgeted, a variance of 6.2%. The most significant variance resulted from the County receiving less intergovernmental receipts than anticipated.

Total disbursements were \$1,523,076 less than the amended budget. Actual disbursements for the capital projects, mental health and roads and transportation functions were \$559,774, \$282,585 and \$213,869, respectively, less than budgeted. For the capital projects function, \$538,000 was budgeted for the Secondary Roads department and \$78,226 was actually disbursed and \$100,000 was budgeted for conservation land acquisitions/development, none of which was disbursed. The chronic mental illness services portion of the mental health services function was 28.1% less than budgeted and the county environment and education function was 16.0% less than budgeted.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2013, Guthrie County had approximately \$16.7 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities and roads and bridges. This is a net increase (including additions and deletions) of approximately \$737,000, or 4.6%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2013	2012
Land	\$ 1,314	1,314
Works of art	128	128
Construction in progress	79	1,581
Buildings and improvements	2,362	2,042
Equipment and vehicles	3,489	3,044
Infrastructure	9,362	7,887
Total	\$ 16,734	15,996

The County had depreciation expense of \$1,014,523 in fiscal year 2013 and total accumulated depreciation of \$7,844,819 at June 30, 2013. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.



## **Long-Term Debt**

At June 30, 2013, Guthrie County had \$1,140,000 of long-term debt outstanding, compared to \$1,241,200 at June 30, 2012.

Debt decreased as a result of payments made on the general obligation bonds issued on behalf of the South Central Iowa Regional E-911 Service Board for the acquisition of equipment and the revenue bonds for economic development.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Guthrie County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$62 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

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

Guthrie County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 4.3% versus 5.1% a year ago. This compares with the State's unemployment rate of 4.6% and the national rate of 7.6%.

The total taxable valuation for fiscal year 2014 increased 2.23%, or \$14,172,161. The fiscal year 2014 total county wide and total rural services levy rates remained at the same levels as fiscal year 2013. The effects of Senate File 295, Property Tax Reform, will be monitored as it is implemented.

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

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Guthrie 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 Guthrie County Auditor's Office, 200 North 5<sup>th</sup> Street, Guthrie Center, IA 50115.

**Guthrie County**

## **Basic Financial Statements**

**Exhibit A**

Guthrie County  
Statement of Net Position  
June 30, 2013

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 5,975,534
Held by component units	435,010
Receivables:	
Property tax:	
Delinquent	6,354
Succeeding year	4,583,000
Interest and penalty on property tax	1,790
Accounts	61,222
Loan	1,140,000
Accrued interest	11,108
Due from other governments	392,973
Inventories	706,699
Prepaid insurance	186,457
Capital assets, net of accumulated depreciation	16,733,593
<b>Total assets</b>	<u>30,233,740</u>
<b>Liabilities</b>	
Accounts payable	223,689
Accrued interest payable	1,881
Salaries and benefits payable	146,682
Due to other governments	22,870
Deferred revenue:	
Succeeding year property tax	4,583,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	75,000
Estimated liability for landfill closure and postclosure care	12,525
Compensated absences	237,096
Portion due or payable after one year:	
General obligation bonds	1,065,000
Estimated liability for landfill closure and postclosure care	225,450
Compensated absences	35,214
Net OPEB liability	213,000
<b>Total liabilities</b>	<u>6,841,407</u>
<b>Net Position</b>	
Net investment in capital assets	16,733,593
Restricted for:	
Supplemental levy purposes	439,081
Mental health purposes	121,945
Rural services purposes	381,331
Secondary roads purposes	3,458,326
Conservation purposes	588,868
Other purposes	71,015
Unrestricted	1,598,174
<b>Total net position</b>	<u>\$ 23,392,333</u>

See notes to financial statements.

Guthrie County

Statement of Activities

Year ended June 30, 2013

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,038,039	92,273	15,355	-	(930,411)
Physical health and social services	1,204,078	660,760	297,013	-	(246,305)
Mental health	304,595	456	152,003	-	(152,136)
County environment and education	1,093,683	446,794	-	-	(646,889)
Roads and transportation	4,552,573	79,235	3,085,171	1,474,460	86,293
Governmental services to residents	366,543	241,342	-	-	(125,201)
Administration	898,454	72,757	-	-	(825,697)
Non-program	7,672	1,739	-	-	(5,933)
Interest on long-term debt	24,140	-	-	-	(24,140)
<b>Total</b>	<b>\$ 9,489,777</b>	<b>1,595,356</b>	<b>3,549,542</b>	<b>1,474,460</b>	<b>(2,870,419)</b>

**General Revenues:**

Property and other county tax levied for general purposes	4,307,006
Tax increment financing	31,550
Penalty and interest on property tax	36,876
State tax credits	185,518
Local option sales tax	561,385
Unrestricted investment earnings	41,097
Gain on disposal of capital assets	78,528
Miscellaneous	151,293
<b>Total general revenues</b>	<b>5,393,253</b>
Change in net position	2,522,834
Net position beginning of year	20,869,499
Net position end of year	<b>\$ 23,392,333</b>

See notes to financial statements.

Guthrie County  
Balance Sheet  
Governmental Funds

June 30, 2013

	Special Revenue		
	General	Mental Health	Rural Services
<b>Assets</b>			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 2,183,646	175,528	560,661
Held by component units	-	-	-
Receivables:			
Property tax:			
Delinquent	2,087	468	765
Succeeding year	2,897,000	513,000	1,173,000
Interest and penalty on property tax	1,790	-	-
Accounts	51,288	-	9,934
Loan	-	-	-
Accrued interest	11,108	-	-
Due from other governments	53,647	-	86,360
Inventories	-	-	-
Prepaid insurance	113,806	-	5,098
<b>Total assets</b>	<b>\$ 5,314,372</b>	<b>688,996</b>	<b>1,835,818</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 40,730	33,274	28,471
Salaries and benefits payable	64,754	-	4,156
Due to other governments	1,609	20,777	402
Deferred revenue:			
Succeeding year property tax	2,897,000	513,000	1,173,000
Other	7,355	468	765
Total liabilities	3,011,448	567,519	1,206,794
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	113,806	-	5,098
Restricted for:			
Supplemental levy purposes	439,081	-	-
Mental health purposes	-	121,477	-
Rural services purposes	-	-	613,926
Secondary roads purposes	-	-	-
Drainage warrants	-	-	-
Conservation purposes	39,885	-	-
Debt service	-	-	-
Transfer station closure/postclosure care	-	-	10,000
Other purposes	22,781	-	-
Unassigned	1,687,371	-	-
Total fund balances	2,302,924	121,477	629,024
<b>Total liabilities and fund balances</b>	<b>\$ 5,314,372</b>	<b>688,996</b>	<b>1,835,818</b>

See notes to financial statements.

Secondary Roads	Debt Service	Nonmajor	Total
2,745,933	-	163,107	5,828,875
-	-	435,010	435,010
-	-	3,034	6,354
-	-	-	4,583,000
-	-	-	1,790
-	-	-	61,222
-	1,140,000	-	1,140,000
-	-	-	11,108
252,966	-	-	392,973
706,699	-	-	706,699
67,553	-	-	186,457
<u>3,773,151</u>	<u>1,140,000</u>	<u>601,151</u>	<u>13,353,488</u>
119,161	-	2,053	223,689
77,772	-	-	146,682
82	-	-	22,870
-	-	-	4,583,000
-	-	3,034	11,622
<u>197,015</u>	<u>-</u>	<u>5,087</u>	<u>4,987,863</u>
706,699	-	-	706,699
67,553	-	-	186,457
-	-	-	439,081
-	-	-	121,477
-	-	-	613,926
2,801,884	-	-	2,801,884
-	-	11,869	11,869
-	-	548,983	588,868
-	1,140,000	-	1,140,000
-	-	-	10,000
-	-	35,212	57,993
-	-	-	1,687,371
<u>3,576,136</u>	<u>1,140,000</u>	<u>596,064</u>	<u>8,365,625</u>
<u>3,773,151</u>	<u>1,140,000</u>	<u>601,151</u>	<u>13,353,488</u>

**Guthrie County**



Guthrie County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Position

June 30, 2013

**Total governmental fund balances (page 21)** \$ 8,365,625

***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 in the governmental funds. The cost of assets is \$24,578,412 and the accumulated depreciation is \$7,844,819. 16,733,593

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 11,622

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance and prescription benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position. 146,659

Long-term liabilities, including bonds payable, the closure and postclosure care liability, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (1,865,166)

**Net position of governmental activities (page 18)** \$ 23,392,333

See notes to financial statements.

Guthrie County

Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2013

	Special Revenue		
	General	Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 2,622,706	588,263	1,092,548
Local option sales tax	-	-	561,385
Interest and penalty on property tax	36,341	-	-
Intergovernmental	989,272	177,865	112,530
Licenses and permits	34,079	-	-
Charges for service	453,365	-	16,217
Use of money and property	105,174	-	-
Miscellaneous	98,989	456	321,470
Total revenues	<u>4,339,926</u>	<u>766,584</u>	<u>2,104,150</u>
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	1,158,338	-	-
Physical health and social services	1,182,182	-	-
Mental health	-	304,595	-
County environment and education	361,409	-	666,247
Roads and transportation	-	-	20,000
Governmental services to residents	347,725	-	-
Administration	947,246	-	-
Non-program	14,566	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>4,011,466</u>	<u>304,595</u>	<u>686,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>328,460</u>	<u>461,989</u>	<u>1,417,903</u>
<b>Other financing sources (uses):</b>			
Sale of capital assets	175	-	-
Operating transfers in	-	-	-
Operating transfers out	(17,694)	-	(1,407,021)
Total other financing sources (uses)	<u>(17,519)</u>	<u>-</u>	<u>(1,407,021)</u>
Change in fund balances	310,941	461,989	10,882
Fund balances beginning of year	1,991,983	(340,512)	618,142
Fund balances end of year	<u>\$ 2,302,924</u>	<u>121,477</u>	<u>629,024</u>

See notes to financial statements.

Secondary Roads	Debt Service	Nonmajor	Total
-	-	31,550	4,335,067
-	-	-	561,385
-	-	-	36,341
3,116,212	-	9,608	4,405,487
2,905	-	-	36,984
-	-	3,264	472,846
249	-	4,764	110,187
1,150,589	29,509	54,978	1,655,991
4,269,955	29,509	104,164	11,614,288
-	-	1,000	1,159,338
-	-	-	1,182,182
-	-	-	304,595
-	-	62,855	1,090,511
4,577,880	-	-	4,597,880
-	-	8,809	356,534
53,567	-	-	1,000,813
-	-	-	14,566
-	99,509	33,421	132,930
78,226	-	-	78,226
4,709,673	99,509	106,085	9,917,575
(439,718)	(70,000)	(1,921)	1,696,713
77,900	-	-	78,075
1,424,715	-	-	1,424,715
-	-	-	(1,424,715)
1,502,615	-	-	78,075
1,062,897	(70,000)	(1,921)	1,774,788
2,513,239	1,210,000	597,985	6,590,837
3,576,136	1,140,000	596,064	8,365,625

Guthrie County

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances -  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2013

**Change in fund balances - Total governmental funds (page 25)** \$ 1,774,788

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

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

Expenditures for capital assets	\$ 1,391,876	
Capital assets contributed by the Iowa Department of Transportation	359,327	
Depreciation expense	<u>(1,014,523)</u>	736,680

In the Statement of Activities, the gain on the disposal of capital assets is reported, whereas the governmental funds report the proceeds from the disposal as an increase in financial resources. 453

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

Property tax	3,489	
Other	<u>(44,741)</u>	(41,252)

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. 102,797

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	(15,870)	
Estimated liability for landfill closure and postclosure care	12,525	
Other postemployment benefits	(55,000)	
Interest on long-term debt	<u>5,993</u>	(52,352)

The Internal Service Fund is used by management to pay the costs of the remaining partial self-funded health insurance claims incurred under the insurance plan which has been discontinued. The change in net position of the Internal Service Fund is reported with governmental 1,720

**Change in net position of governmental activities (page 19)** \$ 2,522,834

See notes to financial statements.

Guthrie County  
Statement of Net Assets  
Proprietary Fund  
June 30, 2013

	<u>Internal Service - Employee Group Health</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 146,659
<b>Liabilities</b>	
None	<u>-</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 146,659</u>

See notes to financial statements.

Guthrie County  
Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Fund

Year ended June 30, 2013

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Insurance reimbursements	\$ 1,571
Operating expenses:	
None	-
Operating income	<u>1,571</u>
Non-operating revenues:	
Interest income	<u>149</u>
Net income	<u>1,720</u>
Net position beginning of year	<u>144,939</u>
Net position end of year	<u><u>\$ 146,659</u></u>

See notes to financial statements.

Guthrie County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2013

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,571
Cash flows from investing activities:	
Interest on investments	248
Net increase in cash and cash equivalents	1,819
Cash and cash equivalents beginning of year	144,840
Cash and cash equivalents end of year	\$ 146,659
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 1,571
Adjustment to reconcile operating income to net cash provided by operating activities:	
None	-
Net cash provided by operating activities	\$ 1,571

See notes to financial statements.

Guthrie County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2013

**Assets**

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 1,010,267
Other County officials	26,265

Receivables:

Property tax:

Delinquent	11,399
Succeeding year	16,834,000

Accounts	982
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Special assessments	198,861
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Prepaid insurance	10,940
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<b>Total assets</b>	<u><u>\$ 18,092,714</u></u>
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**Liabilities**

Accounts payable	\$ 63,360
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Salaries and benefits payable	3,557
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Due to other governments	17,974,595
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Trusts payable	46,767
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Compensated absences	4,435
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<b>Total liabilities</b>	<u><u>\$ 18,092,714</u></u>
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See notes to financial statements.



Guthrie County

Notes to Financial Statements

June 30, 2013

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

Guthrie 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, Guthrie 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 Guthrie 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 they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Ten drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Guthrie County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has another drainage district which is managed and supervised by elected trustees. The financial statements for this district is reported as an Agency Fund. Financial information of the individual drainage districts can be obtained from the Guthrie County Auditor's Office.

The Prairie Woodland Conservation Foundation (formerly the Guthrie County Conservation Foundation) is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, part of the County. It is reported as a Special Revenue Fund. The Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Guthrie County Conservation Board. These donations are to be used for development and enhancement of environmental education and conservation projects which are not included in the County's budget.

The Guthrie County Historical Village Foundation (formerly the Turn of the Century Museum Foundation) is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, part of the County. It is reported as a Special Revenue Fund. The Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Guthrie County Conservation Board. These donations are to be used for development and enhancement of museum projects and activities which are not included in the County's budget.

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: Guthrie County Assessor's Conference Board and Guthrie County Emergency Management Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position (previously referred to as net assets) 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 and liabilities, with the difference reported as net position. Net position is reported in the following 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 asset use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims 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 debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2012.

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.

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (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 if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	50,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	40 - 50
Improvements other than buildings	20 - 50
Infrastructure	30 - 65
Intangibles	2 - 15
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.

Deferred Revenue – 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 revenue in the governmental fund financial statements represents 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 revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

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

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 reported 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, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and the Special Revenue, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and 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.

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.

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, disbursements did not exceed the amounts budgeted in any function. However, disbursements exceeded the amounts appropriated in two departments.

**(2) Cash, Cash Equivalents and Pooled Investments**

The County's deposits in banks at June 30, 2013 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.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 17,694
	Special Revenue:	
	Rural Services	<u>1,407,021</u>
Total		<u>\$ 1,424,715</u>

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



#### (4) Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,314,199	-	-	1,314,199
Works of art	127,765	-	-	127,765
Construction in progress	1,581,258	359,327	(1,861,852)	78,733
Total capital assets not being depreciated	3,023,222	359,327	(1,861,852)	1,520,697
Capital assets being depreciated:				
Buildings	2,251,446	388,491	(16,750)	2,623,187
Improvements other than buildings	1,309,545	59,533	-	1,369,078
Equipment and vehicles	7,543,129	976,640	(404,476)	8,115,293
Infrastructure, road network	9,080,568	1,869,589	-	10,950,157
Total capital assets being depreciated	20,184,688	3,294,253	(421,226)	23,057,715
Less accumulated depreciation for:				
Buildings	1,349,144	73,917	(7,370)	1,415,691
Improvements other than buildings	169,560	44,842	-	214,402
Equipment and vehicles	4,498,966	501,479	(373,784)	4,626,661
Infrastructure, road network	1,193,780	394,285	-	1,588,065
Total accumulated depreciation	7,211,450	1,014,523	(381,154)	7,844,819
Total capital assets being depreciated, net	12,973,238	2,279,730	(40,072)	15,212,896
Governmental activities capital assets, net	\$ 15,996,460	2,639,057	(1,901,924)	16,733,593

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 53,899
Physical health and social services	16,496
County environment and education	86,971
Roads and transportation	811,047
Governmental services to residents	2,433
Administration	43,677
Total depreciation expense - governmental activities	<u>\$ 1,014,523</u>

**(5) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 1,609
Special Revenue:		
Mental Health	Services	20,777
Rural Services	Services	402
Secondary Roads	Services	82
		<u>21,261</u>
Total for governmental funds		<u>\$ 22,870</u>
Agency:		
County Assessor	Collections	\$ 783,670
Schools		8,849,223
Community Colleges		459,806
Corporations		2,707,890
Townships		2,851,876
Auto License and Use Tax		267,473
County Hospital		1,605,329
All other		449,328
Total for agency funds		<u>\$ 17,974,595</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	Tax Increment		Estimated Liability				Total
	Urban Renewal Revenue Bonds	General Obligation E-911 Bonds	for Landfill Closure and Postclosure Care	Drainage District Stamped Warrants	Compensated Absences	Net OPEB Liability	
Balance beginning of year	\$ 31,200	1,210,000	250,500	1,597	256,440	158,000	1,907,737
Increases	-	-	-	-	176,892	55,000	231,892
Decreases	31,200	70,000	12,525	1,597	161,022	-	276,344
Balance end of year	\$ -	1,140,000	237,975	-	272,310	213,000	1,863,285
Due within one year	\$ -	75,000	12,525	-	237,096	-	324,621

Tax Increment Urban Renewal Revenue Bonds

The County sold \$1,735,000 of tax increment urban renewal revenue bonds dated November 27, 2001 to provide an economic development incentive to the Tall Corn Ethanol Cooperative and for capital improvements in the Tall Corn Ethanol Urban Renewal Area. The County sold an additional \$900,000 of tax increment urban renewal revenue bonds dated June 12, 2003 to provide capital improvements in the Tall Corn Ethanol Urban Renewal Area. The bonds were payable from the income and proceeds

from a separate account within the Special Revenue, Tax Increment Financing Fund and the property tax to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for the purposes which are consistent with the plans of the County's urban renewal area. The bonds are not a general obligation of the County.

Interest on the bonds shall be adjusted to a rate per annum equal to the yield at "constant maturity" of the five-year U.S. Treasury Notes, plus 90 basis points, on December 1, 2011, December 1, 2016 and December 1, 2021. However, the interest rate may not be more than 2% higher or lower than the preceding rate and the adjusted rate may not exceed 8% per annum or be less than 4% per annum. The current interest rate is 5.48%. On December 1, 2005, and on each June 1 and December 1 as long as any of the principal of the bonds remain outstanding, to the extent there are proceeds remaining in the separate account within the Special Revenue, Tax Increment Financing Fund following each required payment of interest, such proceeds shall be applied to the payment of principal on the bonds. The County paid the remaining principal of \$31,200 during the year ended June 30, 2013.

General Obligation E-911 Bonds

In February 2012, the County issued general obligation E-911 bonds on behalf of the South Central Iowa Regional E-911 Service Board for acquisition of equipment. Details of the County's June 30, 2013 general obligation E-911 bond indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2014	0.65%	\$ 75,000	22,570	97,570
2015	1.00	75,000	22,083	97,083
2016	1.00	75,000	21,333	96,333
2017	1.45	75,000	20,583	95,583
2018	1.45	75,000	19,495	94,495
2019-2023	1.80-2.50	405,000	76,800	481,800
2024-2027	2.50-2.85	360,000	25,782	385,782
Total		\$ 1,140,000	208,646	1,348,646

The South Central Regional E-911 Service Board has agreed to pay the County the principal and interest on the general obligation bonds as they become due. The County reports a loan receivable equal to the principal outstanding on the general obligation E-911 bonds in the Debt Service Fund.

**(7) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 5.78% of their annual covered salary and the County is required to contribute 8.67% 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, 2013, 2012 and 2011 were \$305,345, \$285,998 and \$246,734, respectively, equal to the required contributions for each year.

**(8) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 81 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Employee Benefit Systems. Retirees under age 65 would pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 58,000
Interest on net OPEB obligation	4,000
Adjustment to annual required contribution	<u>(7,000)</u>
Annual OPEB cost	55,000
Contributions made	<u>-</u>
Increase in net OPEB obligation	55,000
Net OPEB obligation beginning of year	<u>158,000</u>
Net OPEB obligation end of year	<u>\$ 213,000</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, 2013.

For the year ended June 30, 2013, the County and plan members eligible for benefits did not contribute 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
2011	\$ 49,470	0%	\$ 98,000
2012	60,000	0	158,000
2013	55,000	0	213,000

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$468,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$468,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,899,000 and the ratio of the UAAL to covered payroll was 16.1%. As of June 30, 2013, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing 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 frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, projected to 2000, and applied on a 2/3 female, 1/3 male basis.

Projected claim costs of the medical plan are \$447.00 per month for retirees less than age 65. All coverage ceases when the retiree attains age 65. Therefore, claim costs are not calculated for retirees over the age of 65. The actuary made no payroll assumptions as to the future because benefits are not payroll related. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(9) Landfill Closure and Postclosure Care**

To comply with federal and state regulations, the County is required to complete a monitoring system plan and a landfill closure/postclosure care plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and the care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirements is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate a landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18, effective for periods beginning after June 15, 1993, requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deletion, technology, or applicable laws or regulations.

The total costs for the County have been estimated at \$237,975 as of June 30, 2013, and that liability has been recognized. The liability represents the cumulative amount reported to date based on the use of 100% of the capacity of the landfill. The County has reserved \$460,428 of its debt capacity to cover these costs.

To comply with state regulations, the County is required to completed a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces that have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles that will remain on site, including the rinsing of all surfaces that have come in contact with solid waste, and the removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the County is required to maintain a closure account as financial assurance for the closure costs. The effect of the state requirement is to commit landfill owners to perform certain closing functions as a condition for the right to operate the transfer station.

As of June 30, 2013, the total closure costs for the transfer station have been estimated at \$9,723 and the County has restricted \$10,000 in a closure account included in the Special Revenue, Rural Services Fund to cover any possible closure and postclosure care costs for the transfer station.

## **(10) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2013 were \$193,897.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2013, no liability has been recorded in the County's financial statements. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by the amount of capital distributions previously received by the withdrawing member and an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$20,000 (\$50,000 for certain employees), respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) 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 and prescription benefit plan. This plan was modified on January 1, 2011 to be a partial self-funded plan only. The plan which was funded by both employee and County contributions in prior years is administered through a service agreement with Employee Benefit Systems, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for the difference between the employee deductible (\$750 for single and \$1,500 for family) and the County deductible on the policy (\$2,000 for single and \$4,000 for family) for the health plan.

Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Employee Benefit Systems, Inc. from the County's operating funds.

Funds remaining in the Employee Group Health Fund will be used to pay outstanding claims from the previous insurance plan. The County had an unrestricted net position of \$146,659 at June 30, 2013 in the Employee Group Health Fund to cover future claims.

**(12) County Care Facility**

Beginning July 1, 2012, the County entered into a lease agreement with Country View Estates, Inc. for the management and operation of Country View Estates (previously known as the Guthrie County Care Facility) and surrounding land and buildings. The lease runs through June 30, 2017 and requires rent of \$1 per year. The County will annually provide certain financial support for the operation of the care facility.



**Required Supplementary Information**

Guthrie 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, 2013

	Actual	Less Funds not Required to be	
		Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 4,892,418	-	4,892,418
Interest and penalty on property tax	38,719	-	38,719
Intergovernmental	4,375,506	-	4,375,506
Licenses and permits	35,061	-	35,061
Charges for service	473,546	-	473,546
Use of money and property	105,521	4,614	100,907
Miscellaneous	1,652,078	47,812	1,604,266
Total receipts	11,572,849	52,426	11,520,423
<b>Disbursements:</b>			
Public safety and legal services	1,152,761	-	1,152,761
Physical health and social services	1,179,661	-	1,179,661
Mental health	781,852	-	781,852
County environment and education	1,085,486	60,492	1,024,994
Roads and transportation	4,865,131	-	4,865,131
Governmental services to residents	352,084	-	352,084
Administration	965,132	-	965,132
Non-program	14,533	-	14,533
Debt service	31,824	-	31,824
Capital projects	78,226	-	78,226
Total disbursements	10,506,690	60,492	10,446,198
Excess (deficiency) of receipts over (under) disbursements	1,066,159	(8,066)	1,074,225
Other financing sources, net	78,075	-	78,075
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,144,234	(8,066)	1,152,300
Balance beginning of year	5,119,651	443,076	4,676,575
Balance end of year	\$ 6,263,885	435,010	5,828,875

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
4,863,948	4,863,948	28,470
37,000	37,000	1,719
5,217,501	5,225,001	(849,495)
22,550	22,550	12,511
520,635	520,635	(47,089)
93,856	93,856	7,051
412,334	1,522,386	81,880
11,167,824	12,285,376	(764,953)
1,141,786	1,193,221	40,460
1,237,593	1,262,516	82,855
1,064,437	1,064,437	282,585
1,220,820	1,220,820	135,334
4,524,000	5,079,000	213,869
366,458	366,458	14,374
953,067	1,083,022	117,890
15,000	15,000	467
46,800	46,800	14,976
1,338,000	638,000	559,774
11,907,961	11,969,274	1,523,076
(740,137)	316,102	758,123
250	250	77,825
(739,887)	316,352	835,948
3,740,104	3,740,104	936,471
3,000,217	4,056,456	1,772,419

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Guthrie County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
Required Supplementary Information

Year ended June 30, 2013

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 11,572,849	41,439	11,614,288
Expenditures	10,506,690	(589,115)	9,917,575
Net	1,066,159	630,554	1,696,713
Other financing sources, net	78,075	-	78,075
Beginning fund balances	5,119,651	1,471,186	6,590,837
Ending fund balances	\$ 6,263,885	2,101,740	8,365,625

See accompanying independent auditor's report.

## Guthrie County

### Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2013

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$61,313. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2013, disbursements did not exceed the amounts budgeted in any function. However, disbursements exceeded the amounts appropriated in two departments.

Guthrie County

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

Required Supplementary Information

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	Jul 1, 2009	-	\$ 398	398	0.00%	\$ 2,944	13.5%
2011	Jul 1, 2009	-	398	398	0.00	2,832	14.1
2012	Jul 1, 2009	-	377	377	0.00	2,933	12.9
2013	Jul 1, 2012	-	468	468	0.00	2,899	16.1

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

**Supplementary Information**

Guthrie County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2013

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection
<b>Assets</b>			
Cash, cash equivalents and pooled investments			
County Treasurer	\$ 6,794	11,869	113,973
Held by component unit treasurers	-	-	-
Property tax receivable	-	-	-
<b>Total assets</b>	<b>\$ 6,794</b>	<b>11,869</b>	<b>113,973</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 2,053	-	-
Deferred revenue	-	-	-
Total liabilities	2,053	-	-
Fund balances:			
Restricted for:			
Drainage warrants	-	11,869	-
Conservation purposes	-	-	113,973
Other purposes	4,741	-	-
Total fund balances	4,741	11,869	113,973
<b>Total liabilities and fund balances</b>	<b>\$ 6,794</b>	<b>11,869</b>	<b>113,973</b>

See accompanying independent auditor's report.



Special Revenue						
Attorney Seized Property	Sheriff Investigations	Tax Increment Financing	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation		Total
1,451	2,321	26,699	-	-		163,107
-	-	-	357,450	77,560		435,010
-	-	3,034	-	-		3,034
1,451	2,321	29,733	357,450	77,560		601,151
-	-	-	-	-		2,053
-	-	3,034	-	-		3,034
-	-	3,034	-	-		5,087
-	-	-	-	-		11,869
-	-	-	357,450	77,560		548,983
1,451	2,321	26,699	-	-		35,212
1,451	2,321	26,699	357,450	77,560		596,064
1,451	2,321	29,733	357,450	77,560		601,151

Guthrie County

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2013

	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection
<b>Revenues:</b>			
Property and other county tax	\$ -	-	-
Intergovernmental	-	-	9,584
Charges for service	3,264	-	-
Use of money and property	7	-	122
Miscellaneous	-	6,049	-
Total revenues	3,271	6,049	9,706
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	2,363	-
Governmental services to residents	8,809	-	-
Debt service	-	1,597	-
Total expenditures	8,809	3,960	-
Excess (deficiency) of revenues over (under) expenditures	(5,538)	2,089	9,706
Fund balances beginning of year	10,279	9,780	104,267
Fund balances end of year	\$ 4,741	11,869	113,973

See accompanying independent auditor's report.

Special Revenue						
Attorney Seized Property	Sheriff Investigations	Tax Increment Financing	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation		Total
-	-	31,550	-	-	-	31,550
-	-	24	-	-	-	9,608
-	-	-	-	-	-	3,264
-	-	21	4,376	238	-	4,764
158	959	-	6,315	41,497	-	54,978
158	959	31,595	10,691	41,735	-	104,164
-	1,000	-	-	-	-	1,000
-	-	-	11,340	49,152	-	62,855
-	-	-	-	-	-	8,809
-	-	31,824	-	-	-	33,421
-	1,000	31,824	11,340	49,152	-	106,085
158	(41)	(229)	(649)	(7,417)	-	(1,921)
1,293	2,362	26,928	358,099	84,977	-	597,985
1,451	2,321	26,699	357,450	77,560	-	596,064

Guthrie County

Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,033	442,350	115,940
Other County officials	26,265	-	-	-
Receivables:				
Property tax:				
Delinquent	-	122	318	283
Succeeding year	-	163,000	389,000	8,733,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Prepaid insurance	-	-	9,482	-
<b>Total assets</b>	<b>\$ 26,265</b>	<b>165,155</b>	<b>841,150</b>	<b>8,849,223</b>
<b>Liabilities</b>				
Accounts payable	\$ 3,071	-	49,488	-
Salaries and benefits payable	-	-	3,557	-
Due to other governments	10,346	165,155	783,670	8,849,223
Trusts payable	12,848	-	-	-
Compensated absences	-	-	4,435	-
<b>Total liabilities</b>	<b>\$ 26,265</b>	<b>165,155</b>	<b>841,150</b>	<b>8,849,223</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
4,726	41,765	11,628	267,473	124,352	1,010,267
-	-	-	-	-	26,265
7,080	2,125	248	-	1,223	11,399
448,000	2,664,000	2,840,000	-	1,597,000	16,834,000
-	-	-	-	982	982
-	-	-	-	198,861	198,861
-	-	-	-	1,458	10,940
459,806	2,707,890	2,851,876	267,473	1,923,876	18,092,714
-	-	-	-	10,801	63,360
-	-	-	-	-	3,557
459,806	2,707,890	2,851,876	267,473	1,879,156	17,974,595
-	-	-	-	33,919	46,767
-	-	-	-	-	4,435
459,806	2,707,890	2,851,876	267,473	1,923,876	18,092,714

Guthrie County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools
Balances beginning of year	\$ 17,526	161,757	851,177	9,279,499
Additions:				
Property and other county tax	-	157,270	374,241	8,403,898
State tax credits	-	6,738	17,548	383,341
Drivers license fees	-	-	-	-
Office fees and collections	385,515	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	84,340	-	-	-
Miscellaneous	-	-	60	-
Total additions	469,855	164,008	391,849	8,787,239
Deductions:				
Agency remittances:				
To other funds	169,292	-	-	-
To other governments	212,286	160,610	401,876	9,217,515
Trusts paid out	79,538	-	-	-
Total deductions	461,116	160,610	401,876	9,217,515
Balances end of year	\$ 26,265	165,155	841,150	8,849,223

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	Other	Total
380,769	2,414,170	2,796,105	262,749	1,971,882	18,135,634
435,795	2,530,865	2,733,074	-	1,541,302	16,176,445
15,664	123,292	39,644	-	66,988	653,215
-	-	-	2,399,499	-	2,399,499
-	-	-	-	3,250	388,765
-	-	-	1,135,320	-	1,135,320
-	-	-	-	52,282	52,282
-	-	-	-	124,833	209,173
-	-	-	-	61,427	61,487
451,459	2,654,157	2,772,718	3,534,819	1,850,082	21,076,186
-	-	-	131,061	-	300,353
372,422	2,360,437	2,716,947	3,399,034	1,898,088	20,739,215
-	-	-	-	-	79,538
372,422	2,360,437	2,716,947	3,530,095	1,898,088	21,119,106
459,806	2,707,890	2,851,876	267,473	1,923,876	18,092,714

Guthrie County

Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds

For the Last Ten Years

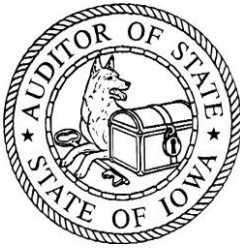
	2013	2012	2011	2010
<b>Revenues:</b>				
Property and other county tax	\$ 4,335,067	4,232,348	4,189,632	3,413,878
Local option sales tax	561,385	525,498	447,849	448,510
Interest and penalty on property tax	36,341	44,506	49,783	44,792
Intergovernmental	4,405,487	4,806,612	5,696,343	5,650,942
Licenses and permits	36,984	42,174	40,177	24,088
Charges for service	472,846	491,693	498,294	451,948
Use of money and property	110,187	114,732	113,871	167,834
Miscellaneous	1,655,991	632,565	653,706	517,411
<b>Total</b>	<b>\$ 11,614,288</b>	<b>10,890,128</b>	<b>11,689,655</b>	<b>10,719,403</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 1,159,338	1,050,787	1,043,756	1,074,377
Physical health and social services	1,182,182	1,151,263	1,127,994	1,135,273
Mental health	304,595	1,392,632	1,136,658	970,036
County environment and education	1,090,511	1,096,408	1,151,976	1,732,462
Roads and transportation	4,597,880	4,733,890	3,765,347	4,161,153
Governmental services to residents	356,534	337,121	331,458	384,677
Administration	1,000,813	855,899	966,037	1,269,162
Non-program	14,566	-	14,452	-
Debt service	132,930	480,893	444,997	434,994
Capital projects	78,226	251,293	823,209	547,778
<b>Total</b>	<b>\$ 9,917,575</b>	<b>11,350,186</b>	<b>10,805,884</b>	<b>11,709,912</b>

See accompanying independent auditor's report.



Modified Accrual Basis					
2009	2008	2007	2006	2005	2004
3,303,593	3,381,781	3,195,545	3,666,932	3,139,953	3,183,278
464,280	446,866	606,514	656,937	621,876	125,280
40,657	36,273	36,024	45,264	48,267	47,257
5,001,927	5,395,127	4,321,738	4,846,202	4,750,377	4,506,027
30,886	42,774	34,663	33,363	31,344	33,060
418,793	437,255	454,336	446,516	422,087	645,368
247,883	423,562	402,778	257,413	242,701	190,087
473,736	563,734	519,389	411,562	450,952	199,279
9,981,755	10,727,372	9,570,987	10,364,189	9,707,557	8,929,636
1,061,471	969,016	943,937	864,607	805,764	813,388
1,083,768	1,101,428	1,047,736	928,032	962,820	972,204
1,246,897	1,275,031	1,280,659	1,153,323	1,221,325	1,188,315
1,218,400	1,508,011	1,111,342	932,812	1,058,489	894,099
4,782,064	4,024,581	3,330,808	3,423,614	4,675,573	2,959,480
373,087	346,458	388,895	471,004	360,388	313,206
959,656	915,903	907,689	733,635	742,589	697,703
77,143	12,300	-	-	940	10,164
361,960	393,805	365,204	340,512	292,864	304,272
648,233	183,543	58,503	461,125	586,389	514,861
11,812,679	10,730,076	9,434,773	9,308,664	10,707,141	8,667,692

**Guthrie County**



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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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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 Officials of Guthrie County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Guthrie County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 1, 2013.

Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2013 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.


## Guthrie County's Responses to the Findings


Guthrie County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Guthrie 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 results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Guthrie 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.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 1, 2013

Guthrie County

Schedule of Findings

Year ended June 30, 2013

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Recorder, Treasurer, Engineer, Transfer, Station/Landfill
(2) An initial list of checks and money received is not prepared by the person opening the mail. An initial list of checks and money received should be prepared and compared with the cash receipts records and the bank deposit by a person not preparing the list or involved in maintaining the accounting records.	Recorder, Sheriff, Engineer, Transfer Station/Transfer Station/Landfill, Treasurer
(3) Bank accounts are not reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash. A reconciliation should be prepared promptly at the end of each month and should be reviewed by an independent person with the review being documented by the signature or initials of the reviewer and the date of the review.	Recorder, Sheriff, Treasurer
(4) Checks or warrants are not signed by an individual who does not approve disbursements, record cash receipts or prepare checks.	Recorder, Sheriff
(5) The responsibility of the change fund is not assigned to only one person.	Recorder, Treasurer
(6) The person responsible for the detailed record keeping of investments should not be the custodian of the investments.	Treasurer
(7) Daily cash reconciliations for motor vehicle, tax and driver’s licenses are not reviewed and approved by an independent person for propriety.	Treasurer

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, 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 signature or initials of the reviewer and the date of the review.

Guthrie County

Schedule of Findings

Year ended June 30, 2013

Responses –

Recorder – We will try to do the best we can with our limited staff.

Sheriff – The County Auditor has agreed to compare our incoming mail list of checks and cash with our cash receipts records and bank deposit slips. The bank reconciliation will be reviewed by the jailer or another independent person who does not sign checks or handle or record cash. The Chief Deputy will approve disbursements and the Sheriff will sign the checks. If the Chief Deputy signs the check, the check will be approved by a Deputy Sheriff or the Sheriff for disbursement.

Treasurer – Segregation of duties is very difficult in a small office when we all have to be somewhat cross trained so the office can still operate when someone is out for the day. We are now going to have a separate person add all cash and checks in the deposit and initial the deposit each day. We will also periodically run a receipt register in the middle of the day and count all of the cash to balance with the receipt register. The person reconciling the bank statements will have someone else review and sign it. We are also taking turns opening the mail and writing down a few pieces each day. Someone else then checks to make sure this was done.

Engineer – The only cash or checks we usually receive are for oversize permits, used materials or materials for entrances and materials sold to other County departments. Copies of all oversize permits are retained so payment can be traced back to those. The Engineer or Maintenance Superintendent determine cost of used materials sold to individuals and the Office Manager collects the money and when scrap iron is sold, a receipt is received from the junkyard along with a check. Entrance permits are marked date paid and check number for cross reference.

Transfer Station/Landfill – This Department realizes the problem as stated. However, since there is only one regular employee at this facility who is responsible for receiving cash/checks both from customers and in the mail, it is not possible to follow the above protocol. As Director, I do monitor the monthly income reports and compare in a general way to be sure there is no obvious, major change in receipts beyond the normal monthly fluctuations.

Conclusions – Responses acknowledged. For those offices with limited staff, other County personnel could be used to provide additional control through review of financial transactions. Also, the reviews performed by an independent person should be evidenced by the signature or initials of the reviewer and the date of the review.

- (B) Financial Reporting – During the audit, we identified material amounts of receivables not recorded in the County's financial statements and material amounts of receipts were coded to the wrong source code. Adjustments were subsequently made by the County to properly include these amounts in the financial statements in the proper source code.

Recommendation – The County should implement procedures to ensure all receivables are identified and included in the County's financial statements and receipts are properly coded.

Guthrie County

Schedule of Findings

Year ended June 30, 2013

Response – We reviewed with other offices how important accrual dates are in the Auditor’s Office and we will be watching for them. It’s difficult when other offices don’t put the accrual dates on the miscellaneous receipts they bring us because we don’t always know what needs to be accrued from a different month if we are not told. We have discussed with other offices and we will all try to work together to get this resolved.

The large receipt which was coded to the wrong source code was done by a previous treasurer and it looks like she must have been on the wrong line when typing in the account number.

Conclusion – Response accepted.

- (C) Commissary Account – Monthly bank reconciliations are not prepared for the Commissary Account.

Recommendation – Bank reconciliations should be prepared monthly for all bank accounts by a person who does not sign checks, handle or record cash. Independent reviews should be performed and the review should be evidenced by the signature or initials of the reviewer and the date of the review.

Response – Bank reconciliations will be done monthly by the jailer. The clerk or another staff member will review the reconciliation and either sign or initial and date the review of the reconciliation.

Conclusion – Response accepted.

- (D) Buy Money – No cash counts are performed on the drug buy and tobacco buy money. The fund logs are not used and the movement of cash to and from the fund is not properly tracked.

Recommendation – Cash counts of drug buy and tobacco buy money should be performed. A log should be used to track the movement of cash to and from the fund.

Response – A log will be prepared of the drug buy money. A cash count will be done by the Sheriff and Chief Deputy and both will initial the log showing the current cash amount. A log will also be prepared for the tobacco buy money with a cash count done by the Sheriff and Chief Deputy. The Sheriff and/or the Chief Deputy will record disbursements and receipts to the buy monies.

Conclusion – Response accepted.

Guthrie County

Schedule of Findings

Year ended June 30, 2013

- (E) Computer Systems – The County adopted a written disaster recovery plan in fiscal year 2013. However, the following key items are not included in the plan: critical applications, staff responsibilities, steps for system recovery, computer equipment needed for temporary processing, an inventory of hardware and software components and a business location which could be used to process critical applications in the event of an emergency. In addition, a copy of the plan, user documentation, policies and procedures manual and extra paper supplies are not required to be kept off site and the plan has not been tested.

Recommendation – A written disaster recovery plan which includes all of the identified elements should be developed and the plan should be periodically tested.

Response – The recovery plan written was for the Auditor’s office which is responsible for backing up two of the servers, the main server and the CMS/Tyler server. Each elected official/department head has responsibility for its own back-ups and servers. Guthrie County does not have an IT department. Additional items can be added to the plan for the Auditor’s office. A countywide plan should come from the Board of Supervisors, who will be notified of the need for a countywide plan.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.



Guthrie County

Schedule of Findings

Year ended June 30, 2013

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2013 did not exceed the amounts budgeted in any county function. However, disbursements exceeded the amount appropriated in two departments.

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

Response – The Department heads are given a detailed budget report monthly. The Auditor’s office currently brings it to the Department head’s attention if we feel there is a chance they will go over budget. We will continue this practice.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Amy Badger, employee, Spouse is owner of Badger Sanitation	Garbage pickup	\$ 940
Cheryl Jensen, employee, Spouse is owner of Jensen’s Sanitation	Garbage pickup	1,290
Jacki Sloss, employee, In-laws own Sloss Lawn Care	Mowing, per bid	3,045

The transactions with Sloss Lawn Care do not represent a conflict of interest in accordance with Chapter 331.342(2)(c) since they were competitively bid.

The remaining transactions do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since total transactions with each individual were less than \$1,500 during the year.

- (5) 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 ensure the coverage remains adequate for current operations.

Guthrie County

Schedule of Findings

Year ended June 30, 2013

- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. However, while a list of claims paid, including the reason for the claim, was published monthly, the list was not published when the minutes were published as required by Chapter 349.18 of the Code of Iowa.

Recommendation – The list of claims paid, including the reason for the claim, should be published with the minutes as required by Chapter 349.18 of the Code of Iowa.

Response – Beginning in January 2013, the list of claims paid began being published with the minutes and not on a monthly basis.

Conclusion – Response accepted.

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

- (8) 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).

- (9) 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, 2013 for the County Extension Office did not exceed the amount budgeted.

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

- (11) Emergency Management Services Budget – Disbursements during the year ended June 30, 2013 exceeded the amount budgeted.

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

Response – The Department heads are given a detailed budget report monthly. The Auditor's office currently brings it to the Department head's attention if we feel there is a chance they will go over budget. We will continue this practice.

Conclusion – Response accepted.

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Guthrie County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager  
Jennifer L. Wall, CPA, Senior Auditor II  
Leslie M. Downing, Assistant Auditor  
Kaylynn D. Short, Assistant Auditor  
Corey M. Vannausdle, Assistant Auditor  
Tyler L. Bishop, Audit Intern

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